

2024/2025

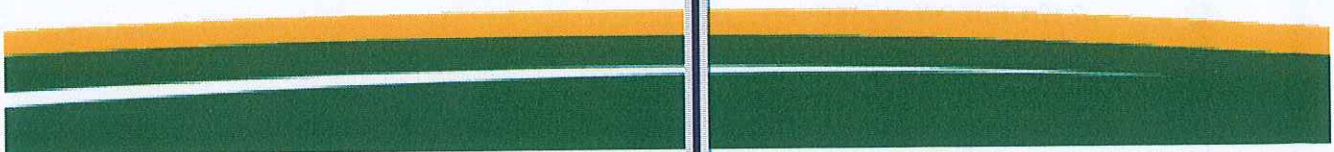
MATJHABENG LOCAL MUNICIPALITY



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FINAL ANNUAL REPORT

VOLUME I



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CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

The Annual Report serves as a crucial tool for assessing and communicating the performance of Matjhabeng Local Municipality within a democratic framework. Covering the period from July 1, 2024, to June 30, 2025, the report details the operational activities and service delivery efforts of the Municipality. It is a mandatory document produced in accordance with Section 121(1) of the Municipal Finance Management Act (MFMA) 56 of 2003 and Section 46 of the Municipal Systems Act.

The purpose of this Annual Report is to provide:

- o A record of the activities and accomplishments of the Matjhabeng Local Municipality
- o A report on the performance in service delivery and budget implementation; and to
- o Promote transparent accountability to local communities.

In compliance with regulations, the key performance areas of local government are outlined in an Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) annually. The Annual Report connects the IDP, SDBIPs, Annual Financial Statements, Performance Management Reports, and other relevant information for the year being assessed. This report showcases the Municipality's dedication to enhancing the effectiveness and efficiency of local government, which plays a crucial role in service delivery within our developmental state.

Following a prosperous Investment Summit held in the prior years, investors demonstrated their trust in the municipality's leadership by committing to invest in our city. Collaborating with various levels of government under the District Development Model (DDM), we have established a solid groundwork for growth within our municipality, paving the way for essential job creation. Successfully utilizing the allocated Municipal Infrastructure Grant (MIG) in its entirety, we have enhanced service delivery to the Matjhabeng community.

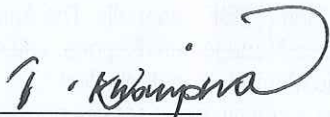
The intervention conducted by the Department of Water and Sanitation (DWS) and executed by Vaal Central Water Board has been advancing slowly. We had expected to see a substantial enhancement in sewer networks by this point. Nonetheless, we are confident that there will be improvements in the next year.

We have enhanced transparent accountability within our communities through the organization of Mayoral Imbizos in every ward, where we openly discuss both challenges and achievements. This initiative has enabled us to gain the confidence of our constituents, leading them to support us in the face of attempts to damage our reputation by external parties.

Additional approaches aimed at enhancing performance management were implemented, along with the introduction of consequence management. It is imperative that we persistently explore and implement more effective methods to reinforce the accountability and discipline of officials in their daily duties, both towards each other and their political superiors. Despite some progress in consequence management, there is still a considerable distance to cover before we can establish an institution that prioritizes the needs of the public. Throughout the year, efforts were made to acquire a service delivery fleet to enhance service provision. However, we are still facing challenges in improving controls for the effective management of the municipality's fleet and have directed the management to devise a plan in this regard.

Matjhabeng Local Municipality has shown unwavering determination in pursuing its objectives to guarantee efficient service delivery for the community. Unfortunately, our financial status is currently unfavourable, largely attributed to outstanding payments for municipal services, coupled with slow economic growth that results in high level of unemployment. In the upcoming fiscal year, we intend to introduce smart meters in non-compliant areas to enable residents to prepay for the services they utilize. Through Mayoral Imbizos, we emphasize to residents the significance of settling their service fees, as this revenue source is crucial for sustaining service provision.

The governance structures within Matjhabeng Local Municipality are operational and functioning well. In addition to the Council and Mayoral Committee, which hold regular meetings, there is also a functional Audit & Risk Committee and Municipal Public Account Committee (MPAC) in place. Our Governance Steering Committee, focusing on accounting and compliance, meets every two weeks and has proven to be effective. We appreciate the support from the Office of the Auditor General, Provincial Treasury, Provincial CoGTA, and SALGA when implementing recommendations from the Auditor General. Rest assured, we are dedicated to creating a Municipality that is efficient, effective, accountable, and responsive in delivering services and supporting vulnerable communities through local economic and social development initiatives.



CLLR T.D. KHALIPHA
EXECUTIVE MAYOR

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

It is with great honour and responsibility that I present this overview, which serves as a public account, source of guidance, and reflection on the administrative performance of Matjhabeng Local Municipality. As we continue to advance our developmental mandate, this overview forms part of our commitment to transparency, accountability, and continuous improvement in local governance. It accompanies both the Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plan (SDBIP), which outline our strategic direction and service delivery targets.

As the Acting Municipal Manager, I am entrusted with overseeing the administration of the municipality and ensuring the effective implementation of Council's priorities. My role is guided by key legislative frameworks, notably the **Constitution of the Republic of South Africa, 1996**, which under Chapter 7 establishes the objectives and functions of local government. Further legislative guidance is provided by the **Municipal Systems Act, 2000 (Act No. 32 of 2000)**—specifically Sections 55 to 57, which outline the responsibilities and accountability of the municipal manager—and the **Municipal Finance Management Act, 2003 (Act No. 56 of 2003)**, which governs financial administration and reporting.

Our municipal administration is composed of various departments and units working collaboratively to fulfil our mandate of delivering basic services and promoting socio-economic development. Over the past year, we have made progress in strengthening our administrative systems, enhancing performance monitoring mechanisms, and aligning our resources with our strategic goals. While some institutional challenges persist, we are actively addressing capacity gaps, improving compliance with legislative requirements, and driving a culture of accountability across all levels of the administration.

In terms of service delivery performance, we continue to focus on our core responsibilities, which include the provision of clean water, sanitation, electricity, refuse collection, and road maintenance. Although financial and infrastructure constraints have presented obstacles, we have managed to implement various service delivery projects, particularly in previously underserved areas. We remain committed to expanding access, improving service quality, and responding to community needs through inclusive planning and stakeholder engagement. On the financial front, the municipality remains in a challenging but manageable position. Our revenue is largely dependent on government grants, property rates, and electricity sales. The audit outcome for the previous financial year reflected a qualified opinion on audit of financial statements and an unqualified audit opinion on audit of performance objectives (AOPO), pointing to areas that require strengthening, particularly in financial controls and asset management. However, we have since implemented several corrective measures and internal control improvements, and we are optimistic about achieving a more favourable audit outcome in the near future. Our 2025/2026 budget, amounting to R4.6 billion, is geared toward enabling service delivery while promoting financial sustainability.

Looking ahead to the remainder of the administration's term, our focus will be on **institutional stability, sustainable infrastructure development, and service delivery acceleration**. We will continue to build capacity through strategic appointments and skills development, address service backlogs, enhance revenue collection, and ensure prudent financial management. Moreover, we aim to strengthen our monitoring and evaluation systems to ensure that every rand spent translates into measurable service delivery impact.

We are also committed to upholding the principles of good governance, ethical leadership, and active citizen participation. Through strengthened partnerships with communities, other spheres of government, and the private sector, we are confident that we can overcome existing challenges and move the municipality toward a more inclusive and prosperous future.

In conclusion, I wish to reaffirm our dedication to building a municipality that is efficient, accountable, and people centred. The road ahead will require collective effort, innovation, and resilience, but with shared commitment and cooperation, we will achieve the developmental vision of Matjhabeng.

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Matjhabeng Local Municipality, situated in the Lejweleputswa District of the Free State in South Africa, encompasses the city of Welkom. The name originates from the Sesotho language, translating to "where nations meet", reflecting the historical context of diverse nationalities converging to work in the Goldfields mines.

Encompassing an area of 5,155 square kilometers (1,990 sq mi) in the central Free State, Matjhabeng Local Municipality lies to the north of Bloemfontein and south of Kroonstad. As per the 2011 census, the total population amounts to **406,461** individuals, with 87.7% being black African, 2.1% colored, and 9.6% white.

The municipality comprises six primary towns: Allanridge, Hennenman, Odendaalsrus, Ventersburg, Virginia, and Welkom.

In the western region of the municipality, a series of mining towns stretch from northwest to southeast: Allanridge (population: 19,337), Odendaalsrus (population: 63,743), Welkom (population: 220,209), and Virginia (population: 67,191). Towards the east lie the agricultural towns of Hennenman (population: 24,721) and Ventersburg (population: 11,260).

The 2022 census indicates a population increase to **439,034** individuals, with 88.1% being black, 2.3% colored, 0.5% Indian, and 9.0% white.

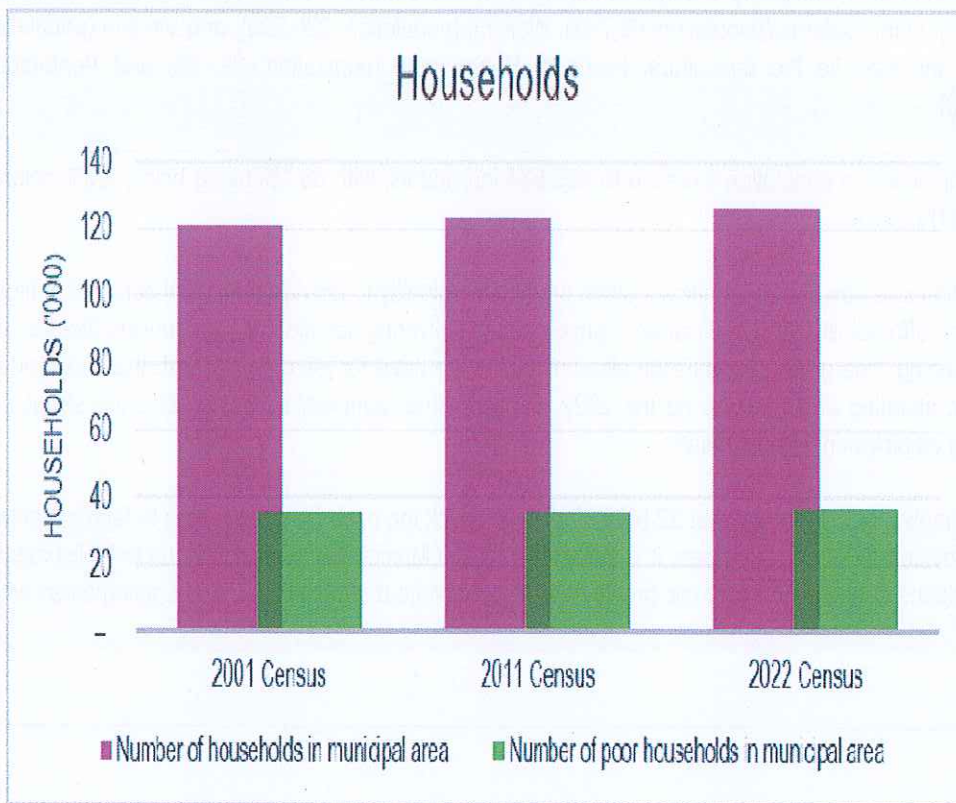
The rise in population size has placed significant strain on the Municipality to provide additional services at higher costs, impacting the affordability for beneficiaries. Consequently, delivering services to communities has become increasingly challenging. The growing population also intensifies the need for job creation, with the economically inactive population standing at 33.2% during the 2022 census in the Municipality, highlighting the struggle of individuals seeking employment opportunities.

It is additionally complicated by the fact that 22.8% of individuals lack the necessary education to take advantage of opportunities provided by local businesses. It is imperative for the Municipality to prioritize the establishment of entry-level job positions to stimulate economic growth and help alleviate unemployment in struggling areas within the Municipality.

POPULATION DETAILS

Population Details									
Age	Year 2022-2023			Year 2023-2024			Year 2024-2025		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 14	52 507	54 651	107 158	52 507	54 651	107 158	59 260	58 617	117 877
Age: 15 - 64	141 026	146 783	287 809	141 026	146 783	287 809	140 543	152 791	293 334
Age: 65+	16 732	17 414	34 146	16 732	17 414	34 146	10 669	17 154	27 823

Source: Statistics SA (2016 Community Survey) and 2022 Census



Overview of Neighbourhoods within Matjhabeng Local Municipality		
Settlement Type	Households	Population
Towns		
Allanridge	1 027	2 493
Hennenman	1 551	4 004
Odendaalsrus	3 752	9 916
Riebeeckstad	4 567	11 896
Ventersburg	446	1 369
Virginia	8 126	24 101
Welkom	23 005	67 704
Sub-Total	42 474	121 484
Townships		
Hani-park	6 148	16 770
Kutlwanong	15 982	48 485
Meloding	13 999	39 575
Mmamahabane	3 108	8 888
Nyakallong	4 099	15 144
Phomolong	6 189	18 669
Thabong	40 628	112 415
Sub-Total	90 153	259 947
Informal settlements		
Hani-park	1 127	3 076
Kutlwanong	2 932	8 894
Meloding	2 568	7 259
Mmamahabane	570	1 630
Nyakallong	752	2 778
Phomolong	1 135	3 425
Thabong	7 452	20 621
Sub-Total	16 536	47 682
Total	149 163	429 113

Source: Statistics SA(Community Survey 2016)

Natural Resources	
Major Natural Resource	Relevance to Community
GOLD	There are a number of active mines which employ residents of Matjhabeng. New gold mining development is planned in areas within the Municipality.
NATURAL GAS	The 'new gold' has been discovered here in Matjhabeng – the natural gas! The Virginia Gas Project discovered and operated by Tetra4, which is owned by Renergen, will surely change the face of the economy in this area. This Virginia Gas Project covers over 187 000 Hectors around Welkom, Virginia, and Theunissen. This gas find therefore represents an opportunity for creation of hundreds of jobs in the downstream economies.

COMMENT ON BACKGROUND DATA:

Matjhabeng Local Municipality possesses two significant natural resources, namely gold and natural gas reserves. A few active mines in the area provide employment opportunities for the residents of Matjhabeng. It is anticipated that several mines will cease operations by the year 2025.

Given the current employment trends, the Municipality has created an opportunity for investors to locate businesses in less attractive areas to boost the economic situation there. Areas such as Virginia and Odendaalsrus are receiving special attention as they once played an economic role in the economy of the region when mining activities were at their peak.

Matjhabeng Local Municipality held investment summits from 2021 with the sole purpose of marketing and encouraging local and foreign direct investment in the municipality. The municipality is open for business and investors with a keen interest in development can approach the Municipality on a variety of issues including land availability agreements, available investment incentives and other opportunities to be offered in the coming special economic zone to allow and enable immediate investment and commitments on industries of interest by investors.

1.3. SERVICE DELIVERY OVERVIEW

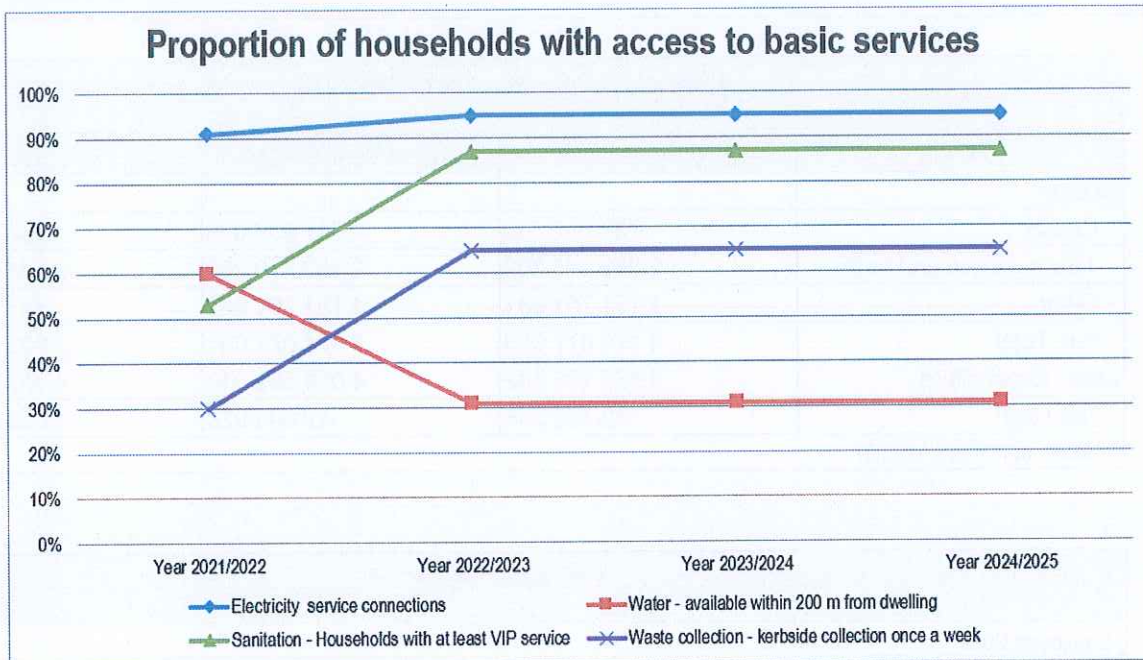
SERVICE DELIVERY INTRODUCTION

In terms of the legislation, the municipality's mandate is to provide the following basic services to the communities it serves:

- Water
- Sanitation
- Electricity
- Refuse Removal

In addition to these basic services, the Member of the Executive Council in the Province responsible for Corporative Governance and Traditional Affairs can promulgate powers and function to a municipality as envisaged by section 84 of the Local Government: Municipal Structures Act, 117 of 1999.

Proportion of Households with minimum level of Basic services				
	Year 2021/2022	Year 2022/2023	Year 2023/2024	Year 2024/2025
Electricity service connections	91%	95%	95%	95%
Water - available within 200 m from dwelling	60%	31%	31%	31%
Sanitation - Households with at least VIP service	53%	87%	87%	87%
Waste collection - kerbside collection once a week	30%	65%	65%	65%



COMMENT ON ACCESS TO BASIC SERVICES:

We have been constantly faced with continuous sewer blockages, especially in greater Thabong which falls within wards 12, 13, 14, 15, 16, and 17 on the main.

Service delivery is hampered by the following challenges:

- 1.3.1 Ageing Road Infrastructure
- 1.3.2 Aging and vandalism of street lighting infrastructure
- 1.3.3 Availability of residential sites for low- and high-income housing
- 1.3.4 Low economic growth and high unemployment rate particularly among the youth
- 1.3.5 High levels of crime
- 1.3.6 Decaying water infrastructure resulting in high water loss.

Amidst all the challenges, the municipality showed resilience to positively respond deftly in addressing these challenges.

1.4. FINANCIAL HEALTH OVERVIEW

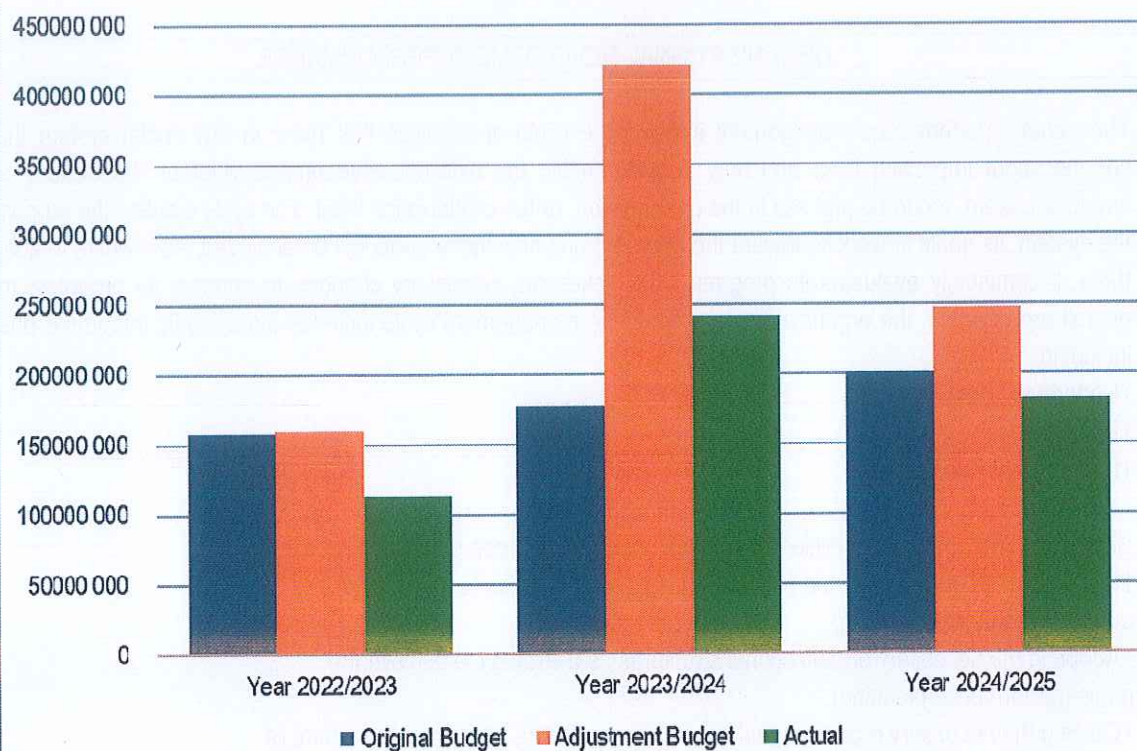
FINANCIAL HEALTH OVERVIEW

Financial Overview: Year 2024/2025			
	R' 000		
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	737 537 000	737 537 000	936 771 418
Taxes, Levies and tariffs	2 282 578 209	2 182 578 209	2 144 628 833
Other	1 151 761 881	1 151 761 881	781 865 556
Sub Total	4 171 877 090	4 071 877 090	3 863 265 807
Less: Expenditure	4 139 138 742	4 084 682 018	4 922 963 260
Net Total*	32 738 348	-12 804 928	-1 059 697 453
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	22%
Repairs & Maintenance	0%
Finance Charges & Impairment	30%
	T 1.4.3

Total Capital Expenditure: Year 2022/2023 to Year 2024/2025			
Detail	Year 2022/2023	Year 2023/2024	Year 2024/2025
Original Budget	157 832 518	176 809 000	200 574 000
Adjustment Budget	159 213 435	420 974 148	246 690 868
Actual	113 508 981	240 887 385	181 481 276
			T 1.4.4

Total Capital Expenditure



1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The generic performance management cycle is the cycle of activities that recur in any social system that is serious about improving itself and how it works within the external environment, whether the system is an employee, team, recurring process in the organization, or the organization itself. The cycle clarifies the purpose of the system, its goals in working toward the purpose, and how those goals will be achieved. As it works to achieve them, it continually evaluates its progress and makes any necessary changes to improve its progress. In an overall organization, the organizational performance management cycle includes three highly integrated phases including:

- 1 Performance planning
- 1 Performance appraisal
- 1 Performance improvement

Significant organizational activities occur within each of the three phases, including:

- 1 Strategic planning to clarify the purpose, goals, and strategies to achieve the goals (performance planning).
- 1 Adopting the necessary organizational structures as a strategy to achieve the goals (performance planning).
- 1 Guiding the necessary organizational behaviours, including the necessary nature of its leadership and management, as a strategy to achieve the goals (performance planning).
- 1 Organizational evaluations/diagnoses to monitor progress toward the goals (performance appraisal).
- 1 Organizational changes to achieve goals even better (performance improvement).

Each of these significant activities is also a cycle of highly integrated activities. The way that a social system does an organizational cycle depends on its culture, its current life cycle, and the expertise of the leaders and managers in the system. The same is true for an individual, depending on his or her personality, maturity, and expertise in leading and managing oneself. However, the nature of the generic performance management cycle is changing as the world around us is changing. This affects performance management in organizations, teams, and employees.

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: YEAR 2024-2025

MLM received a qualified opinion on the audit of Annual Financial Statements with material findings.

MLM received an unqualified opinion on the audit of Annual Performance Report

1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 2024-2025 Annual Report to Internal Audit and Auditor-General	
5	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
6	Mayor tables the unaudited Annual Report	
7	Municipality submits draft Annual Report including annual financial statements and performance report to Auditor General	
8	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	September - October
9	Auditor General audits Annual Report including Annual Financial Statements and Performance data	
10	Municipalities receive and start to address the Auditor General's comments	January
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
12	Audited Annual Report is made public and representation is invited	
13	Oversight Committee assesses Annual Report	
14	Council adopts Oversight report	February - March
15	Oversight report is made public	
16	Oversight report is submitted to relevant provincial councils	
17	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	March

COMMENT ON THE ANNUAL REPORT PROCESS:

Previously, the municipality has complied with the set timeframes, and the Annual Report and Annual Financial Statements were submitted by 31 August to AGSA. Commencement of draft budget and IDP for the next financial year started within the prescribed timeframes.

Local government in South Africa is mandated by legislation to develop an Integrated Development Plan (IDP) and a performance management system to direct and ensure the delivery of services to the communities that the municipalities serve. The performance management system is a tool that can monitor, review, and improve the implementation of the IDP. Given that the performance management system and IDP are complementary systems, they must be aligned.

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Governance comprises all the processes of governing, whether by the government of a state, a market, or a network over a social system, formal or informal organization, territory, or across territories, and whether through the laws, norms, power, or language of an organized society. It relates to "the processes of interaction and decision-making among the actors involved in a collective problem that led to the creation, reinforcement, or reproduction of social norms and institutions".

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political Governance in layman's terms, could be described as the political processes that exist in and between formal institutions. A variety of entities (known generically as governing bodies) can govern. The most formal is a government, a body whose sole responsibility and authority is to make binding decisions in a given geopolitical system (such as a state) by establishing laws. Other types of governing include an organization (such as a corporation recognized as a legal entity by a government), a socio-political group (chiefdom, tribe, gang, family, religious denomination, etc.), or another, informal group of people.

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

In business and outsourcing relationships, Governance Frameworks are built into relational contracts that foster long-term collaboration and innovation. Governance is the way rules, norms and actions are structured, sustained, regulated and held accountable. The 18 degree of formality depends on the internal rules of a given organization and external with its business partners.

As such, governance may take many forms, driven by many different motivations and with many different results. For instance, a government may operate as a democracy where citizens vote on who should govern and the public good is the goal, while a non-profit organization or a corporation may be governed by a small board of directors and pursue more specific aims.

Council is the ultimate authority and/or decision-maker as per the provisions of the Constitution of the Republic of South Africa and other applicable laws governing the Local Government sector. A typical political decision-making process usually begins with the Administrative Wing of the Municipality making submissions to the Section 80 Committees for further consideration. As part of a decision-making process, section 79 committees also play a critical role in influencing decisions that are made within the council.

These committees were established during the second meeting of the current council in January 2022. The Executive Mayor established the Section 80 Committee to assist The Office of the Executive Mayor, the committee recommends to the Executive Mayor and ultimately Council takes a resolution on the matter. Depending on the nature of a Council decision, the public will be consulted for input on the matters discussed by the Council and then the Council will finally ratify a matter under discussion. Public consultation assumes different forms, for example, it can be face-to-face meetings with the public, a platform can be created for the public to make inputs (written or verbal) and it can be through the sittings of the Ward Committees or even through formal stakeholder engagements.

The municipality has a functioning audit committee that provides opinions and recommendations on financial processes and performance.

POLITICAL STRUCTURE
SPEAKER



Mr. Bhekumzi Charles Stofile

EXECUTIVE MAYOR



Mr. Thanduxolo David Khalipha

CHIEF WHIP



Ms. Maramane Lilian Setabela

MAYORAL COMMITTEE



Ms. Nomthandazo Monjovo - MMC Special Programs

MAYORAL COMMITTEE



Mr. Hlobohang Mokhomo
MMC Finance



Ms. Mojabeng Lydia Radebe
MMC IDP&PME



Ms. Kabotsa Moipatle
MMC Sport, Arts & Culture



Mr. Sankane Ramalefane
MMC Fleet, Disaster
Management & Service
Delivery



Mr. Sabata Moshoeu
MMC Corporate Services
& Good Governance



Ms. Matinte Radebe
MMC Human Settlement,
Land Use Management
& Spatial Planning



Mr. Mojalefa Buti
MMC LED, Small Business,
Agriculture & Tourism



Mr. Kgoarai Tlake
MMC Community Services
& Public Safety



Ms. Xolile Masina
MMC Infrastructure &
Technical

COUNCILLORS

The municipal council consists of seventy-two members elected by mixed-member proportional representation. Thirty-six councillors are elected by first-past-the-post voting in thirty-six wards, while the remaining thirty-six are chosen from party lists so that the total number of party representatives is proportional to the number of votes received. In the election of 01 November 2021, the African National Congress won a majority of thirty-nine seats in the council. The following table shows the results of the election. Refer to **Appendix A** where a full list of Councillors can be found and **Appendix B** which sets out committees and committee purposes.

Party Name	Total Valid Votes	Total Valid Votes / Quota	Round 1 Allocation	Remainder	Ranking of Remainder	Round 2 Allocation	Total Party Seats
AFRICAN CHRISTIAN DEMOCRATIC PARTY	913	0.3841	0	0.3841	9	0	0
AFRICAN CONTENT MOVEMENT	560	0.2356	0	0.2356	12	0	0
AFRICAN DEMOCRATIC CHANGE	4,267	1.7951	1	0.7951	3	1	2
AFRICAN NATIONAL CONGRESS	92,640	38.9735	38	0.9735	1	1	39
AFRICAN PEOPLE'S CONVENTION	689	0.2899	0	0.2899	10	0	0
AFRICAN TRANSFORMATION MOVEMENT	1,434	0.6033	0	0.6033	4	1	1
AGENCY FOR NEW AGENDA	211	0.0888	0	0.0888	18	0	0
CONGRESS OF THE PEOPLE	1,117	0.4699	0	0.4699	6	1	1
DEMOCRATIC ALLIANCE	37,654	15.8410	15	0.8410	2	1	16
ECONOMIC FREEDOM FIGHTERS	19,999	8.4135	8	0.4135	7	1	9
FORUM 4 SERVICE DELIVERY	520	0.2188	0	0.2188	13	0	0
INDEPENDENT CIVIC ORGANISATION OF SOUTH AFRICA	291	0.1224	0	0.1224	16	0	0
INDEPENDENT SOUTH AFRICAN NATIONAL CIVIC ORGANISATION	3,571	1.5023	1	0.5023	5	1	2

Party Name	Total Valid Votes	Total Valid Votes / Quota	Round 1 Allocation	Remainder	Ranking of Remainder	Round 2 Allocation	Total Party Seats
INKATHA FREEDOM PARTY	369	0.1552	0	0.1552	15	0	0
PATRIOTIC ALLIANCE	937	0.3942	0	0.3942	8	0	0
PATRIOTIC FRONT OF AZANIA	402	0.1691	0	0.1691	14	0	0
POWER OF AFRICANS UNITY	226	0.0951	0	0.0951	17	0	0
VRYHEIDFRONT PLUS	5,334	2.2440	2	0.2440	11	0	2
Total	171,134		65			7	72

POLITICAL DECISION-MAKING

The council is the ultimate authority and/or decision-maker as per the provisions of the Constitution of the Republic of South Africa and other applicable laws governing the Local Government sector. A typical political decision-making process usually begins with the Administrative Wing of the Municipality making submissions to the Section 80 Committees for further consideration. As part of a decision-making process, section 79 committees also play a critical role in influencing decisions that are made within the council.

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

South Africa has made great strides in creating mechanisms for citizens to participate on an ongoing basis and not just during elections. This is evident in the policy and legislative framework and the establishment of numerous statutory bodies, structures, and programmes. The 1997 White Paper on Transforming Public Service Delivery (Batho Pele White Paper) focused on ensuring that government is responsive to the needs of its citizens. Legislation such as the Promotion of Access to Information Act of 2000 and the Promotion of Administrative Justice Act of 2000 are designed to enable citizens to access state information and administrative justice. Participatory governance and advisory structures, consultative forums, and grievance mechanisms have been established to enable citizens to participate in and inform governance processes.

Turning these formal structures into dynamic mechanisms with elicit meaningful community engagement remains a challenge. Participatory processes are often run as isolated events without effective feedback mechanisms or are outsourced to consultants, raising questions about their credibility. There is a perception that the state does not always take these structures seriously. In poor communities, limited resources, social inequality, and prevailing power relations can present obstacles to meaningful citizen engagement. The increase in service delivery protests provides visible evidence that the state is struggling to ensure that poor communities feel that they are being heard. Protests are typically prompted by a range of concerns including access to services, the quality of services, and the perceived non-responsiveness of local government.

The priority is therefore to ensure that mechanisms for promoting participation, accountability, and responsiveness are used effectively. The discussion of public service ethos and culture later in this chapter identifies some of the steps that are being taken to improve public sector responsiveness. Attention needs to be given to improving accountability mechanisms for routine day-to-day interactions between citizens and the state, particularly at the point of delivery. This includes enabling citizens to provide direct feedback on the quality of services through citizen-based monitoring and ensuring that frontline public servants and their managers are given adequate authority to address issues as and when they arise. More emphasis needs to be put on engaging citizens in their own spaces rather than only expecting them to use forums and structures established by the state.

At the local government level, there is a particular need to ensure that participation in the integrated development processes is deliberative, with citizens being involved in identifying and resolving trade-offs rather than simply developing shopping lists of needs.

Chapter 4 of the Municipal Systems Act obliges a municipality to create the systems, mechanisms, and enabling conditions for meaningful participation of the community in the affairs of the municipality beyond the IDP process, including monitoring and reviewing municipal performance. The Act requires councillors and officials to play a key role in fostering community participation. However, while structures such as ward committees have been created to enable councillors and officials to engage with communities, these have not worked in the manner intended. Interactions are often formulaic and symbolic rather than meaningful and have generally not helped to strengthen links between communities and councillors.

The Municipal Manager is appointed by Council in terms of Section 82 of the Municipal Structures Act, 117 of 1998, and is designated as the Accounting Officer and the Administrative Head. He is also the Chief Information Officer of the municipality and is responsible for managing the Promotion of Access to Information Act, 2 of 2000 requirements. The responsibilities of the Municipal Manager include the management of financial affairs and service delivery in the municipality. The Municipal Manager is assisted by the Executive Directors, who are heads of seven municipal departments. Municipality has structured its departments in a way that each has an Executive Director appointed under Section 56 of the Municipal Systems Act, 32 of 2000, for its core functions. The alignment of these functions is such that they enable a swift attainment of all our strategic and operational targets.

TOP ADMINISTRATIVE STRUCTURE

TIER 1

ACTING MUNICIPAL MANAGER -MR THABO PANYANI



TIERS 2 AND 3

ACTING CHIEF FINANCIAL OFFICER – MS LINDSEY WILLIAMS



EXECUTIVE DIRECTORS:



**Mr. Jonathan Ntsabo
Infrastructure**



**Dr. Vuyo Adonis
Corporate Services**



**Dr. Sefako Ramphoma
Local Economic
Development**



**Advocate Laretta Williams
Community Services**



**Mr. Tumelo Makofane
Strategic Support Services**



**Ms. Mmase Moletsane
Acting Human Settlement &
Planning**

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Cooperative Governance and Intergovernmental Relations (IGR) are important in that they foster relationships among the three spheres of government within the context of a unitary state, and the mechanisms to manage these relationships as legislated by the Constitution of the Republic of South Africa of 1996, The Intergovernmental Relations Act, and other applicable laws. For the 2024/2025 financial year, the Municipality participated in several meetings convened as planned within our service delivery and budget implementation plan for purposes aimed at advancing cooperative governance and intergovernmental relations, especially at the levels of both the District Municipality and Provincial Government.

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The following intergovernmental structures play an important role in cooperative governance and in shaping policy and resource decisions:

Extended Cabinet

This is made up of National Cabinet Ministers, extended to Provincial Premiers and the Chairperson of South African Local Government Association. It is the highest cooperative governance mechanism, advising the national cabinet when it finalizes the fiscal; framework and the division of revenue on which the Medium-Term Expenditure and Revenue Framework budgets are based.

The President's Coordinating Council

The chair of this forum is the President of the country, and it consists of nine provincial Premiers, the Chairperson of the South African Local Government Association, Executive Mayors of Metros, and the National Ministers responsible for cross-cutting functions such as provincial and local government affairs, public service and administration, and finance. Other Ministers may be invited to participate.

The Budget Council and Budget Forum

Established in terms of the Intergovernmental Fiscal Relations Act of 1997. The Budget Council consists of the Minister of Finance and the Members of the Executive Councils responsible for finance in each province. The Budget Forum consists of the members of the Budget Council including the representatives of the South African Local Government Association. It provides a forum for discussing financial matters relating to the local government fiscal framework.

MinMec

These are sectoral forums made up of national ministers for concurrent functions and their provincial counterparts. South African Local Government Association represents local government on a number of these forum.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Over and above the provincial structures as stated above in the province, the following are the ones that the municipality is participating actively in:

- Provincial Waste Management Forum.
- Free State Traffic Management Committee.
- Free State Umbrella Fire Protection Association.
- Provincial Fire and Disaster Advisory Forum.
- Cross Border Crime Prevention Forum.
- Provincial Security Managers Forum.
- South African Emergency Services Institute.
- Provincial IDP Managers Forum and
- Provincial Performance Monitoring and Evaluation Forum (inaugurated on 19 June 2024)

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The municipality does not have a municipal entity.

DISTRICT INTERGOVERNMENTAL STRUCTURES

At the political level, both the Speaker and the Executive Mayor take part in various fora established to ensure improved inter-governance relations. The public participation forum allows the Speakers in the District to discuss a range of issues, including demarcation, public participation, and governance. The forum has helped to eliminate tensions and disagreements over Municipal outer boundaries as consensus gets reached at this level. The Executive Mayor attends and participates at the political IGR level with other executive mayors and mayors within the district boundary. Issues raised at this level get escalated by the technical wing of the forum, which is constituted by Municipal Managers assisted by staff at a technical level. At a technical level, the office of the Municipal Manager participated in quarterly District IGR meetings. These fora help with service delivery through the sharing of the best practices and strategies implemented by other Municipalities.

Other forum participation meetings were for the Back to-Basics meetings which were convened to monitor Back to Basics action plans submitted to the council. Related to the above forum/committee participation, the Municipality participates in the Premier's Coordinating Forum where the province's developmental agenda and coordination are points of emphasis. In summary, the following forum formations are some of the areas where the Municipality participated:

- Provincial Municipal Managers' Forum
- District Energy Forum
- District Political Inter-Governmental Relations Forum District Technical Inter-Governmental Relations
- Forum Provincial Performance Management Systems Forum Provincial and District Risk Management Forum
- MECLOGA
- Premier's Coordinating Forum
- District Back to Basics and Provincial and District Integrated Development Plan Managers' Forum

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The law provides that public representatives must convene ward constituency meetings quarterly to give feedback on the progress and challenges in the Municipality. The Office of the Speaker ensures that ward committees meet and submit reports monthly on issues raised within the wards. The Municipality engages the public via several forum meetings:

IDP/budget representative forum "Ward Constituency meetings and Ward Committee meetings".

The Office of the Speaker oversees ensuring that different constituency meetings are convened. The law allows for a minimum of at least four meetings to be convened in one financial year. As a precondition to applying and implementing the law and to enhance accountability, the Municipality published documents like the Integrated Development Plan, Budget, and the Annual Report at key strategic points for accessibility.

A public participation programme was developed and implemented with assistance from the Office of the Speaker to ensure that both the integrated development plan and budget, as well as the draft annual report, were presented to communities to receive their input. On the main, communities raised issues of concern in their respective areas for consideration by the Municipality and thereby reconsidering priority service delivery issues for budget purposes.

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

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The public participation programme was championed by the office of the Speaker. All council meetings were advertised as required by law. Under no circumstance would a council meeting go ahead without such communication being publicized. The second form of communication-related to forum meetings is the forms of the Integrated Development Plan representative forum as well as the Imbizos. The Executive Mayor headed both sets of fora. As an exception, the year under review witnessed quite satisfactory attendance at all meetings.

The next avenue the Municipality utilized to share municipal information was the website. This option was done as per the compliance mandate and following legislative requirements.

The website was changed to: www.matjhabengmunicipality.co.za. All information needed to be shared with the public was placed on the website. The other areas used were noticeboards of the Municipality. The Municipality, in addition, used the community radio station, Lesedi and Gold FM where the leadership of the Municipality had direct communication with the community on development plans, progress, and challenges. Local publications (Free State Sun and The Weekly) were also used in informing the public about Municipal Programmes for the financial year under review.

WARD COMMITTEES

The Municipality has 36 Wards, each with a well-functioning Ward Committee. Some of the work of the ward committees did not proceed as planned, however, the reports were provided quarterly. The Office of the Speaker was charged with assessing the performance of all wards in the Municipality as per the 2024/2025 Service Delivery and Budget Implementation Plan relating to the office.

Refer to **Appendix E**, which contains further details on ward committee governance and **Appendix F**, which contains performance data on a ward-by-ward basis.

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Public meetings are held to solicit more views and priorities from community members who attend these meetings. It provides a good platform where discussions are held, and compromises are reached regarding the importance of projects within the wards, as well as considering available resources. Apart from meeting a legal requirement, as far as consulting the public is concerned, meetings held yielded positive outcomes. The public was able to give input into programmes where such were needed, and these contributed significantly to improving the Council's decisions. For example, the IDP and Budget together with other policies approved have public ownership. As a result of these meetings, management was sensitized on urgent community matters that would not reach offices under normal circumstances.

– Key benefits for the municipality and the public from the above-mentioned meetings.

(i) The Public stays informed on the issues concerning the municipality (such as the low collection rate, projects the municipality will be embarking on, etc.)

(ii) The public gives support to the municipality especially when they know the challenges that the municipality is facing.

2.5 IDP PARTICIPATION AND ALIGNMENT

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

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The issues of Corporate Governance include the need to ensure that laws are applied and monitored as required. All relevant positions in the Municipality are charged with the responsibility of ensuring that there is compliance with such laws in the forms of municipal policies and by-laws. In addition, officials are required to observe the application and enforcement of the law. There are other noticeable occupations within the Municipality that have been established to reinforce application and monitoring of the law.

In the Municipality, we have positions that relate to performance monitoring and compliance. Such positions help monitor the implementation of relevant laws but are placed quite lower down the management echelon. These positions include those of officials who deal with Risk Management, Internal Audit, Performance Management & Monitoring, and Evaluation.

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Risk management is a critical component of good governance and effective service delivery within municipalities. In terms of **Section 62(1)(c)(i) of the Municipal Finance Management Act (MFMA), Act No. 56 of 2003**, the Accounting Officer is required to ensure that the Municipality has and maintains an effective, efficient, and transparent system of risk management. This legal obligation underscores the need for a structured approach to identifying, assessing, and mitigating risks that may affect the achievement of the Municipality's strategic and operational objectives.

Enterprise Risk Management enables the Municipality to anticipate potential threats, allocate resources more efficiently, comply with legislation, and strengthen internal controls, thereby safeguarding municipal assets and enhancing public trust.

Effective risk management is a shared responsibility across all departments, and each department plays a pivotal role in:

1. Identifying operational and strategic risks relevant to their functional area
2. Implementing risk mitigation strategies aligned with the approved risk management framework
3. Regularly monitoring and reporting on emerging risks and the status of controls.
4. Embedding a risk-aware culture by integrating risk considerations into planning, budgeting and service delivery processes.
5. Collaborating with the Risk Management Unit to ensure timely updates of departmental risk registers and adherence to internal control protocols. This collaborative approach ensures that risk management is institutionalized across all functions of the Municipality.

TOP TEN STRATEGIC RISKS FACING THE MUNICIPALITY

Based on the most recent risk assessment conducted in alignment with the Municipality's Risk Management Strategy, the following are the top ten risks currently confronting Matjhabeng Local Municipality:

1. Sewer spillage from bulk lines in residential areas.
2. Technical distribution losses (water and electricity)
3. Under/overspending on conditional grants
4. Theft and vandalism of the infrastructure
5. Long accumulated UIFW expenditure
6. Incorrect or non-billing of customers for services and rates
7. Overpayment of the supplier/risk of ghost creditors being paid under unregistered sundry payments
8. Illegal occupants invading municipal land
9. Unopened township registers at the deeds office and
10. Illegal occupants invading municipal rental stock.

The Municipality remains committed to strengthening its risk governance environment and will continue to review and improve its risk management practices in alignment with legislative requirements, best practices and organizational priorities.

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Matjhabeng Local Municipality recognizes the severe impact that corruption, fraud, and theft can have on public confidence, service delivery, and financial sustainability. In line with applicable legislation and governance best practices, the Municipality has implemented a range of proactive strategies aimed at preventing, detecting, and responding to unethical conduct.

Broad Strategies to Prevent Corruption and Fraud

The following broad strategies are in place to safeguard municipal resources and promote ethical governance:

- Adoption of a Fraud Prevention Plan and Anti-Corruption Strategy: These are reviewed periodically to ensure alignment with emerging risks and regulatory updates.
- Promotion of Ethical Conduct: Through staff induction, continuous awareness campaigns and ethics training, employees are regularly reminded of their responsibilities regarding integrity and ethical behaviour.
- Whistle blowing Policy: A confidential reporting mechanism has been documented to allow employees and the public to report suspected fraud, corruption, or maladministration without fear of retaliation.

The following areas are considered high-risk for fraud and corruption and are closely monitored:

- Supply Chain Management (SCM);
- Revenue Collection and Billing;
- Human Resources and Payroll Administration;
- Asset Management and Fleet Operations; and
- Grants, Subsidies, and Conditional Funding.

These integrated measures reflect the Municipality's strong commitment to ethical governance, transparency, and the protection of public resources. Through continued vigilance and accountability, the Municipality strives to create a governance environment resistant to fraud and corruption.

The municipality has a functional Audit and Risk Committee. The Audit Committee recommendations for the year 2024/2025 are set out in **Appendix G**.

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The municipality has aligned its Supply Chain Management Policy with the Municipal Supply Chain Management Regulations. The 2024/2025 Supply Chain Management Policy has been updated to incorporate necessary changes in accordance with the SCM Regulation. The Preferential Procurement Policy is regularly reviewed to adhere to the revised Preferential Procurement Policy Framework Regulations on an annual basis as the budget is approved. This policy plays a crucial role in the Municipality's Supply Chain Management Processes. The municipality's supply chain management (SCM) plays a crucial role in ensuring efficient service delivery by establishing a robust procurement and demand management system. This is essential to guarantee that the necessary resources to fulfill the municipality's strategic and operational obligations are obtained timely, at a fair cost, and in the right place, meeting the municipality's quantity and quality requirements. Additionally, the SCM oversees effective logistics and disposal management, as well as contract and performance management.

The Supply Chain Management unit is currently seeking enhancements in its operations related to performance and contract management, as well as the disposal of municipal assets due to vacant positions.

Communication channels between the SCM unit and user departments have been enhanced. Additionally, the SCM unit has recommended the establishment of a Panel of Suppliers for user departments to expedite the order cycle time, thereby improving service delivery efficiency.

The Supply Chain Management department is presently facing challenges, such as a lack of training for staff due to the municipality's financial constraints. To address this issue, the department has implemented a remedial measure requiring officials to participate in training sessions organized by SALGA and Treasury. Furthermore, supplementary training will be offered once the municipality's financial situation shows improvement.

Referral should be made to the information on long-term contracts which are set out in **Appendix H**.

2.9 BY-LAWS

COMMENT ON BY-LAWS:

In 2024/2025, no new by-laws were revised or developed.

2.10 WEBSITES

Municipal Website: Content and Currency of Material	
Documents published on the Municipality's Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (Year 2023/2024)	Yes
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 2024/2025) and resulting scorecards	Yes
All quarterly reports tabled in the council in terms of section 52 (d) during the Year 2024/2025	Yes

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The municipality's website (www.matjhabengmunicipality.co.za) fully complies with MFMA Section 75 requirements, as reflected on the table above.

In addition to publishing the required material, the site has been optimized for mobile devices, ensuring that community members can access council information anytime, anywhere – thereby reducing reliance on physical public computers.

Website usage and accessibility:

Total Visit from 18 November 2022 to 30 June 2025: **81 024**

Average visits per day: **120**

Analytics track "previous day" and "current day", cumulative visits to inform ongoing improvements

Plan for Public-Access Workstations

While mobile-friendliness greatly expands reach, the municipality will roll out additional public-access PCs by November 2025 to accommodate users without personal internet-enabled devices. These will be installed in key community centers and libraries, with clear signage directing residents to the online resources available.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

The municipality did not conduct any public satisfactory survey for the year under review, as well as during the prior years

AUDIT COMMITTEE REPORT

1. BACKGROUND

The purpose of the Audit Committee is to exercise oversight over the Municipality's:

- financial and non-financial performance to the extent that it affects the Municipality's exposure to risk and weakens the control environment;
- financial reporting process; and
- governance, risk management and internal control processes, and provide independent assurance on the adequacy thereof through the work of the Internal Audit Function.

The importance of the Audit Committee can be highlighted as follows:

- providing additional assurance through a process of independent review;
- raising awareness of the need for adequate internal controls, effective performance and the implementation of audit recommendations and compliance with laws and regulations;
- increasing public confidence in the objectivity and fairness of financial and other reporting; and
- reinforcing the importance and independence of internal and audit and similar review processes.

The Terms of Reference for the Audit Committee were compiled in accordance with section 166 of the MFMA, Circular 65 and 127 and the King IV Report on Corporate Governance and are enshrined in the Audit Committee Charter which is annually approved by the Council.

2. AUDIT COMMITTEE COMPOSITION AND MEMBERS' MEETING ATTENDANCE

The AC was properly constituted to fulfil its mandate. At the beginning of financial year under review, the Audit Committee consisted of five (5) Non-Executive Members, including the Chairperson. However, before the AC could start its work one AC Member namely, Mr Mutsi Mutsi, resigned. Meetings were scheduled to be held on a quarterly basis as indicated in the approved Audit Committee Charter. During the 2024/25 financial year, five (5) meetings were held. The AC Members' profiles and meetings' attendance is summarised as follows in the table below:

Name (Position)	Qualifications	Is the AC Member an employee of an organ of state? (Yes / No)	Date of Appointment	Date of end of Term of Office	No. of ordinary meetings attended	No. of special meetings attended
Mr. R. Mabunda AC Chairperson	BCom Acc CIA Part 1&2 Honours in Management Practices	No	01 June 2022 Re-appointment 04 June 2025	31 May 2025 30 June 2026	3	2
Ms. M. Khuse AC Member	BCom Acc Honours in BCom Acc Master in Bus. Administration	No	01 June 2022 Re-appointment 04 June 2025	31 May 2025 30 June 2026	2	2
Mr. A.M. Langa AC Member	BCom Honours in Municipal Accounting	No	01 June 2022 Re-appointment 04 June 2025	31 May 2025 30 June 2026	3	2
Mr. P. van der Merwe AC Member	BCom Economics	No	01 June 2022 Re-appointment 04 June 2025	31 May 2025 30 June 2026	1	1

3. AUDIT COMMITTEE RESPONSIBILITIES

The AC functioned without hindrance or limitations its independence throughout the reporting period and was able to carry out the following responsibilities:

- The Audit Committee compiled quarterly reports to Council aligned with its responsibilities arising out of Section 166 of the MFMA and Treasury Regulation 27.1.8 and 27.1.10.
- The Audit Committee assisted in improving Management reporting by assessing adequacy and effectiveness of internal audit functions, internal controls, risk management, financial reporting process, compliance with accounting policies, legal requirements, and other policies within the Municipality. Five (05) AC Meetings were held as per the above table.
- The Committee evaluated the effectiveness of the internal audit processes and reviews compliance with the Global Standards of Internal Audit (GIAS), Internal Audit Charter and Methodology.

The Internal Audit Unit of the Municipality has furnished the Audit Committee with reports of its evaluation of the adequacy and effectiveness of governance, risk management and internal control processes within the Municipality.

The AC applied professional scepticism in the execution of its duties, critically evaluating information placed before it, requested additional information when necessary and continuously assessed whether IAF, Management and other providers of assurance maintained high ethical and professional standards. The AC recognizes its duty to serve the public interest and confirms that it has diligently upheld this critical responsibility.

3.1 Governance

- During the Audit Committee's engagement with the Management, the Committee noted that leadership provided within the Municipality was fairly effective and efficient. This is because of the prolonged acting positions in the Municipal Manager and CFO roles, and this having had affected Management efficiency.
- The AC consistently provided reports and briefed the Accounting Officer of its meetings, and the main issues deliberated, challenges identified and proposed solutions.

3.2 Risk Management

- It was noted that the Risk Management Committee is functional. The risk management policies and register were developed and approved by the Council.
- The Committee noted that the Municipality has identified significant risks that may impact on the achievement of its objectives.
- The AC is satisfied that both the internal audit and external audit plans took account of the state of risk management, material risks and related factors.
- The AC can also confirm the Committee oversaw the management of financial and other risks that affect the integrity of external reports issued by the Municipality.
- The AC's assessment of the effectiveness of the overall system of risk management is that it is satisfactory.

3.3 Internal Controls

- Based on the reports presented to the Committee by the Internal Audit Unit, the Committee noted that reasonable progress was made to improve the systems of internal control within the Municipality.
- The relevant policies and procedures were in place and periodically reviewed and approved.
- The Internal Audit Unit and AGSA continuously evaluate Municipality's compliance with legislation and key policies and provides recommendations that were enlisted in the Audit Action Plan.
- Follow-up audits were done to review Management's implementation of the corrective measures to address the prior years' audit findings and recommendations.

3.4 Quality of management and monthly / quarterly reports submitted in terms of the Acts

- The quality of monthly / quarterly reports submitted in terms of MFMA, and the Division of Revenue Act requires improvement and recommendations have been made to address the deficiencies.

3.5 Performance Management

- The Committee assessed the quarterly performance reports audited by the Internal Audit Unit and the Annual Report prior to submission. Quarter three performance reports could not be assessed due to the expiration of the term of office of the AC however an extension was later done.
- The Committee is satisfied that the Municipality has fairly implemented an effective system of monitoring progress with the achievement of performance targets.
- Improvement is still required in areas relation to the non-achievement of targets especially those relating to service delivery and the overall submission of POEs.

3.6 Evaluation of Annual Financial Statements

- The Committee reviewed the 2024/25 Annual Financial Statements (AFS) and were satisfied with the adequacy, reliability and accuracy of the reported financial information and reports.
- Diligent and timeous implementation of the corrective measures to address the previous audit findings by Internal Audit and AGSA will have assisted improve the overall quality of the reported financial information more especially prevention and disposition of the UIFW including consequence management where required.
- The quality and timeliness of the financial information availed to the Audit Committee for oversight purposes during the year, e.g. the interim financial statements were satisfactory.

4. FRAUD AND CORRUPTION

The Municipality has developed the Fraud Prevention and Anti-Corruption Policy, Strategy, and Implementation Plan. The Fraud Prevention and Anti-Corruption Implementation Plan was monitored through the quarterly reports presented at AC meetings. In the main what was reported was fraud prevention measures undertaken such as awareness sessions/workshops held, development of fraud risk register and monitoring thereof. The Municipality does not have an internal fraud investigation unit, and all incidents are referred to the law enforcement agencies for investigation.

5. EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION (UNIT)

- The Internal Audit Function (IAF) has not operated consistently throughout the year in terms of its mandate, strategy, and annual plan due to persistent shortage of staff including the non-filling of the Chief Audit Executive (CAE) and the Manager Internal Audit.
- The Committee is satisfied with the reporting lines, independence, and objectivity of the IAF. The Committee has been informed of the recruitment of the CAE however it was not involved.
- The IAF had not adopted the Global Internal Audit Standards (GIAS)TM as at end of the 2024/25 financial year. The process to align all the policies to the GIAS has been started.
- The Committee assessed the performance of the IAF through the review of the audit reports submitted at their AC Meetings. The AC is of the opinion that the IAF is gradually being rendered ineffective due to an increasing number of Internal Audit positions not being filled.
- The IAF still need to implement a comprehensive quality assurance improvement plan (QAIP), procure an audit technology system, and have sufficient staff compliment before it can subject itself to the external quality assurance review.
- The Committee has requested in the last three financial years for Management to consider procurement of audit technology systems for the IAF to meet the increasing expectations of the Internal Audit Unit. No audit system has been procured.
- The AC approved the internal audit coverage plan and reviewed reports presented by the IAF on a quarterly basis.
- The planned audit projects in the year under review were twenty-six (26) however due to lack of Internal Audit staff capacity, only fourteen (14) audit projects were completed, and the remainder were deferred to the new financial year. The persistent staff incapacity has again negatively impacted the effectiveness of IAF in the financial year under review.

6. COMBINED ASSURANCE

The Internal Audit Unit had only developed the Combined Assurance policy and plan for AC's consideration and maturity level is still in the initial stages. The Unit must still benchmark the combined assurance frameworks and gradually roll them out at Matjhabeng after buy in by Management.

7. PERFORMANCE EVALUATION OF THE AUDIT COMMITTEE

The AC has assessed its own performance through the 360-degree evaluation process and the results thereof were communicated to the Management and Council. AC performance evaluation was done by Management, AGSA, Internal Audit and through AC self-evaluation.

The outcomes of the AC's performance review confirmed that the AC carried out its responsibilities arising from the MFMA and Circular 65. The AC, through the Internal Audit Unit, had however not internalised the relevant requirements of the Global Internal Audit Standards (GIAS)TM in its work as at the end of the 2024/25 financial year. This process has been started with the alignment of the Internal Audit policies for the 2025/26 to the GIAS.

8. AUDITOR-GENERAL'S REPORT

- Significant financial reporting issues for the reporting period were resolved between Management and AGSA.
- The 2024/25 AGSA audit opinion to Matjhabeng AFS was a qualified audit outcomes with material findings. The Municipality has regressed from one qualification paragraph to five year on year. Management will develop an audit action plan to address the findings, and the implementation of correction actions will be monitored by Internal Audit Unit through follow-up audits. The AC will provide oversight on the implementation of the corrective measures on a quarterly basis.
- The AC reviewed the Municipality's implementation plan for audit issues raised in the previous year and is satisfied of the progress made. We are of the view more effort should be put to eliminate recurrence of the material findings.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

9. APPRECIATION

The Audit Committee wants to thank the Matjhabeng Municipal Council, Management, and the staff under the stewardship of Acting Municipal Manager, Mr. T.C. Panyani, for their continued commitment to improve the control environment and good governance at the Municipality.

Ranako Mabunda

Mr. R. Mabunda

Chairperson: Audit Committee
Matjhabeng Local Municipality

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

COMPONENT A: BASIC SERVICES

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Matjhabeng Local Municipality operates as a Water Services Authority under the Water Services Act, No: 108 of 1997. Vaal Central serves as the Water Services Provider in compliance with the same Act, primarily catering to the Goldfields region and the local mines. Matjhabeng boasts a robust water infrastructure, featuring 3 reservoirs (Allanridge, Meloding, and Ventersburg), along with two water pressure towers equipped with pump stations in Allanridge and Riebeeckstad. Notably, the Allanridge Reservoir and pressure tower/pump station are currently inactive, utilizing a bypass. The system comprises 99 kilometers of bulk pipelines from Vaal Central and 1,701,317 meters of reticulation pipeline.

Households in Allanridge enjoy a high rate of access to piped water within their dwellings or yards, standing at 99.2%. This is followed by Odendaalsrus and Ventersburg, with rates of 98.7% and 96.7%, respectively.

Challenges faced by both the Municipality and Vaal Central have led to a reduction in the supply of drinking water to Matjhabeng. Water losses increased from 2023/2024 to 2024/2025 despite the repairs that took place.

To address the water supply constraints, the Municipality drilled and equipped 6 boreholes and acquired 4 water tankers to serve areas lacking water infrastructure or experiencing supply difficulties.

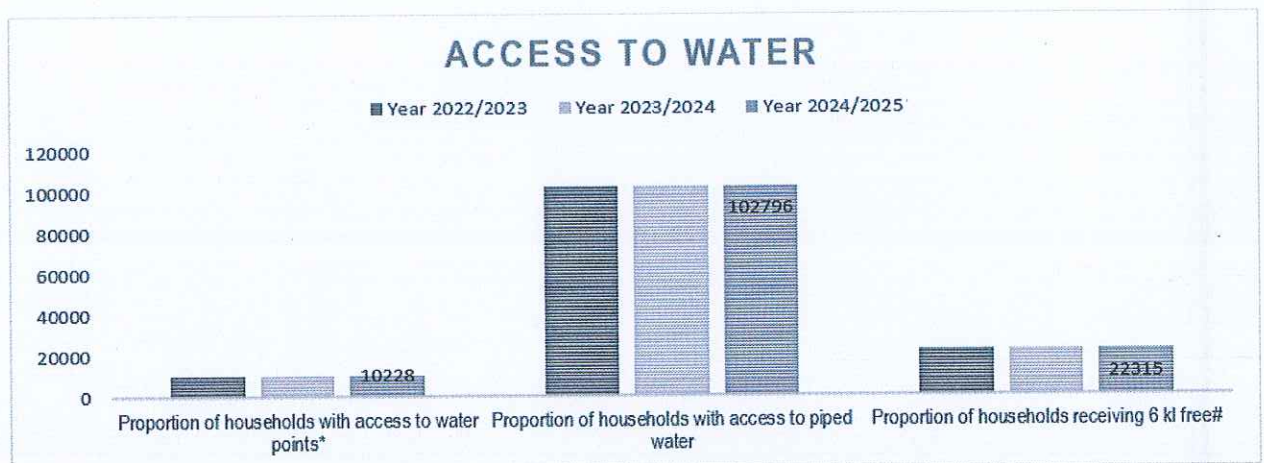
Capital projects have been identified to replace aged water infrastructure on bulk infrastructure and some internal network distribution lines, some of these projects are currently being implemented, documentations were prepared and awaiting approvals from funders on additional projects. These projects will improve both water supply and revenue collection.

The current Blue Drop Incentive program from the Department of Water and Sanitation indicates a regression in the Municipality's performance compared to previous years. In 2014, the Municipality achieved a 93% rating, which dropped to 56% due to factors such as non-operational compliance monitoring laboratories and vacancies in key engineering and water personnel positions. Efforts have been made to fill critical vacancies, and it is anticipated that the water services' performance will improve in the upcoming years.

Water Service Delivery Levels					Households
Description	Ref	Year 2021/2022	Year 2022/2023	Year 2023/2024	Year 2024/2025
		Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)					
Piped water inside dwelling		102,747	102,747	102,796	102,796
Piped water inside yard (but not in dwelling)					
Using public tap (within 200m from dwelling)	2	5,567	5,567	10,228	10,228
Other water supply (within 200m)	4	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		108,314	108,314	113,024	113,024
<i>Minimum Service Level and Above Percentage</i>		99%	99%	100%	100%
Water: (below min level)					
Using public tap (more than 200m from dwelling)	3				
Other water supply (more than 200m from dwelling)	4				
No water supply		846	846	128	128
<i>Below Minimum Service Level sub-total</i>		846	846	128	128
<i>Below Minimum Service Level Percentage</i>		1%	1%	0%	0%
Total number of households*	5	109,160	109,160	113,152	113,152

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
Year 2022/2023	10228	102796	22315
Year 2023/2024	10228	102796	22315
Year 2024/2025	10228	102796	22315

* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute
6,000 litres of potable water supplied per formal connection per month



Households - Water Service Delivery Levels below the minimum							Households
Description	Year 2022/2023	Year 2023/2024	Year 2024/2025	Year 2024/2025			
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.	
Formal Settlements							
Total households	102,796	102,796	102,796	102,796	102,796	102,796	
Households below minimum service level							
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%	
Informal Settlements							
Total households	128	128	128	128	128	128	
Households below minimum service level	128	128	128	128	128	128	
Proportion of households below minimum service level	100%	100%	100%	100%	100%	100%	

Financial Performance Year 2024/2025: Water Services					
Details	Year 2023/2024	Year 2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	738 313 773	898 345 649	898 345 649	779 591 401	-15%
Expenditure:					
Employees	65 397 228	58 647 002	58 647 002	82 857 148	29%
Repairs and Maintenance	3 953 607	6 812 427	6 812 427	2 469 286	-176%
Other	615 702 560	874 855 721	874 855 721	1 539 370 216	43%
Total Operational Expenditure	685 053 395	940 315 150	940 315 150	1 624 696 649	42%
Net Operational Expenditure	53 260 378	-41 969 501	-41 969 501	-845 105 248	95%

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

T 3.1.8

Capital Expenditure Year 2024/2025: Water Services					
R' 000					
Capital Projects	Year 2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2 000 000	52 195 220	34 995 471	94%	
KUTLWANONG REPLACEMENT	-	1 288 837	586 993	100%	
THABONG: ZONAL WATER METERS & VALVES	-	1 339 377	-0	100%	
VIRG/MELOD REPL 6.1KM BULK WATER P/LINE	-	20 818 441	14 295 326	100%	
WCWDM PIPELINE REPLACE/INST OF METERS	-	19 814 875	19 972 174	100%	
INSTALLATION OF BOREHOLES	-	64 906	-	0%	
WATER REPAIR LINE WILHEMINA/KERK STR W3	-	3 933 690	-	0%	
MACHINERY AND EQUIPMENT	2 000 000	-64 906	140 978	-1319%	
MACHINERY AND EQUIPMENT	-	5 000 000	-	0%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					T 3.1.9

3.2 WASTEWATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

The second generation of Integrated Development Planning in democratic local government aimed to enhance sanitation levels and eliminate the bucket system. However, issues such as inadequate project planning, execution, and reporting were identified, resulting in a significant number of households still lacking proper sanitation. Matjhabeng has 11 Wastewater Treatment Works (1 Decommissioned), 57 Pump stations, and 1,501,637 meters of reticulation infrastructure.

Over a third of the reticulation system is over 40 years old, primarily consisting of vitrified clay pipes prone to root penetration and joint dislocation, as well as old AC pipes leading to frequent bursts. The expansion of services has also strained the capacity of wastewater treatment plants and pump stations. Furthermore, the aging infrastructure has caused regular sewage spillage due to blockages and pipe breakages. The municipality is seeking to have the area declared a national disaster to address sanitation issues.

Currently, the Municipality is receiving support from the Dept of Water and Sanitation for the refurbishment of all WWTW's and Sewer Pump Stations. This includes point repairs and replacements of collapsed sewer lines in the reticulation networks. A total of Seven (7) sewer network projects are ongoing consisting of 5 projects in Welkom, 1 project in Hennenman and 1 Project in Kutlwanong. 23 sewer pump stations are undergoing refurbishment, and some sewer pump stations have already been refurbished, and four pump stations are handed over to the Municipality for operation and maintenance including safeguarding against theft and vandalism.

Of the 11 Waste-Water Treatment Works, only 2 are operational, 2 are currently undergoing refurbishment and being upgraded.

The Municipality has engaged on some capital projects focusing on critical points to repair and replace collapsed sewer infrastructure and reduce sewer spillages in the areas, three Internal projects were completed to repair collapsed sewer lines on point repairs, supervision was done inhouse without utilizing consultants to minimize costs. 7 additional point repair projects are ongoing and expected to be completed before end of 2025.

Additional key positions were filled and adverts for another key positions to operate and maintain sewer infrastructure are expected to be filled in the current financial year.

The Municipality is committed to implementing sanitation plans during this five-year Integrated development planning cycle to upgrade wastewater treatment facilities and ensure a clean environment for residents. Aging infrastructure has led to challenges such as collapsing sewer lines and sewer spillages, prompting the need for the Municipality to focus on replacing pump stations in affected areas. A significant number of households still rely on outdated sanitation methods like using buckets, which negatively impacts their quality of life.

It is imperative to completely eradicate these outdated systems through a comprehensive project. Efforts have been made to replace asbestos pipes with PVC pipes, with plans to continue this process based on affordability and the acceleration of revenue enhancement strategies to secure more resources for program implementation.

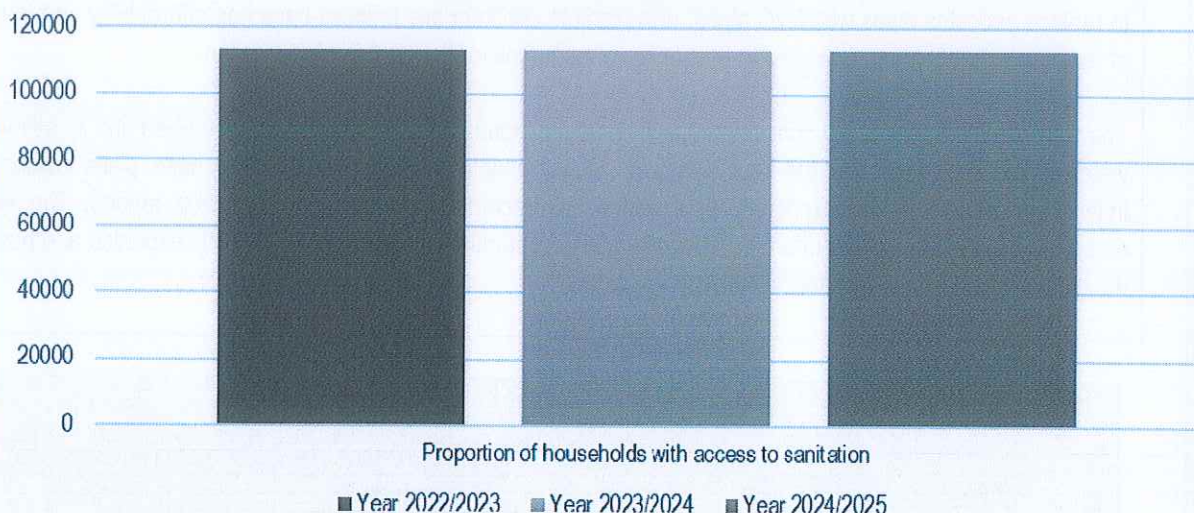
The Regulator has expressed concerns regarding the substandard state of wastewater services and its adverse effects on water resources, prompting the Municipality to develop detailed corrective plans. These plans outline responsible individuals, timelines, and expected improvements as recommended in the green drop reports. The Regulator has recognized the Municipality's efforts to enhance internal operational capacity and scientific expertise and has encouraged the continuation of these positive initiatives.

Sanitation Service Delivery Levels				
Description	Year 2021/2022	Year 2022/2023	Year 2023/2024	*Households
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage & with septic tank)	97,135	99,934	99,934	99,965
Chemical toilet	100	128	128	128
Pit toilet (ventilated)				
<i>Minimum Service Level and Above sub-total</i>	97,235	100,062	100,062	100,093
<i>Minimum Service Level and Above Percentage</i>	89.1%	88.4%	88.4%	88.5%
Sanitation/sewerage: (below minimum level)				
Bucket toilet	800	800	800	800
Other toilet provisions (below min.service level)	11,125	12,290	12,290	12,259
No toilet provisions				
<i>Below Minimum Service Level sub-total</i>	11,925	13,090	13,090	13,059
<i>Below Minimum Service Level Percentage</i>	10.9%	11.6%	11.6%	11.5%
Total households	109,160	113,152	113,152	113,152

*Total number of households including informal settlements

Financial Performance Year 2024/2025: Sanitation Services					
Details	Year 2023/2024	Year 2024/2025			R'000
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	320 300 503	284 915 075	284 915 075	346 904 463	18%
Expenditure:					
Employees	50 089 077	45 706 186	45 706 186	57 422 978	20%
Repairs and Maintenance	1 676 755	15 126 453	15 126 453	19 885 550	24%
Other	139 061 382	112 334 262	112 334 262	327 591 221	66%
Total Operational Expenditure	190 827 214	173 166 901	173 166 901	404 899 749	57%
Net Operational Expenditure	-129 473 289	-111 748 174	-111 748 174	57 995 286	293%
<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

Access to Sanitation



Households - Sanitation Service Delivery Levels below the minimum						
Description	Year 2022/2023	Year 2023/2024	Year 2024/2025	Year 2024/2025		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	97,135	99,934	99,934	99,934	99,934	99,934
Households below minimum service						
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	11,925	13,090	13,090	13,090	13,090	13,090
Households ts below minimum	11,925	13,090	13,090	13,090	13,090	13,090
Proportion of households ts below minimum service level	100%	100%	100%	100%	100%	100%

Capital Expenditure Year 2024/2025: Sanitation Services					
R' 000					
Capital Projects	Year 2024/2025				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	50 473 948	-25 784 546	559 878	-8915%	
SPECIALISED VEHICLES WASTE MANAGEMENT	6 842 373	-6 842 373	-	0%	
SEWER COLLAPSE CALABRIA WARD 4	-	1 629 665	-	0%	
SEWER COLLAPSE STILTE WARD 6	-	2 523 072	-	0%	
SEWER COLLAPSE 6090 & 5790 STILTE WARD 7	-	3 851 287	-	0%	
SEWER COLLAPSE QUEENSWAY/MIMOSA WARD 8	-	1 852 753	-	0%	
SEWER COLLAPSE 19 AKKER STR WARD 9	-	2 324 523	-	0%	
SEWER COLLAPSE 98 MONIKANA STR WARD 9	-	4 422 368	-	0%	
MATJHABENG: ALL	15 044 981	-15 044 981	-	0%	
MACHINERY AND EQUIPMENT	1 000 000	3 828 178	-1 854 851	154%	
UPGRADE OF KUTLWANONG - NEW DEVELOPMENTS	9 618 594	-7 597 279	2 021 314	-376%	
VIRGINIA/MEL: UPGRADE & REFURB SP	-	393 416	393 415		
REFURB: THABONG WWTISP: INCEP, CONC&VBLTY	-	842 825	-		
PSE SYSTEM AT AND FROM THERONIA WWTW	17 968 000	-17 968 000	-	0%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as</i>					<i>T 3.2.9</i>

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The bulk electrical network and infrastructure are well established around the Matjhabeng Local Municipal (MLM) area which and in summary consist of the following.

Category of network			Circuit length (KM) [3]				Transformers installed capacity [1]		
			Total O/H lines		Total Cables		Number	Total (MVA)	
LV Supply	Supply voltage < 1kV	Domestic	117,00	km	1560,00	km			MVA
		Commercial/small to medium industrial	Type here	km	Type here	km	685,00	274,50	MVA
	≥ 1kV and ≤ 22kV	Rural overhead up to 22kV	29,00	km	114,00	km	9,00	3,15	MVA
MV Supply	Supply voltage > 22 kV to £ 44 kV		Type here	km	Type here	km	Type here	Type here	MVA
HV Supply	> 44 kV to £ 132kV		Type here	km	8,00	km	5,00	100,00	MVA
	> 132 kV		Type here	km	Type here	km	Type here	Type here	MVA
Total			146,00	km	1682,00	km	699,00	377,65	MVA

Eskom is the electricity service provider to all mines and all townships in the MLM area and thus there is sufficient bulk infrastructure available to serve the whole area.

The main challenges are however remaining; an aging electrical infrastructure and the inability to increase the Notified Maximum Demands (NMD) to support new development in towns which are in the MLM Licensed Distribution Area. The MLM existing Electrical Infrastructure is on average older than 80 years, which needs to be upgraded and refurbished as a matter of urgency.

However, the change Governmental subsidization policies have made it very expensive and almost impossible to electrify the previous advantaged areas, rural areas, and these include farms and farming communities which are in desperate need of basic essential services.

Matjhabeng Local Municipality is in the process of developing an Energy Resource Plan to guide and address energy needs and that will be aligned with the national directive. The MLM is striving to support the National Drive to decrease the South African carbon footprint thus moving towards green economy, energy efficient and energy generation technology to boost its capacity.

The eminent National Electricity Crises and Eskom loadshedding has an adverse negative effect on South African residents and the economy. That clearly highlighted how highly reliant communities, and the business sectors are on electricity services as a main source of energy.

The National Government has committed to developing measures to promote energy saving, reduce energy costs to the economy, and reduce the negative impact of energy use on the environment.

The statistical information set out in the tables below illustrates that as a locality we are overly dependent on electricity as a source of energy for lighting, cooking, and heating. In fact, the statistics reflect an increase of electricity as a main energy source in that the use of electricity for lighting has since increased as universal access is being reached. In part this can be attributed to the fact that with the gradual eradication of electrification backlogs through the DMRE household electrification program, the number of people in our electricity networks have increased. On the other hand, this emphasizes the lack of usage of alternative sources of energy to fulfil our general energy needs.

As a direct result of the downscale of mining related economic activities in the area, the MLM Electrical Infrastructures are currently stolen and vandalized on a daily basis through organized crime activities throughout the Municipal Licensing Area. The MLM endeavors to implement proactive preventative actions to mitigate the risk and effect that theft and vandalism of Electrical Infrastructures are having on service delivery to our communities.

Further illegal connections and electrical meter bypassing by communities result in existing electrical infrastructure to be overloaded and being damaged beyond repair; robust revenue protection and enhancement processes are currently implemented by the MLM in order to mitigate this eminent risk.

Electricity Service Delivery Levels				
Description	Households			
	Year 2021/2022	Year 2022/2023	Year 2023/2024	Year 2024/2025
	Actual No.	Actual No.	Actual No.	Actual No.
Energy: (above minimum level)				
Electricity (at least <u>min service level</u>)	14533	13134	12848	12665
Electricity - prepaid (<u>min service level</u>)	15212	16724	18245	18738
<i>Minimum Service Level and Above sub-total</i>	29 745	29 858	31 093	31 403
<i>Minimum Service Level and Above Percentage</i>	93,3%	92,1%	93,4%	93,5%
Energy: (below minimum level)				
Electricity (< <u>min service level</u>)	0	0	0	0
Electricity - prepaid (< min. service level)	1224	1295	939	941
Other energy sources	924	1250	1250	1250
<i>Below Minimum Service Level sub-total</i>	2 148	2 545	2 189	2 191
<i>Below Minimum Service Level Percentage</i>	6,7%	7,9%	6,6%	6,5%
Total number of households	31 893	32 403	33 282	33 594
				T 3.3.3

Households - Electricity Service Delivery Levels below the minimum						
Description	Year 2021/2022	Year 2022/2023	Year 2023/2024	Year 2024/2025		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	31,959	31,126	29,275	29,745	335,584	3,535,871
Households below minimum service	1,224	1,295	939	1,200	1,200	941
Proportion of households below minimum service level	4%	4%	3%	4%	0%	0%
Informal Settlements						
Total households	285	931	924	1,250	1,250	1,250
Households below minimum service	285	931	924	1,250	1,250	
Proportion of households below minimum service level	100%	100%	100%	100%	100%	100%
						T 3.3.4

Electricity Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	Year 2023/2024		Year 2024/2025		Year 2025/2026	Year 2026/2027		
		Target	Actual	Target	Actual	Target			
Service Indicators		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Service Objective xxx									
Maintain distribution losses under 10%	10,00%	10,00%	26,94%	10%	10%	27,60%	10,00%	10,00%	10,00%
Annual maintenance of 808 substations	564	564	235	564	564	518	564	564	564
Maintenance of 29558 streetlights Annual maintenance ratio is 30%.	8674	8764	1615	8764	8764	1615	8674	8674	8674
Electrical breakdown responses	2158	2158	5194	2158	3002	5194	2158	2158	2158
Scrutinizing of consumer accounts regarding tampering	500	148	273	148	174	273	148	148	148
<p>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. *'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.</p>									
									T 3.3.5

Capital Expenditure Year 2024/2025: Electricity Services					R' 000
Capital Projects	Year 2024/2025				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	28 092 000,00	8 984 865,00	29 927 319,97	-7%	
MACHINERY AND EQUIPMENT	-	481 910,00	262 849,65	-	
MACHINERY AND EQUIPMENT	2 000 000,00	1 868 000,00	-	0%	
WELKOM: 20MVA 132KV - URANIA SUBSTATION	26 092 000,00	6 136 220,00	29 565 004,95	-13%	
THABONG (2010) 5 HIGH MAST LIGHT	-	104 806,00	99 465,37	-	
MACHINERY AND EQUIPMENT	-	393 929,00	-	-	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.3.8

Financial Performance Year 2024/2025: Electricity Services						R'000
Details	Year 2023/2024	Year 2024/2025				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	817 261 467	887 425 800	887 425 800	897 933 533	1%	
Expenditure:						
Employees	52 676 302	49 388 394	49 388 394	59 999 201	18%	
Repairs and Maintenance	2 791 580	45 940 666	45 940 666	32 411 451	-42%	
Other	1 348 406 091	838 032 218	838 032 218	1 074 175 916	22%	
Total Operational Expenditure	1 403 873 973	933 361 278	933 361 278	1 166 586 568	20%	
Net Operational Expenditure	586 612 505	45 935 478	45 935 478	268 653 035	83%	
<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 3.3.7	

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

In the 2024/25 Financial Year, the Electrical Department was able to successfully maintain the electrical distribution networks and infrastructures as to ensure a safe, effective and affordable electrical energy supply to the community of the Matjhabeng Municipality.

T.3.3.9

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

INTRODUCTION TO WASTE MANAGEMENT

The 2024/25 financial year marked significant progress in Matjhabeng Local Municipality's efforts to strengthen waste management services in alignment with national standards, focusing on weekly refuse collection, street cleaning, illegal dumping reduction, and service equity.

KEY INITIATIVES AND SERVICE IMPROVEMENTS

• **Expansion of Refuse Collection Services:**

The municipality procured additional waste collection vehicles, skip bins, and pole bins, enabling improved scheduling and route optimization. These investments expanded weekly refuse collection coverage to over 85% of households, including formal and informal settlements, ensuring greater compliance with national waste management standards.

• **Enhanced Town Cleaning and Urban Hygiene:**

Dedicated cleaning teams intensified daily street cleaning routines in urban centres such as Welkom, Virginia, and Odendaalsrus, with particular focus on central business districts and community hotspots. Expanded Public Works Programme (EPWP) workers and community volunteers played a vital role in maintaining public spaces.

• **Combating Illegal Dumping:**

A multi-pronged approach combined stricter enforcement, increased surveillance in known dumping hotspots, and community education campaigns to address illegal dumping. Regular clean-up drives fostered community participation and shared responsibility for a cleaner environment.

MAJOR SUCCESSES

- Significant increase in weekly refuse collection coverage, particularly in underserved informal settlements.
- Procurement of new waste management resources which reduced service delays and stabilized collection schedules.
- Effective street cleaning programs revitalized urban public spaces and improved town aesthetics.
- Raised public awareness contributed to a gradual behavioral shift towards responsible waste disposal.

CHALLENGES ENCOUNTERED

- Persistent illegal dumping hotspots, especially near informal settlements and urban peripheries, remain a concern.
- Aging fleet and infrastructure caused intermittent service disruptions, impacting some wards.
- Long turnaround time of vehicle repairs, due to procurement delays; which lead to service delivery delays.
- Budget constraints limited the municipality's capacity to fully expand waste minimization programs and maintain resources.

PERFORMANCE IMPROVEMENT OF MEASURES

- Acquisition of additional waste collection vehicles and routes optimization enhanced operational efficiency and service reliability.
 - Introduction of performance monitoring tools facilitated better oversight and quicker response to service disruptions.
- Targeted Support for Vulnerable Communities
- Utilization of community profiling, ward assessments, and Integrated Development Plan (IDP) consultations to identify areas with poor service access.
 - Deployment of skips in informal settlements.
 - Active engagement with communities through ward councillors ensured locally tailored solutions.
 - EPWP employment initiatives supported livelihood opportunities and enhanced local cleaning activities.

Service Provision Structure

- Waste management services are delivered primarily in-house through the Municipality's Department of Waste Management Services.
- The department manages refuse collection, street cleaning, illegal dumping removal, and community education.
- No external entities currently provide refuse services.
- Landfill operations are outsourced to service providers.

CONCLUSION

The Matjhabeng Local Municipality's internal waste management operations have demonstrated strong commitment and progress toward delivering clean, healthy environments for all residents. While challenges such as illegal dumping and resource limitations persist, strategic investments, improved operational controls, and community partnerships have positioned the municipality well to meet national service standards. Continued focus on capacity building and resource allocation will be critical to sustaining and expanding these gains in the years ahead.

Solid Waste Service Delivery Levels				
Description	Households			
	Year 2021/2022	Year 2022/2023	Year 2023/2024	Year 2024/2025
	Actual No.	Actual No.	Actual No.	Actual No.
Solid Waste Removal: (Minimum level)				
Removed at least once a week	108,423	108,423	81,371	81,371
<i>Minimum Service Level and Above sub-total</i>	108,423	108,423	81,371	81,371
<i>Minimum Service Level and Above percentage</i>	72.7%	72.7%	64.5%	64.5%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	12,049	12,049	5,922	5,922
Using communal refuse dump	7,052	7,052	6,270	6,270
Using own refuse dump	13,900	13,900	19,429	19,429
Other rubbish disposal	2,326	2,326	857	857
No rubbish disposal	5,414	5,414	12,218	12,218
<i>Below Minimum Service Level sub-total</i>	40,741	40,741	44,696	44,696
<i>Below Minimum Service Level percentage</i>	27.3%	27.3%	35.5%	35.5%
Total number of households	149	149	126	126
				T 3.4.2

Financial Performance Year 2024/2025: Solid Waste Management Services						R'000
Details	Year 2023/2024	Year 2024/2025				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	199 979 001	193 673 475	193 673 475	224 951 514	14%	
Expenditure:						
Employees	77 483 217	92 391 109	92 391 109	91 993 353	0%	
Repairs and Maintenance	14 194	595 600	595 600	-	#DIV/0!	
Other	157 116 737	21 574 974	21 574 974	192 910 214	89%	
Total Operational Expenditure	234 614 148	114 561 683	114 561 683	284 903 567	60%	
Net Operational Expenditure	34 635 147	-79 111 792	-79 111 792	59 952 052	2%	
<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

Exact expenditure figures to be supplied by Finance Dept.

Capital Expenditure Year 2024/2025: Waste Management Services						R' 000
Capital Projects	Year 2024/2025					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	-	655 926	-	0%		
MACHINERY AND EQUIPMENT	-	655 926	-	0%		
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.4.9

COMPONENT B: ROAD TRANSPORT

INTRODUCTION TO ROAD TRANSPORT

As implemented by the District Municipality, the Municipality's Rural Road Asset Management System (RRAMS) is in progress. From the study, the Municipality has identified roads needing maintenance and upgrading. The RRAMS also developed a Pavement Management System (PMS) that identified road defects and their remediation.

The Municipality used the data acquired to apply for funding to upgrade the gravel roads and repair and reseal the tarred roads.

The top 3 road service delivery priorities are.

1. Repairing of potholes
2. Blading/re-graveling of gravel roads
3. The rehabilitation of tarred roads.

Roads in the municipality remain a concern as raised by a consistent number of people. Challenges range from potholes, resealing of roads, the need for paving, tarred roads, and mostly blading and graveling of streets. Naming and renaming of streets are an issue also needing urgent attention.

3.5 ROADS

INTRODUCTION TO ROADS

The municipality has a well-established road and transportation infrastructure. The main challenge over the years has been the maintenance of such infrastructure due to escalating costs because of its age. This has major implications for the budget of the municipality. Our Municipality consists of the following types of roads, The breakdown of these roads is as follows:

Central (Welkom Area)

- Tarred roads 684 km
- Brick paved roads 19 km
- Gravel roads 144 km
- Dirt roads i.e. 210 km (no construction or blading) 83km

East (Virginia, Hennenman and Allanridge)

- Tarred roads 333 km
- Gravel roads 73 km
- Dirt roads 83 km i.e. (No construction or blading)

West (Odendaalsrus and Allanridge)

- Tarred roads 201 km
- Gravel roads 76 km
- Dirt roads 49 i.e. (No construction or blading)

Most of our town's roads are surfaced and township roads are dirt and graveled but gradually township roads are now being given attention by upgrading from gravel to surfaced roads using internal and external resources (i.e., Municipal Infrastructure Grant and Public Works funds). The Municipality also has an agreement with local mining to use the road infrastructure to upgrade our specific road networks. This process started in the 2021/22 financial year, and we are looking to build on it for future developments.

There are those inaccessible roads in townships that must also receive attention from the Municipality. The Matjhabeng local Municipality's Stormwater System includes 99.249 km of lined stormwater channels, 9.08 km of unlined channels, 10819 catch pits, 534.5 km of stormwater pipelines, 3.89 km of culverts, and 4 pounds of natural stormwater ponds. The Municipality has applied for funding from MISA to develop a Storm Water Master Plan to guide the upgrading and critical maintenance needs of the current infrastructure and propose also critical new stormwater infrastructure needs.

The public transport system operating in Matjhabeng is privately owned taxis. The rail network that passes through Hennenman, and Virginia is a mainline service linking the Municipality with Gauteng, KwaZulu Natal, Eastern Cape, and the Western Cape. However, there is a local railway network mainly servicing mines. The local railway network remains the property of the municipality. Matjhabeng remains the main route of national bus services, however, no bus services are operating locally in Matjhabeng Municipality except for mine workers' dedicated transport. The Municipality has applied for funding from MISA to develop an Integrated Transport Master Plan for the Municipality.

Gravel Road Infrastructure				Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2022-2023	293,00	0	0	45,13
2023-2024	293,00	0,52	0	150,676
2024-2025	293,00	0	0	60

Tarred Road Infrastructure					
	Total tarred roads (Kilometers)	New tar roads (Kilometers)	Existing tar roads re-tarred (Kilometers)	Existing tar roads re-sheeted (Kilometers)	Tar roads maintained. (Square meters)
2022-2023	1218	0	0	0	12805
2023-2024	1218	0	0	0	5815.66
2024-2025	1218	0	0	0	10 201

3.6 TRANSPORT

INTRODUCTION TO TRANSPORT

The public transport system operating in Matjhabeng is privately owned taxis. The rail network that passes through Hennenman and Virginia is a mainline service linking the Municipality with Gauteng, KwaZulu Natal, Eastern Cape, and the Western Cape. However, there is a local railway network mainly servicing mines. The local railway network remains the property of the municipality. Matjhabeng remains the main route of national bus services, however, no bus services operate locally in Matjhabeng Municipality except for mine workers' dedicated transport.

COMPONENT C: ORGANISATIONAL PERFORMANCE (ADJUSTED ANNUAL PERFORMANCE REPORT)

KEY PERFORMANCE AREA – BASIC SERVICES

ENGINEERING DEPARTMENT

Basic Services												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
BS1	Supporting the delivery of municipal services to the right quality and standard	Percentage of refurbishment work completed at Kuitwanong Wastewater Treatment Works by 30 June 2025	100%	87%	100%	97%	100%	100%	Practical Completion Certificate Progress Reports	TARGET NOT MET	Installation of mechanical and electrical items are suspended until the RBIG project erects fence around the plant for security reasons. The remaining 3% is for the installations of material that is already procured	Constantly engage the RBIG team to ensure the security fence is done in time.
BS2		Number of manholes covers replaced around all six towns.	0	0	70	84	100	100	Job Cards	TARGET MET	Additional manhole covers were received through the NBI (National Business Institute) with the support under the ministerial intervention. Additional covers were identified and replace through other projects.	N/a – Target Met
BS3		Percentage works completed on the refurbishment and upgrading of two sewer pump-stations in Virginia and Meloding by 30 June 2025	100%	85%	100%	100%	0%	0%	Practical Completion Certificate Progress Reports	TARGET MET	N/a – Target Met	N/a – Target Met
BS4		Percentage works completed on installation of sanitation to 617 stands in Thabong X15 and Bronville by 30 June 2025 (multi- year projects)	100%	99%	100%	99.9%	0%	0%	Practical Completion Certificate Progress Reports	TARGET NOT MET	Litigation on the project, Kabe Consulting Engineers against the Municipality. Proper consulting could not close the project.	Directive for the commencement and continuation of the arbitration proceeding is scheduled to take place on

BS5		Percentage works completed on Thabong T8 Upgrading of pumping station and outfall sewer by 30 June 2025	100%	90%	100%	98%	0%	Practical Completion Certificate Progress Reports	TARGET NOT MET	Project still on practical completion due to outstanding legal case to advise the scope to complete the faulty designs. The legal case against the Consultant, Moedi Consulting, is still ongoing hence the project has not reached 100%.	19-11 July 2025 in Pretoria
BS6		Number of new sewer connections	0	0	4	3	0	Job Cards	TARGET NOT MET	No new connection was applied for installation	This can only be achieved when there is a new application for sewer connection.

Basic Services

Water networks and maintenance programs												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
BS7	Supporting the delivery of municipal services to the right quality and standard	Number of dysfunctional water meters replaced.	0	0	2000	562	100		Job Cards	TARGET NOT MET	Lack of resources (water meters and fitting) and increased theft of water meters	Requested SCM to expedite the procurement of water material - including meters
BS8		Percentage of existing water meters not in the finance system reported, investigated and registered.	0%	0%	100%	0%	0%		Report	TARGET NOT MET	Meters were not reported for investigation	The municipality is planning on rolling out smart meters which will ensure that every meter is registered.
BS9		Number of drinking water samples tested	0	0	24	506	0		Progress Report	TARGET MET	A resolution from the war room meetings encouraged more testing due to sewer spillages to ensure that the water is free from contamination. Department of water and sanitation forms part of the meeting.	N/a – Target Met

BS10	Percentage of 6.1km bulk water pipeline from Merriespruit to Meloding replaced. (multi-year project)	0%	0%	30%	81%	0%	Progress Report	TARGET MET	The department incorrectly assessed the progress of the project due to the possible depletion of MIG funds. The funds were expected to be depleted, and targets were adjusted during the budget adjustment.	N/a – Target Met
BS11	Percentage of asbestos cement (AC) and galvanised steel pipes in Welkom replaced. (multi-year project)	0%	0%	30%	65.4%	0%	Progress Report	TARGET MET	The department incorrectly assessed the progress of the project due to the possible depletion of MIG funds. The funds were expected to be depleted, and targets were adjusted during the budget adjustment.	N/a – Target Met
BS12	Percentage of replaced old, galvanised pipes to UPVC in Kutlwanong (multi-year)	100%	95%	100%	95%	0%	Practical Completion Certificate Progress Reports	TARGET NOT MET	The newly installed pipe could not be commissioned due to multiple leaks which were discovered during commissioning	Interventions are on going

Basic Services												
Roads, Ancillaries and Developmental Maintenance												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Actual	Target	Target	Actual	Target	Target				
BS13	Supporting the delivery of municipal services to the right quality and standard	Kilometers of Ward 2 paved roads and stormwater drainage constructed	0km	0km	2.5km	2.4km	0.5km	Progress Report	TARGET NOT MET	MIG funds got depleted in March and that affected the works programme of the contractor hence the target was not achieved	The invoice at hand will be paid as soon as 2025/2026 financial year starts and the contractor will work on accelerated programme to complete the project in time	
BS14			0km	0km	2.2km	2.46km	0.8km	Progress Report	TARGET MET	N/a – Target Met	N/a – Target Met	
BS15			0km	0km	2.2km	2.7km	0.8km	Progress Report	TARGET MET	The department incorrectly assessed the progress of the project due to the possible depletion of MIG funds. The funds were expected to be depleted, and targets were adjusted during the budget adjustment.	N/a – Target Met	
BS16		Kilometers of Ward 15 paved roads and stormwater drainage constructed	0km	0km	1.5km	3km	1.5km	Progress Report	TARGET MET	The department incorrectly assessed the progress of the project due to the possible depletion of MIG funds. The funds were expected to be depleted, and targets were adjusted during the budget adjustment.	N/a – Target Met	

BS17	Kilometers of Ward 10 paved roads and stormwater drainage constructed	0km	0km	1.5km	1.89km	1.5km	Progress Report	TARGET MET	The department incorrectly assessed the progress of the project due to the possible depletion of MIG funds. The funds were expected to be depleted, and targets were adjusted during the budget adjustment.	N/a – Target Met
BS18	Kilometers of Ward 1 paved roads and stormwater drainage constructed	3km	2.9km	3km	3km	0km	Progress Report	TARGET MET	N/a – Target Met	N/a – Target Met

Basic Services

Roads, Ancillaries and Developmental Maintenance

Item no	Objective	Key Performance Indicator	2023/2024		2024/2025		2025/2026		Evidence	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual			
BS19	Supporting the delivery of municipal services to the right quality and standard	Kilometers portion of Constantia Road rebuilt between THB200 and Dr A Phakathi in Thabong to improve traffic flow	0km	0km	1.2km	0.63km	0km	Progress reports	The project has been completed however the close out report is unavailable to support the 100% completion due to non-payment of the contractor	The contractor will be paid before 31 December 2025	
BS20	Kilometers portion of Ndaki road and stormwater drainage system constructed between Lois Street in Thandanani (2010) and Tosa College	Kilometers portion of Ndaki road and stormwater drainage system constructed between Lois Street in Thandanani (2010) and Tosa College	0km	0km	0.9km	0.144km	0.9km	Progress Reports	Non-Performance by the contractor	The contract has been terminated in May 2025 due to non-performance, and a Bill of Quantities will be sent to SCM for advertisement	

BS21		Kilometers portion of Du Plessis Street rehabilitated	0km	0km	0km	3.2km	0.96km	0.3km	Progress Reports	TARGET NOT MET	The previous contractor terminated for poor performance and the new contractor started in January 2025	New contractor to accelerate the project by having more team members on site
BS22		Percentage of multi-purpose community center constructed (multi-year project)	0%	0km	35%	35%	80%	80%	Progress Reports	TARGET MET	N/a – Target Met	N/a – Target Met

Basic Services

Item no	Objective	Key Performance indicator	Roads, Ancillaries and Developmental Maintenance						Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			2023/2024		2024/2025		2025/2026					
			Target	Actual	Target	Actual	Target	Actual				
BS23	Supporting the delivery of municipal services to the right quality and standard	Square meters of potholes in formal roads at Matjhabeng Central patched to reduce deterioration and ensure safe usage thereof	7900m ²	3279.66m ²	7900m ²	9485.2m ²	4200m ²	Job Cards	TARGET MET	The Jet-patcher has made a substantial contribution in the 2024/25 financial year, with 6,115.93 m ² of work completed, as evidenced by the control sheets. (The Jet-patcher was received on 31 May 2025.)	N/a – Target Met	
BS24		Square meters of potholes in formal roads at Matjhabeng West patched to reduce deterioration and ensure safe usage thereof	3950m ²	1463m ²	3950m ²	484m ²	200m ²	Job Cards	TARGET NOT MET	Lack of resources (material and labour)	Vacancies to be filled	

BS25		Square meters of potholes in formal roads at Matjhabeng East patched to reduce deterioration and ensure safe usage thereof	3950m ²	1073m ²	3950m ²	334.6m ²	200m ²	Job Cards	TARGET NOT MET	Lack of resources (material and labour)	Vacancies to be filled
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Basic Services												
Roads, Ancillaries, and Developmental Maintenance												
Item no	Objective	Key Performance Indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
BS26	Supporting the delivery of municipal services to the right quality and standard	Kilometres of gravelled and dirt roads bladed and re-gravelled in Matjhabeng Central to enhance driving comfort	30km	94.945km	30km	76.463km	30km	30km	Job Cards	TARGET MET	On May 30, 2024, the department acquired a grader, resulting in an increase in the maintenance of gravel and dirt roads	N/a – Target Met
BS27		Kilometres of gravelled and dirt roads bladed and re-gravelled in Matjhabeng West to enhance driving comfort	15km	17.98km	15km	35.75km	15km	15km	Job Cards	TARGET MET	On May 30, 2024, the department acquired a grader, resulting in an increase in the maintenance of gravel and dirt roads	N/a – Target Met
BS28		Kilometres of gravelled and dirt roads bladed and re-gravelled in Matjhabeng East to enhance driving comfort	15km	61.995km	15km	30.462km	15km	15km	Job Cards	TARGET MET	On May 30, 2024, the department acquired a grader, resulting in an increase in the maintenance of gravel and dirt roads	N/a – Target Met

Basic Services												
Roads, Ancillaries, and Developmental Maintenance												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
BS29	Supporting the delivery of municipal services to the right quality and standard	Kilometres of lined stormwater channels cleaned in Matjhabeng Central.	3.55km	9.552km	3.55km	15.646km	3.5km		Job Cards	TARGET MET	The availability of the Bell Excavator is currently high, following its recent purchase on May 28, 2024. As it is not yet utilized for gravel extraction, more time has been directed toward channel cleaning operations.	N/a – Target Met
BS30		Kilometres of lined stormwater channels cleaned in Matjhabeng West.	1.775km	3.504km	1.775km	10.152km	1km	Job Cards	TARGET MET	High number of labourers from EPWP – The increased labour capacity from EPWP significantly boosted productivity and operational efficiency.	N/a – Target Met	
BS31		Kilometres of lined stormwater channels cleaned in Matjhabeng East.	1.775km	0km	1.775km	0.3408km	0.5km	Job Cards	TARGET NOT MET	Lack of resources (material and labour)	Vacancies to be filled	

Basic Services												
Roads, Ancillaries, and Developmental Maintenance												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
BS32	Supporting the delivery of municipal services to the right quality and standard	Kilometres of unlined stormwater canals cleaned in Matjhabeng Central.	2.8km	3.738km	2.8km	10.33km	3km	Job Cards	TARGET MET	The availability of the Bell Excavator is currently high, following its recent purchase on May 28, 2024. As it is not yet utilized for gravel extraction, more time has been directed toward channel cleaning operations.	N/a – Target Met	

BS33	Kilometres of unlined stormwater canals cleaned in Matjhabeng West.	1.4km	0.175km	1.4km	1.81km	0.5km	Job Cards	TARGET MET	High availability of TLB – The consistent and high availability of TLB enabled uninterrupted work (TLB 653 FS)	N/a – Target Met
BS34	Kilometres of unlined stormwater canals cleaned in Matjhabeng East.	1.4km	0km	1.4km	0.199km	0.5km	Job Cards	TARGET NOT MET	Lack of resources (material and labour)	Vacancies to be filled

Basic Services												
Roads, Ancillaries, and Developmental Maintenance												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
BS35	Supporting the delivery of municipal services to the right quality and standard	Kilometres of existing stormwater drainage pipes cleaned and maintained	7.1km	12.756km	13km	2.447km	0km	0km	Job Cards	TARGET NOT MET	Lack of equipment - needs a mobile jet blaster.	Jet blasters to be purchased.
BS36		Kilometers of stormwater drainage construct at entrance of Thabong	0km	0km	0.08km	0.08km	0.083km	0.083km	Job Cards	TARGET MET	N/a – Target Met	N/a – Target Met

Basic Services												
Item no	Objective	Key Performance indicator	Electrical Distribution						Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			2023/2024		2024/2025		2025/2026					
			Target	Actual	Target	Actual	Target	Actual	Target			
BS37	Supporting the delivery of municipal services to the right quality and standard	Percentage of work completed for the provision and installation of substation	0%	0%	70%	67%	0%	Practical Completion Certificate	TARGET NOT MET	Community unrest. Underground water challenges on the excavations	Still resolving measures to deal with the underground water challenge	
BS38		Number of streetlights repaired and maintained	1300	1181	1300	2526	1300	Job cards Annual Planning report	TARGET MET	More streetlights were reported as not working, some vandalized.	N/a – Target Met	
BS39		Number of high mast lights repaired and maintained	170	329	170	346	120	Job cards Annual Planning report	TARGET MET	More high-mast lights were reported as not working, some also vandalized.	N/a – Target Met	
BS40		Percentage of unplanned outages that are restored to supply electricity within industry standard timeframes	0%	0%	85%	97.04%	94%	Progress Reports	TARGET MET	More outages were reported in the current year, leading to the over-achievement of the target.	N/a – Target Met	

COMMUNITY SERVICES

Basic Services												
Cemeteries, Parks, Sport and Recreation												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
BS41	Supporting the delivery of municipal services to the right quality and standard	Number of public parks maintained	0	0	2	2		0	Job Cards Progress Report	TARGET MET	N/a – Target Met	N/a – Target Met
BS42		Number of trees cared for	1018	2325	2000	3608	2050	Job Cards		TARGET MET	The department increased capacity (human resources and equipment) which impacted positively on performance. Measures applied include the increase of human resources through the acting policy and procurement of equipment.	N/a – Target Met

Basic Services												
Waste Management												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
BS43	Supporting the delivery of municipal services to the right quality and standard	Percentage of households and businesses with access to basic level solid waste removal	0	0	90%	60%	90%	Job cards Progress Reports		TARGET NOT MET	Non availability of compactor trucks due to mechanical breakdown and delay in turnaround time for repairs	To improve the turnaround time for repairs and that the SCM processes be expedited
BS44		Percentage of households and business waste removal backlog serviced within 48 hours	0	0	100%	26%	100%	Job Cards Progress Reports		TARGET NOT MET	Non availability of compactor trucks due to mechanical breakdown and delay in turnaround time for repairs	To improve the turnaround time for repairs and that the SCM processes be expedited

BS45	Number of street bins or poles installed by 30 June 2025	0	0	500	60	0	Delivery Notes Pictures Reports	TARGET NOT MET	SCM could not meet the agreed timeline for procuring the remaining balance of bins and poles.	Review and streamline SCM procedures to improve efficiency and adherence to timelines. Assign dedicated project oversight personnel to monitor procurement milestones
BS46	Number of compost sites established by 30 June 2025	0	0	1	1	1	MOU Progress Reports Pictures	TARGET MET	N/a – Target Met	N/a – Target Met
BS47	Number of illegal dumping sites cleared by 30 June 2025	0	0	80	228	800	Progress Reports Pictures	TARGET MET	An increase in illegal dumping activities	N/a – Target Met

Basic Services										
Disaster Management and Fire Services										
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual		
BS48	Supporting the delivery of municipal services to the right quality and standard	Number of existing control rooms upgraded	2	0	1	0	2	Practical Completion Certificate Progress Report Photos	Target Met/Not Met TARGET NOT MET	The municipality is in the process of developing Financial Recovery Plan (FRP) with National Treasury. Once the FRP has been complete and successfully implemented, the department will consider the completion of the projects

Basic Services										
Fleet Management										
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual		
BS49	Supporting the delivery of municipal	Number of control rooms established	0	0	1	0	0	Delivery Note Photos Official Order	Target Met/Not Met TARGET NOT MET	The municipality is in the process of developing Financial Recovery Plan

services to the right quality and standard																			(FRP) with National Treasury. Once the FRP has been complete and successfully implemented, the department will consider the completion of the projects
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Basic Services																
Traffic Management and Security																
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance				
			Target	Actual	Target	Actual	Target	Actual								
BS50	Supporting the delivery of municipal services to the right quality and standard	Number of awareness campaigns hosted.	4	4	4	12	4	4	Attendance Register Photos	TARGET MET	The over achievement was influenced by the awareness campaigns reaching a different target market categorized as Child in Traffic whereas other campaigns focused on Schools, Operators and passengers.	N/a – Target Met				
BS51		Number of established vehicle pound.	0	0	1	1	1	1	Progress Reports Official Order Photos	TARGET MET	N/a – Target Met	N/a – Target Met				
BS52		Number of traffic reports submitted to finance department	0	0	4	4	0	0	Progress Reports Official Order Photos	TARGET MET	N/a – Target Met	N/a – Target Met				
BS53		Number of roadblock or checkpoints conducted	0	0	20	21	20	20	Attendance register Photos Reports	TARGET MET	Due to Easter Holidays traffic more roadblocks were conducted	N/a – Target Met				
BS54		Number of electronic systems installed at municipal infrastructure	0	0	100	109	29	29	Job Cards Reports	TARGET MET	The need on the installation of more systems arose due to theft and vandalism	N/a – Target Met				

HUMAN SETTLEMENT

Basic Services												
Human Settlement												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
BS55	Supporting the delivery of municipal services to the right quality and standard	Number of social compact reports completed	0	0	2	1	0	0	Council resolution Social Compact Guideline	TARGET NOT MET	Council resolved that councillors be workshopped on the social compact report	Workshops to be conducted in the next financial period.
BS56		Number of progress reports on incomplete subsidy houses	4	4	2	2	0	0	Report on the incomplete subsidy houses submitted to Provincial HS	TARGET MET	N/a – Target Met	N/a – Target Met
BS57		Number of sites disposed	3000	455	3000	82	0	0	Register of disposed and allocated sites	TARGET NOT MET	Other sites were not accessible	On going monitoring sites for future allocation

Basic Services												
Development Planning												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
BS58	Supporting the delivery of municipal services to the right quality and standard	Number of Spatial Development Plans reviewed and approved by Council.	1	1	1	1	1	1	Approved Spatial Development Plans	TARGET MET	N/a – Target Met	N/a – Target Met
BS59		Number of approved land development applications	0	0	2	0	0	0	Council Resolution MPT Approval	TARGET NOT MET	Objections from Harmony leading to delays of the approval	Township establishment process underway in the new financial year.

Basic Services											
Development Control											
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual			
BS60	Supporting the delivery of municipal services to the right quality and standard	Number of Municipal Planning Tribunal Meetings held	0	0	4	2	0	0	Attendance Register Invitation Minutes of meetings	There was no Municipal Planning Tribunal Committee in Q1 & Q2	The municipality has established a functional MPT in Quarter 3.
BS61		Number of reports on contravention notices issued	0	0	4	4	0	0	Report on contravention notices Notice letters	N/a – Target Met	N/a – Target Met
BS62		Number of reports on land use development applications approved	0	0	4	2	4	4	Reports on land use development applications approved	There was no Municipal Planning Tribunal Committee in Q1 & Q2	The municipality has established a functional MPT in Quarter 3.

Basic Services												
Building Control												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Reason for deviation	Measures to address under-performance	
			Target	Actual	Target	Actual	Target	Actual				
BS63	Supporting the delivery of municipal services to the right quality and standard	Number of reports on building inspections conducted	4	4	4	4	4	4	Reports on building inspections conducted Inspection Forms	N/a – Target Met	N/a – Target Met	
BS64		Number of reports on contravention notices issued	4	4	4	4	4	4	Reports on contravention notices issued Contravention Notice issued	N/a – Target Met	N/a – Target Met	
BS65		Number of reports on approved building plans applications	4	4	4	4	4	4	Reports on building plans applications approved (Letters of approval)	N/a – Target Met	N/a – Target Met	
BS66		Number of reports on the approval of outdoor advertising applications	1	1	4	4	0	0	Reports on the approved outdoor advertising applications	N/a – Target Met	N/a – Target Met	

KEY PERFORMANCE AREA – LOCAL ECONOMIC DEVELOPMENT

Item no	Objective	Key Performance indicator	Local Economic Development						Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			2023/2024		2024/2025		2025/2026					
			Target	Actual	Target	Actual	Target	Actual				
LED1	Creating a conducive environment for economic development	Number of indaba held to improve the stakeholder relations by 30 June 2025	0	0	1	1	1	1	Attendance Register Photos	TARGET MET	N/a – Target Met	N/a – Target Met
LED2		Number of investment pledge facilitated by 30 June 2025	1	1	1	1	1	1	Investment Pledge Form	TARGET MET	N/a – Target Met	N/a – Target Met
LED3		Number of forums established to enhance public partnerships on development programmes by 30 June 2025	0	0	1	1	1	1	Attendance Register Report Photos	TARGET MET	N/a – Target Met	N/a – Target Met
LED4		Number of catalytic projects facilitated by 30 June 2025	0	0	1	1	1	1	Signed Memorandum of Agreement	TARGET MET	N/a – Target Met	N/a – Target Met
LED5		Number of LED Strategy reviewed by 30 June 2025	0	0	1	0	1	1	Approved LED Strategy Council Resolution	TARGET NOT MET	Lack of internal capacity. Project rolled over to next financial year	Budget has been set aside in the coming financial year for the review
LED6		Number of businesses assisted with investment incentives by 30 June 2025	0	0	1	0	0	0	Memorandum of Agreement	TARGET NOT MET	Due to lack of budget that must be set aside for the implementation	Due to limited budget. The indicator will be scrapped

LED7	Number of phases completed SEZ established by 30 June 2025	2	2	1	1	1	Council Resolution Cabinet Approval	TARGET NOT MET	Due to the lack of funding approval from potential funder (ISA)	Communication on to be strengthened for approval of funding applications submitted
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Local Economic Development												
Small Medium Micro Enterprise and Investment												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
LED8	Creating a conducive environment foreconomic development	Number of SMME supported by 30 June 2025	3	59	2	2	2	2	Photos Attendance Registers	TARGET MET	N/a – Target Met	N/a – Target Met
LED9		Number of training workshops facilitated by 30 June 2025	8	5	8	8	8	8	Attendance Register Agenda Photos	TARGET MET	N/a – Target Met	N/a – Target Met
LED10		Number of exhibitions held by 30 June 2025	2	1	2	2	2	2	Attendance Register Photos	TARGET MET	N/a – Target Met	N/a – Target Met

Local Economic Development												
Agriculture and Rural Development												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
LED11	Creating a conducive environment for economic development	Number of emerging farmers assisted with access to markets by 30 June 2025	1	1	1	1	5	5	Signed Memorandum of Agreement	TARGET MET	N/a – Target Met	N/a – Target Met
LED12		Number of programs facilitated for beneficiaries by 30 June 2025	2	2	2	2	1	1	Attendance Registers Photos Agenda	TARGET MET	N/a – Target Met	N/a – Target Met

LED13	Number of farmers supported for agro-processing by 30 June 2025	0	0	1	2	0	Progress Report Photos Attendance Register	TARGET MET	Funding was available in Quarter	N/a – Target Met
LED14	Number of farms maintained by 30 June 2025	1	1	1	0	0	Report on the farms maintained	TARGET NOT MET	A request through SLP has been made and is pending MM's signature Budget has been set aside in the coming financial year for the review	A request through SLP has been made and is pending MM's signature Budget has been set aside in the coming financial year for the review
LED15	Number of beneficiaries allocated farms by 30 June 2025	5	5	5	6	10	Signed Lease Agreement	TARGET MET	More requests were received leading to an over-achievement of 1.	N/a – Target Met
LED16	Number of Policy developed by 30 June 2025	0	0	1	0	0	Commonage Policy Council Resolution	TARGET NOT MET	Lack of internal capacity. Project rolled over to next financial year. Budget has been set aside in the coming financial year for the review	Lack of internal capacity. Project rolled over to next financial year. Budget has been set aside in the coming financial year for the review
LED17	Number of strategies developed by 30 June 2025	0	0	1	0	0	Agricultural Development Strategy Council Resolution	TARGET NOT MET	Lack of internal capacity. Project rolled over to next financial year Budget has been set aside in the coming financial year for the review	Lack of internal capacity. Project rolled over to next financial year Budget has been set aside in the coming financial year for the review

**Local Economic Development
Mineral and Energy**

Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
LED18	Creating a conducive environment for economic development	Number of SLP projects facilitated by 30 June 2025	2	2	2	2	2	2	Approved Project Letter Memorandum of Agreement	TARGET MET	N/a – Target Met	N/a – Target Met
LED19		Number of Corporate Social Responsibility projects facilitated by 30 June 2025	2	2	2	2	2	2	Approved Project Letter Memorandum of Agreement	TARGET MET	N/a – Target Met	N/a – Target Met
LED20		Number of small-scale mining facilitated by 30 June 2025	2	2	1	0	1	1	Letter of Support	TARGET NOT MET	This process requires a By-Law An Indicator has been included in the next FY SDBJP	This process requires a By-Law An Indicator has been included in the next FY SDBJP

**Local Economic Development
Tourism Management**

Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
LED21	Creating a conducive environment for economic development	Number of tourism events facilitated by 30 June 2025	2	1	2	1	0	0	Attendance Registers Photos	TARGET NOT MET	A request to outsource the service at risk has been made but no progress has been made at SCM	A request indicator will be rolled over to the next financial year
LED22		Number of Tourism Marketing Strategies developed by 30 June 2025	1	0	1	0	0	0	Tourism Marketing Strategy	TARGET NOT MET	Lack of internal capacity. Project rolled over to next financial year	Budget has been set aside in the coming financial year for the review
LED23		Number of tourism awareness campaigns conducted by 30 June 2025	1	0	1	1	4	4	Attendance Registers Photos	TARGET MET	N/a – Target Met	N/a – Target Met

Local Economic Development														
Item no	Objective	Key Performance indicator	2023/2024				2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual	Target	Actual				
LED24	Creating a conducive environment for economic development	Number of facilities refurbished by 30 June 2025	1	0	1	1	0	0		Invoices Memorandum of Agreement Practical Completion Certificate	TARGET MET	N/a – Target Met	N/a – Target Met	

KEY PERFORMANCE AREA – INSTITUTIONAL CAPACITY

Institutional Capacity											
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual			
IC1	Building institutional resilience and administrative capability	Number of approved organizational structure	1	0	1	0	1	0	Approved organisational Structure Council Resolution	The organisational structures have been referred for workshop	To workshop councillors

Institutional Capacity											
Human Resource Planning											
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual			
IC2	Building institutional resilience and administrative capability	Number of job descriptions reviewed and signed off	300	158	300	300	300	300	Job Descriptions	N/a – Target met	N/a – Target met
IC3		Number of performance agreements developed for incumbents in positions from level 1 to level 7/6	0	0	150	26	150	150	Signed Performance Agreements	None submission from different departments	Continue to workshop the managers and assistant managers

Institutional Capacity												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
IC4	Building institutional resilience and administrative capability	Percentage of advertised positions filled	0	0	100%	100%	100%	100%	Appointment Letters Adverts	TARGET MET	N/a – Target Met	N/a – Target Met

Institutional Capacity												
Employment Equity												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
IC5	Building institutional resilience and administrative capability	Number of Employment Equity Plans reviewed and approved	1	1	1	1	1	1	Employment Equity Plan	TARGET MET	N/a – Target Met	N/a – Target Met

Institutional Capacity												
Training and development												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
IC6	Building institutional resilience and administrative capability	Number of beneficiaries trained	350	556	160	266	160	160	Approved submission	TARGET MET	More requests from beneficiaries were received	N/a – Target Met
IC7		Number of learners placed in the municipality	50	47	60	115	60	60	Endorsed Placement Requests	TARGET MET	More requests from learners, requesting placement.	N/a – Target Met

Institutional Capacity											
Employee Wellness											
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual			
IC8	Building institutional resilience and administrative capability	Number of Health and Wellness Plan revised	1	1	1	1	1	1	Approved Wellness plan EXCO resolution	N/a – Target Met	N/a – Target Met
IC9		Number of awareness sessions or campaigns conducted	0	0	24	25	0	0	Attendance Register Photos	More requests from departments	N/a – Target Met
IC10		Number of reports on destitute people and unknown corpses provided with pauper Burials, quarterly	4	4	4	4	4	4	Report on Pauper Burials provided Approved applications	N/a – Target Met	N/a – Target Met

Institutional Capacity											
Legal Services											
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual			
IC11	Building institutional resilience and administrative capability	Percentage of cases disposed of and finalized	0	0	50%	14%	0	0	Litigation register	Delays from the other departments in getting the information regarding the cases	Engagements with the Executive Directors and MM are underway

Institutional Capacity												
Occupational Health and Safety												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
IC12	Building institutional resilience and administrative capability	Number of safety awareness programmes conducted	24	24	16	16	16	16	Attendance Registers Notice/Invite Photos	TARGET MET	N/a – Target Met	N/a – Target Met
IC13		Number of safety inspections conducted	200	198	160	160	160	160	Inspection Reports	TARGET MET	N/a – Target Met	N/a – Target Met
IC14		Percentage of incidents reported to Department of Labour	0%	0%	100%	100%	100%	100%	Incident Register Incidents Reported to Dep of Labour	TARGET MET	N/a – Target Met	N/a – Target Met

Institutional Capacity												
Customer Care Services												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
IC15	Building institutional resilience and administrative capability	Number of Electronic Customer Care Management System developed, installed and functional	0	0	1	0	0	0	Progress Report	TARGET NOT MET	Budget Constraints	The project has been included in the 2025/2026 procurement plans pending availability of resources

Institutional Capacity												
Document Management												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
IC16	Building institutional resilience and administrative capability	Number of Reviewed Document Management Policy	1	1	1	0	0	0	Reviewed Document Management Policy	TARGET NOT MET	Policy referred by EXCO to the ad-hoc committee on policy review for deliberation. Policy to be circulated to all committees once approved by the Ad-hoc committee on policy review for approval.	Policy referred by EXCO to the ad-hoc committee on policy review for deliberation. Policy to be circulated to all committees once approved by the Ad-hoc committee on policy review for approval.

KEY PERFORMANCE AREA – FINANCIAL MANAGEMENT

Financial Management												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
FM1	Ensuring sound financial management and accounting	Number of GRAP compliant asset register submitted to auditor general for audit by 31 August 2024	1	1	1	1	1	1	GRAP - Compliant Asset Register	TARGET MET	N/a- Target met	N/a- Target met
FM2		Number of verifications conducted on the asset register submitted to auditor general for audit by 31 August 2024	1	1	1	1	1	1	List/Report on verified assets	TARGET MET	N/a- Target met	N/a- Target met
FM3		Number of reconciliations completed between the fixed asset register and the general ledger submitted to auditor general for audit by 31 August 2024	1	1	1	1	1	1	Reconciliation report/register	TARGET MET	N/a- Target met	N/a- Target met

Financial Management														
Item no	Objective	Key Performance Indicator	2023/2024				2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual	Target	Actual				
FM4	Ensuring sound financial management and accounting	Number of draft annual financial statements submitted to auditor general for audit by 31 August 2024	1	1	1	1	1	1	1	Draft Annual Financial Statements	TARGET MET	N/a- Target met	N/a- Target met	
FM5		Number of MSCOA complaint draft budget submitted to provincial treasury	1	1	1	1	1	1	1	Draft Budget Council resolution	TARGET MET	N/a- Target met	N/a- Target met	
FM6		Number of MSCOA compliant final budget submitted	1	1	1	1	1	1	1	Final Budget Proof of Submission to Treasury	TARGET MET	N/a- Target met	N/a- Target met	
FM7		Number of MSCOA compliant adjustment budget submitted to provincial Treasury	1	1	1	1	1	1	1	Adjusted Budget Proof of Submission to Treasury	TARGET MET	N/a- Target met	N/a- Target met	
FM8		Number of Section 71 reports submitted to provincial Treasury	12	12	12	12	12	12	12	Section 71 Reports Proof of Submission to Treasury	TARGET MET	N/a- Target met	N/a- Target met	
FM9		Number of Section 52(d) reports submitted to provincial Treasury	4	4	4	4	4	4	4	Section 52(d) Financial Report Proof of Submission to Treasury	TARGET MET	N/a- Target met	N/a- Target met	
FM10		Number of Mid-year Budget and Performance Assessment reports submitted to provincial Treasury	1	1	1	1	1	1	1	Section 72 report	TARGET MET	N/a- Target met	N/a- Target met	

Financial Management										
Item no	Objective	Key Performance indicator	Supply Chain Management				Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			2023/2024 Target	2023/2024 Actual	2024/2025 Target	2024/2025 Actual				
FM11	Ensuring sound financial management and accounting	Number of Supply Chain Management deviation reports submitted	4	4	4	4	TARGET MET	N/a- Target met	N/a- Target met	
FM12		Number of Supply Chain Management Contracts registers updated	0	0	4	4	TARGET MET	N/a- Target met	N/a- Target met	
FM13		Number of procurement plan developed and approved	0	0	1	0	TARGET NOT MET	Draft procurement plan prepared and not yet approved	The draft procurement plan will be submitted to CFO and MM for approval in Q1 of 2025/26 FY	
FM14		Number of reports on the implementation of the procurement plan	0	0	1	0	TARGET NOT MET	Draft procurement plan prepared and not yet approved	The draft procurement plan will be submitted to CFO and MM for approval in Q1 of 2025/26 FY	
FM15		Number of irregular expenditure register updated	0	0	1	1	TARGET MET	N/a- Target met	N/a- Target met	

Financial Management												
Revenue Management												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
FM16	Ensuring sound financial management and accounting	Percentage payment rate on monthly billing	70%	52%	75%	51%	75%		Payment rate on monthly billing report	TARGET NOT MET	Poor performance from all Municipal towns in term of payments.	Strengthen disconnections in all towns across Matjhabeng LM
FM17		Number of monthly billing reports compiled	0	0	12	12	12		Monthly billing reports	TARGET MET	N/a- Target met	N/a- Target met
FM18		Number of indigent register updated	0	0	12	12	12		Updated indigent register	TARGET MET	N/a- Target met	N/a- Target met
FM19		Number of supplementary Valuation roll Implemented	0	0	1	1	1		Valuation roll report	TARGET MET	N/a- Target met	N/a- Target met

KEY PERFORMANCE AREA – GOOD GOVERNANCE, TRANSPARENCY & ACCOUNTABILITY

Good Governance, Transparency and Accountability												
Information Communications Technology												
Item no	Objective	Key Performance indicator	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual				
GGTA1	Information Technology enables and drives the municipality to reach its objectives	Number of Business Continuity and Disaster Recovery Solution implementation on the CLOUD	0	0	1	1	1	1	Report on the completed implementation of Business Continuity and Disaster Recovery Solution	TARGET MET	N/a- Target met	N/a- Target met
GGTA2		Number of systems upgrades conducted on the Financial System	0	0	3	3	3	3	Report on systems upgrades conducted	TARGET MET	N/a- Target met	N/a- Target met
GGTA3		Number of LAN optimization implemented	0	0	1	0	1	1	Report on the completed implementation of LAN optimization	TARGET NOT MET	Due to lack of resources	To procure the required resources via SCM for the implementation of LAN optimization
GGTA4		Number of digital transformation sub-projects implemented	0	0	3	4	3	3	Report on the completed implementation of transformation sub-projects	TARGET MET	N/a- Target met	N/a- Target met
GGTA5		Number of Security Awareness and Training conducted and implementation of an Information Security Architecture	0	0	4	4	4	4	Attendance Register Agenda/ Notice Photos	TARGET MET	N/a- Target met	N/a- Target met

Good Governance, Transparency and Accountability																
Item no	Objective	Key Performance indicator	2023/2024				2024/2025				2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual				
GGTA 6	Promoting transparency, and accountability good governance	Number of reports on Publications sent/shared/released in Local, provincial, and national media internal newsletter, quarterly	4	4	4	4	4	4	4	4	4	4	TARGET MET	N/a- Target met	N/a- Target met	
GGTA 7			0	0	4	4	4	4	4	4	4	4	TARGET MET	N/a- Target met	N/a- Target met	
GGTA 8		Number of quarterly reports on crisis and emergency communicated	0	0	7	4	7	4	7	7	7	7	TARGET NOT MET	Budget Constraints	To be prioritized in the new financial year	
		Number of community awareness conducted	0	0												

Good Governance, Transparency and Accountability												
Item no	Objective	Key Performance indicator	Risk Management						Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			2023/2024		2024/2025		2025/2026					
			Target	Actual	Target	Actual	Target	Actual				
GGTA9	Promoting transparency, and accountability good governance	Number of Risk Management policy approved by Council	1	1	1	1	1	1	TARGET MET	N/a – Target met	N/a – Target met	
GGTA10		Number of Risk Management Strategy approved by Council	1	1	1	1	1	1	TARGET MET	N/a – Target met	N/a – Target met	
GGTA11		Number of Risk Management Implementation Plan Approved	1	1	1	1	1	1	TARGET MET	N/a – Target met	N/a – Target met	
GGTA12		Number of Anti-Fraud and Anti-Corruption Policy approved	1	1	1	1	1	1	TARGET MET	N/a – Target met	N/a – Target met	
GGTA13		Number of Anti-Fraud and Anti-Corruption Strategy approved	1	1	1	1	1	1	TARGET MET	N/a – Target met	N/a – Target met	
GGTA14		Number of Fraud Prevention Plan approved	1	1	1	1	1	1	TARGET MET	N/a – Target met	N/a – Target met	

GGTA15	Number of Whistle-Blowing Policy approved	1		1	1	1	1	1	1	Approved Whistle-Blowing Policy Council Resolution	TARGET MET	N/a – Target met	N/a – Target met
GGTA16	Number of Risk Assessments conducted	2	2	1	1	1	1	1	1	Risk Assessment Reports	TARGET MET	N/a – Target met	N/a – Target met
GGTA17	Number of Risk Management Committee Charter approved	1	1	1	1	1	1	1	1	Approved Risk Management Committee Charter Audit Committee Attendance Register and Minutes	TARGET MET	N/a – Target met	N/a – Target met
GGTA18	Number of Risk Management Committee meetings held	4	3	4	4	4	4	4	4	Attendance Registers Agenda Minutes of Risk Management Committee meetings	TARGET NOT MET	N/a – Target met	N/a – Target met
GGTA19	Number of risk awareness campaign conducted	0	0	2	2	2	2	2	2	Invitation Attendance Registers	TARGET MET	N/a – Target met	N/a – Target met
GGTA20	Number of Risk Registers developed and updated	5	7	5	5	5	5	5	5	Risk Registers (Strategic, Operational, Fraud, ICT and Projects)	TARGET MET	N/a – Target met	N/a – Target met
GGTA21	Number of progress reports against the Risk Management Implementation plan prepared	4	4	4	4	4	4	4	4	Quarterly Progress Reports	TARGET MET	N/a – Target met	N/a – Target met

Good Governance, Transparency and Accountability																
Item no	Objective	Key Performance indicator	2023/2024				2024/2025				2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual				
GGTA22	Promoting good governance, transparency and accountability	Number of developed Risk Based Internal Audit plan	1	1	1	1	1	1	1	1	1	Approved Risk-Based Internal Audit Plan	TARGET MET	N/a- Target met	N/a- Target met	
GGTA23		Number of internal audit reports compiled	4	4	4	4	4	4	4	4	4	Internal Audit Reports	TARGET MET	N/a- Target met	N/a- Target met	
GGTA24		Number of developed internal audit methodology	1	1	1	1	1	1	1	1	1	Internal audit methodology	TARGET MET	N/a- Target met	N/a- Target met	
GGTA25		Number of Audit Committee meetings held	4	3	4	4	4	4	4	4	4	Minutes of meetings Attendance Registers and Agenda	TARGET MET	N/a- Target met	N/a- Target met	
GGTA26		Number of internal audit charter developed and approved	1	1	1	1	1	1	1	1	1	Internal Audit Charter	TARGET MET	N/a- Target met	N/a- Target met	
GGTA27		Number of progress reports on implementation of the coverage plan	4	4	4	4	4	4	4	4	4	Progress reports	TARGET MET	N/a- Target met	N/a- Target met	
GGTA28		Number of reviewed quality assurance and improvement program	1	1	1	1	1	1	1	1	1	Quality Assurance Program	TARGET MET	N/a- Target met	N/a- Target met	
GGTA29		Number of Audit Committee Charter developed and approved	0	1	1	1	1	1	1	1	1	Approved Audit Committee Charter	TARGET MET	N/a- Target met	N/a- Target met	

Good Governance, Transparency and Accountability												
Item no	Objective	Key Performance Indicator	Performance Management Systems						Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			2023/2024		2024/2025		2025/2026					
			Target	Actual	Target	Actual	Target	Actual				
GGTA30	Promoting good governance, transparency, and accountability	Number of SDBIP developed and approved by the Executive Mayor	1	1	1	1	1	1	Approved SDBIP Council resolution	TARGET MET	N/a- Target met	N/a- Target met
GGTA31		Number of adjusted SDBIP developed and approved by Council	1	1	1	1	1	1	Adjusted SDBIP Council resolution	TARGET MET	N/a- Target met	N/a- Target met
GGTA32		Number of performance agreements coordinated and signed	8	8	8	8	8	8	Signed Performance Agreements	TARGET MET	N/a- Target met	N/a- Target met
GGTA33		Number of performance Assessments conducted for Section 57 managers	4	1	2	2	2	2	Performance Assessment Report Attendance Registers Minutes	TARGET MET	N/a- Target met	N/a- Target met
GGTA34		Number of annual reports developed, submitted to AGSA, and tabled to council for approval	1	1	1	1	1	1	2024.2025 Annual Report	TARGET MET	N/a- Target met	N/a- Target met
GGTA35		Number of quarterly reports developed	4	4	4	4	4	4	Quarterly reports	TARGET MET	N/a- Target met	N/a- Target met
GGTA36	Number of Mid-year Budget and performance reports developed and submitted to council	1	1	1	1	1	1	Section 72 report	TARGET MET	N/a- Target met	N/a- Target met	

Good Governance, Transparency and Accountability

Office of the Speaker (council whip)

Item no	Objective	2023/2024		2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
		Target	Actual	Target	Actual	Target	Target				
GGTA37	Promoting good governance, transparency, and accountability	4	2	4	4	4	1	Minutes of Troika Meetings Attendance Registers	TARGET MET	N/a- Target met	N/a- Target met
GGTA38		4	2	4	4	4	1	Minutes of Multiparty Whippery Meetings Attendance Registers	TARGET MET	N/a- Target met	N/a- Target met

KEY PERFORMANCE AREA – PUBLIC PARTICIPATION

Item no	Objective	Key Performance indicator	Public Participation						Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			2023/2024		2024/2025		2025/2026					
			Target	Actual	Target	Actual	Target	Actual				
PP1	Putting people and their concern first	Number of ward plans produced	36	0	36	0	36	36	Ward plans	TARGET NOT MET	Insufficient capacity Public Participation Officers are tasked to assist the Ward Committees and Ward Councillors in developing their ward plans.	
PP2		Number of reports from ward committees produced and submitted quarterly	144	128	144	144	144	144	Reports from ward committees	TARGET MET	N/a- Target met	
PP3		Number of reports on community meetings held by ward councillors to address community programmes and developmental matters	144	57	144	82	144	144	Reports on Community Meetings held	TARGET NOT MET	None Submission of reports from Ward Committees The PPOs together with the Senior Manager will engage with ward committees' secretaries and request submission of reports.	
PP4		Number of oversight report submitted to Council	1	0	1	1	1	1	Oversight Report Council Resolution	TARGET MET	N/a- Target met	
PP5		Number of Community Participation programs held	4	0	4	8	4	4	Attendance Registers Photos	TARGET MET	N/a- Target met	
PP6		Number of section 79 committees meetings held	12	0	12	9	4	4	Attendance Register Minutes of meetings	TARGET NOT MET	Delay in submission of the information by the departments Deadlines to be communicated on time with the departments	
PP7		Number of councillors training conducted	4	0	2	0	2	2	Attendance Register Agenda Photos	TARGET NOT MET	Lack of capacity The department will ensure that external support is secured.	

Public Participation														
Item no	Objectives	Key Performance Indicator	2023/2024				2024/2025		2025/2026		Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			Target	Actual	Target	Actual	Target	Actual	Target	Actual				
PP8	Putting people and their concern first	Number of National Days 'activities hosted	5	3	5	6	5	5	5	Notice Attendance Registers Pictures	TARGET MET	N/a- Target met	N/a- Target met	
PP9		Number of Youth Programmes held	10.	7	4	5	4	4	4	Notice Attendance Registers Pictures	TARGET MET	N/a- Target met	N/a- Target met	
PP10		Number of Executive Mayor's Imbizos	72	59	12	17	12	12	12	Notice Attendance Registers Pictures	TARGET MET	N/a- Target met	N/a- Target met	
PP11		Number of Moral Regeneration campaigns held	0	0	2	2	4	4	4	Invitations Attendance Registers	TARGET MET	N/a- Target met	N/a- Target met	
PP12		Number of HIV/Aids campaigns held	0	0	1	2	1	1	1	Invitations Attendance Registers	TARGET MET	N/a- Target met	N/a- Target met	
PP13		Number of activities for Women & Children held	0	0	2	1	2	2	2	Invitations Attendance Registers	TARGET NOT MET	Budget constraints	The department will ensure that funding is secured.	
PP14		Number of activities for elderly people and men held	0	0	2	1	2	2	2	Invitations Attendance Registers	TARGET NOT MET	Budget constraints	The department will ensure that funding is secured.	

Public Participation												
Item no	Objective	Key Performance indicator	Integrated Development Plan						Evidence	Target Met/Not Met	Reason for deviation	Measures to address under-performance
			2023/2024		2024/2025		2025/2026					
			Target	Actual	Target	Actual	Target	Actual	Target			
PP15	Putting people and their concerns first	Number of Draft Integrated Development Plans developed, reviewed and adopted	1	1	1	1	1	1	1	TARGET MET	N/a- Target met	N/a- Target met
PP16		Number of Integrated Development Plan developed, reviewed, and approved	1	1	1	1	1	1	1	TARGET MET	N/a- Target met	N/a- Target met
PP17		Number of Integrated Development Review Process Plan developed and adopted	1	1	1	1	1	1	1	TARGET MET	N/a- Target met	N/a- Target met

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

INTRODUCTION

The municipality is embarking on a process of reviewing the organizational structure so that it can meet the current challenges and adhere to the legislative requirements. This process will need numerous engagements with unions, staff, and Councillors after which the Municipal Manager will approve the structure and table it to the council for notification as required by legislation. The department is in the process of workshopping the Councillors on the reviewed Organizational Structure.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

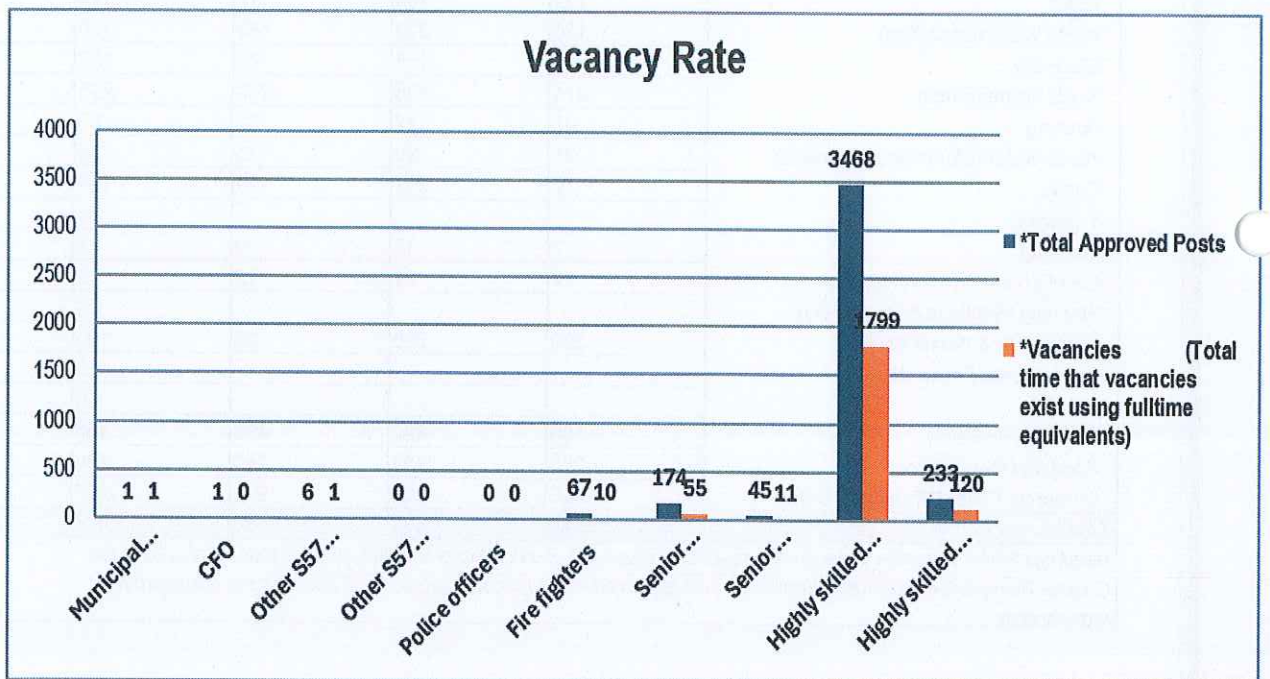
4.1 EMPLOYEE TOTALS, TURNOVER, AND VACANCIES

Description	Employees				
	Year 2023/2024	Year 2024/2025			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	122	265	117	148	56%
Waste Water (Sanitation)	180	343	183	160	47%
Electricity	84	178	76	102	57%
Waste Management	274	495	270	225	45%
Housing	47	117	31	86	74%
Waste Water (Stormwater Drainage)	35	90	35	55	61%
Roads	70	297	99	198	67%
Transport				0	
Planning	7	18	10	8	44%
Local Economic Development	17	24	22	2	8%
Planning (Strategic & Regulatory)				0	
Community & Social Services	229	299	199	100	33%
Environmental Protection				0	
Health				0	
Security and Safety	408	622	435	187	30%
Sport and Recreation	256	739	250	489	66%
Corporate Policy Offices and Other	295	508	271	237	47%
Totals	2,024	3,995	1,998	1,997	49.99%
Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.					T 4.1.1

Vacancy Rate: Year 2024/2025			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	1	100.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	6	1	16.67
Other S57 Managers (Finance posts)	0	0	
Police officers	0	0	
Fire fighters	67	10	14.93
Senior management: Levels 13-15 (excluding Finance Posts)	174	55	31.61
Senior management: Levels 13-15 (Finance posts)	45	11	24.44
Highly skilled supervision: levels 9-12 (excluding Finance)	3468	1799	51.87
Highly skilled supervision: levels 9-12 (Finance posts)	233	120	51.50
Total	3995	1997	49.99

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

T 4.1.2



Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year 2022/2023	267	121	45%
Year 2023/2024	36	91	253%
Year 2024/2025	61	97	159%
* 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			T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

Turnover is mainly due to resignations as employees feel the burden of being overworked, and there is a lack of growth opportunities and recognition. To address the challenges identified by employees the municipality is currently in the process of reviewing the staff establishment and the implementation of the performance management system is in place to address the challenges.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Municipal Workforce Management has been good so far. The municipality has recruited and filled critical vacancies, especially for service delivery departments. However, the municipality has also lost some critical skills due to resignations occasioned by employees going for greener pastures as well as wanting to be close to their families.

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	Not completed		Included or reflected in Employment Equity Policy (8)
2	Attraction and Retention	Not completed		
3	Code of Conduct for employees	100%	A16/2006	27/11/2007
4	Delegations, Authorisation & Responsibility	100%	26/11/2005	25/04/2006
5	Disciplinary Code and Procedures	100%		Disciplinary Procedure Collective Agreement has been extended to 31/1/2025 as per Circular 14/2022 from SALGA.
6	Essential Services	100%		Main Collective Agreement has been extended to 30/6/2023; negotiations on amendments are still in progress
7	Employee Assistance / Wellness	100%	A120/2023	30 August 2023
8	Employment Equity	100%	A120/2023	30 August 2023
9	Exit Management (Termination)	100%	A120/2023	30 August 2023
10	Grievance Procedures	100%		Main Collective Agreement has been extended to 30/6/2023; negotiations on amendments are still in progress
11	HIV/Aids	100%	A120/2023	30 August 2023
12	Human Resource and Development	100%	A120/2023	30 August 2023
13	Incapacity due to poor work performance policy/ill health or operational policy	100%	A120/2023	30 August 2023
14	Job Evaluation	100%	A120/2023	30 August 2023
15	Leave	100%	A120/2023	30 August 2023
16	Occupational Health and Safety	100%	A120/2023	30 August 2023
17	Official Housing	Not completed		
18	Official Journeys	Not completed		
19	Official transport to attend Funerals	Not completed		
20	Official Working Hours and Overtime	100%	A120/2023	30 August 2023
21	Organisational Rights	100%		Main Collective Agreement has been extended to 30/6/2023; negotiations on amendments are still in progress
22	Payroll Deductions	Not completed		
23	Performance Management and Development	100%	A120/2023	30 August 2023
24	Recruitment, Selection and Appointments	100%	A120/2023	30 August 2023
25	Remuneration Scales and Allowances	100%	A120/2023	30 August 2023
26	Resettlement	Not completed		
27	Sexual Harassment	100%	A120/2023	30 August 2023
28	Skills Development Policy	100%	A120/2023	Adopted on the 30 August 2023

29	Smoking	100%	A120/2023	Adopted on the 30 August 2023
30	Special Skills	Not completed		To be defined.
31	Work Organisation	Not completed		
32	Uniforms and Protective Clothing	Not completed		
33	Internal Bursary Policy	100%	A120/2023	30 August 2023

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

All municipal policies especially HR related are aligned with Municipal Staff Regulations and consultations were made accordingly.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	
Required basic medical attention only	218	12	1%	18.17	R206 825.27
Temporary total disablement					
Permanent disablement					
Fatal					
Total	218	12	1%	18.17	R206 825.27

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (levels 18 - 16)	6034	5%	465	939	6.43	
Skilled (levels 15 - 13)	659	5%	39	65	10.14	
Highly skilled production (levels 12 - 8)	6236	7%	471	736	8.47	
Highly skilled supervision (level 7 - 4)	1561	12%	144	227	6.88	
Senior Management (levels 3 - 1)	355	10%	40	65	5.46	
MM and S57	2	100%	1	8	0.25	
Total	14847	23%	1160	2040	7.28	0

COMMENT ON INJURY

Steps taken incident investigation conducted followed by compliance improvement plan with control measures.

Control Measures:

1. Weekly safety toolbox talks
2. Safety awareness on safe operating procedures
3. Provision of PPE
4. Continuing professional development.

All injuries that require medical attention are referred to a professional Doctor through the Compensation Fund and progress medical records, and personal records are maintained of the number of instances of sick leave and the amount of time taken annually.

COMMENTS ON SICK-LEAVE

The table gives a clear indication that there is a high level of sick leave at those levels. These percentages can be due to work-related stress. Non-filling of positions especially at lower levels can create high workloads as there are always tight deadlines and pressure which can be a significant cause of sick leave. The Municipality has however engaged with Managers and supervisors on issues of the management of sick leave in ensuring that there is compliance with collective agreements.

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 Finalized	Date Finalized
Community Services	Irregular appointments	16/10/2020-to date	Employees are prevented from reporting for duty due to their bail conditions. Disciplinary hearing in progress	Pending
MM Office	Irregular appointments	16/10/2020-to date	Employees are prevented from reporting for duty due to their bail conditions. Disciplinary hearing in progress	Pending
MM Office	Irregular appointments	16/10/2020-to date	Employees are prevented from reporting for duty due to their bail conditions. Disciplinary hearing in progress	Pending
Strategic Support Services	Irregular appointments	16/10/2020-to date	Employees are prevented from reporting for duty due to their bail conditions. Disciplinary hearing in progress	Pending
Cashier	Fraud	27/11/2025-28/05/2025	Investigation finalized and charges to be issued date of hearing to be scheduled	Pending
Cashier	Fraud	27/11/2025-28/05/2025	Investigation finalized and charges to be issued date of hearing to be scheduled	Pending
Cashier	Fraud	27/11/2025-28/05/2025	Investigation finalized and charges to be issued date of hearing to be scheduled	Pending
General worker	Fraud	27/11/2025-28/05/2025	Investigation finalized and charges to be issued date of hearing to be scheduled	Pending
Contract worker	Fraud	27/11/2025-28/05/2025	Investigation finalized and charges to be issued date of hearing to be scheduled	Pending
Manager	Fraud	12/07/2024-24/02/2025	Charges issued and disciplinary hearing in progress. The delay is due to constant request for postponement	Pending
Manager	Fraud	Not suspended	Charges issued and disciplinary hearing in progress. The delay is due to constant request for postponement	Pending
Superintendent	Fraud	16/07/2024-15/01/2025	Charges issued and disciplinary hearing in progress. The delay is due to constant request for postponement	Pending

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 Finalized
Acting Chief Clerk	Fraud (R737 804,00)	Yes	Pending
Acting Chief Clerk	Fraud (R1 235 922,00)	Yes	Pending
Cashier	Fraud (R1 217 100,00)	Yes	Pending
General Worker	Fraud (R24 350,00)	Yes	Pending
Acting Chief Clerk	Fraud (R737 804,00)	Yes	Pending
Manager	Fraud (R28 205.19)	Yes	Pending
Manager	Fraud (R3,890, 000.00)	Yes	Pending
Superintendent	Fraud (R2040.46)	Yes	Pending

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

Occasionally, there is a delay in the execution of extension or upliftment of suspension letters within the Municipal Manager's office. Financial-related charges are being addressed in accordance with the Disciplinary Procedure Collective Agreement. The Disciplinary Board has not yet processed any disciplinary cases involving Senior Officials.

4.4 PERFORMANCE REWARDS

COMMENT ON PERFORMANCE REWARDS:

In 2024/2025, the municipality did not reward performance.

Chapter 4 (performance management and development system) of the Municipal Staff Regulation has been rolled out in 2024/2025 for individual agreements.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipality has an HRD Policy that is aligned with MSA (Staff Regulations), the HRD policy has been developed to ensure capacity building in the municipality.

4.5 SKILLS DEVELOPMENT AND TRAINING

LGSETA Strategic Focus Area	Municipal Key Performance Area	Skills Gap	Type of learning intervention	Programme Name	Programme Code	OFO Code	Occupational Category	Name of learning intervention (Other)	NQF Level	Funded By	Number trained in this learning intervention
Enhancing Municipal Planning	Municipal Transformation and Institutional Development	Labour Law	Bursaries	National Diploma: Labour Relations	72604	2021-121201-1 Employee Relations Manager	2021-1 MANAGERS		NQF Level 7	Mandatory Grant	5
Enhancing Municipal Planning	Municipal Transformation and Institutional Development	Sports Management	Qualifications	Diploma in Sports Management	97883	2021-143105 Sports Administrator	2021-1 MANAGERS	Sports Management	NQF Level 7	Discretionary Grant	5
Promoting Spatial Transformation and Inclusion	Sustainable Local Economic Development	Health & Safety	QCTO skills programme	Civic and Health Peer Education	SP-230101	2021-226302-3 Occupational Safety and Health (OSH) Advisor / Coordinator / Officer / Professional	2021-2 PROFESSIONAL	Occupational Health and Safety	NQF Level 6	Discretionary Grant	2

Promoting Sound Financial Management & Financial Viability	Municipal Financial Viability and Management and Legislation	Municipal Systems and Legislation	Bursaries	Diploma in Local Government Finance	99281	2021-241301-7 Financial Consultant	2021-2 PROFESSIONALS	MFMP	NQF Level 7	Discretionary Grant	17
Promoting Spatial Transformation and Inclusion	Sustainable Local Economic Development	Facilitation Skills	Qualifications	Certificate: Training Practice	15542	2021-242403-1 Assessor	2021-2 PROFESSIONALS	Facilitator, Moderator and Assessor	NQF Level 5	Discretionary Grant	9
Enhancing Infrastructure and Service Delivery	Basic Service Delivery and Infrastructure Development	Technical Skills	ARPL	671101 Electrician	09-QCTO/AC-TTC290224164438	2021-311301 Electrical Engineering Technician	2021-3 TECHNICIANS AND ASSOCIATE PROFESSIONALS	Light Electrician	NQF Level 3	Mandatory Grant	15
Enhancing Infrastructure and Service Delivery	Basic Service Delivery and Infrastructure Development	Mechanical Engineering	QCTO skills programme			2021-311501 Mechanical Engineering Technician	2021-3 TECHNICIANS AND ASSOCIATE PROFESSIONALS	MECHANICAL ENGINEERING	NQF Level 4	Mandatory Grant	5
Enhancing Infrastructure and Service	Basic Service Delivery and Infrastructure	Planning and Management	Skills Programmes	Municipal Property Assessment	SPCB0480	2021-333402-4 Property Analyst /	2021-3 TECHNICIANS		NQF Level 5	Mandatory Grant	24

Delivery	Development	(credit bearing)			Consultant / Dealer / Developer / Planner	AND ASSOCIATE PROFESSIONALS				
Enhancing Good Governance, Leadership and Management Capabilities	Good Governance and the linking of democracy	Supervisory QCTO skills programme			2021-334101-1 Clerical Supervisor	2021-3 TECHNICIANS AND ASSOCIATE PROFESSIONALS	Managerial Training	NQF Level 4	Mandatory Grant	47
Enhancing Good Governance, Leadership and Management Capabilities	Good Governance and the linking of democracy	Computer Skills Advanced Training	Qualifications	Certificate: Computer Studies	2021-411101-9 Administration Clerk / Officer	2021-4 CLERICAL SUPPORT WORKERS		NQF Level 3	Mandatory Grant	52
Enhancing Municipal Planning	Municipal Transformation and Institutional Development	Public Management	Bursaries	National Diploma: Public Administration	2021-411101-9 Administration Clerk / Officer	2021-4 CLERICAL SUPPORT WORKERS	Public Admin	NQF Level 4	Mandatory Grant	13
Promoting Sound Financial	Municipal Financial Viability and	Payroll Administration	Bursaries	Further Education and Training	2021-431301-6 Salaries	2021-4 CLERICAL SUPPORT	Pay Day Training	NQF Level 4	Discretionary Grant	8

LGSETA Strategic Focus Area	Municipal Key Performance Area	Skills Gap	Type of learning intervention	Programme Name	Programme Code	OFO Code	Occupational Category	Name of learning intervention (Other)	NQF Level	Funded By	Number trained in this learning intervention
Management & Financial Viability	Management			Certificate: Payroll Administration Services: People Process		Administrator	WORKERS				
Enhancing Infrastructure and Service Delivery	Basic Service Delivery and Infrastructure Development	Fire Fighting	ARPL			2021-541101 Fire Fighter	2021-5 SERVICE AND SALES WORKERS	FIRE FIGHTING,HIGH LEVEL,ANGLE RESCUE,	NQF Level 3	Other	10
Enhancing Infrastructure and Service Delivery	Basic Service Delivery and Infrastructure Development	Peace Officer Training	Qualifications			2021-541401 Security Officer	2021-5 SERVICE AND SALES WORKERS	By Laws	NQF Level 2	Other	24
Enhancing Municipal Planning	Municipal Transformation and Institutional Development	Safety and Security	Qualifications	National Certificate: General Security Practices	58577	2021-541401 Security Officer	2021-5 SERVICE AND SALES WORKERS	PRSIRA S	Below NQF Level 1	Discretionary Grant	18

Promoting Spatial Transformation and Inclusion	Sustainable Local Economic Development	Horticulture	Bursaries	Diploma in Horticulture	100983	2021-611304-5 Horticulturist	2021-6 SKILLED AGRICULTURA L, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	NQF Level 5	Mandatory Grant	4
Enhancing Infrastructure and Service Delivery	Basic Service Delivery and Infrastructure Development	Plumbing (Basic)	ARPL	642601 Plumber	ARPL TTC2805231433 10	2021-642601 Plumber	2021-6 SKILLED AGRICULTURA L, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	NQF Level 3	Mandatory Grant	70
Promoting Spatial Transformation and Inclusion	Sustainable Local Economic Development	Technical Skills	Short Programmes (non-credit bearing)	Garden Maintenance	SP0135	2021-653305-3 Garden Machinery Repairer	2021-6 SKILLED AGRICULTURA L, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	Below NQF Level 1	Mandatory Grant	2

Enhancing Infrastructure and Service Delivery	Basic Service Delivery and Infrastructure Development	Mechanic Artisan Assistant Development	Skills Programmes (credit bearing)			2021-671202 Millwright	2021-6 SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	Mill Wright	Below NQF Level 1	Mandatory Grant	24
Promoting Spatial Transformation and Inclusion	Sustainable Local Economic Development	Technical (Job Specific)	Short Programmes (non-credit bearing)			2021-732201-1 Shuttle Driver	2021-7 PLANT AND MACHINE OPERATORS AND ASSEMBLERS	Advance Driving Lessons	Below NQF Level 1	Mandatory Grant	12
Enhancing Infrastructure and Service Delivery	Basic Service Delivery and Infrastructure Development	Transport & Logistics Management	Short Programmes (non-credit bearing)	Tractor Driving	SP0340	2021-734204-3 Excavator Driver	2021-7 PLANT AND MACHINE OPERATORS AND ASSEMBLERS	Yellow Fleet drivers	Below NQF Level 1	Mandatory Grant	34
TOTAL											400

Financial Competency Development: Progress Report*

Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	1	1	1
<i>Chief financial officer</i>	1	0	1	1	1	1
<i>Senior managers</i>	2	0	2	2	0	2
<i>Any other financial officials</i>	4	0	4	4	0	4
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	1	0	1	1	0	1
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
TOTAL	9	0	9	9	2	9

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

T 4.5.2

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

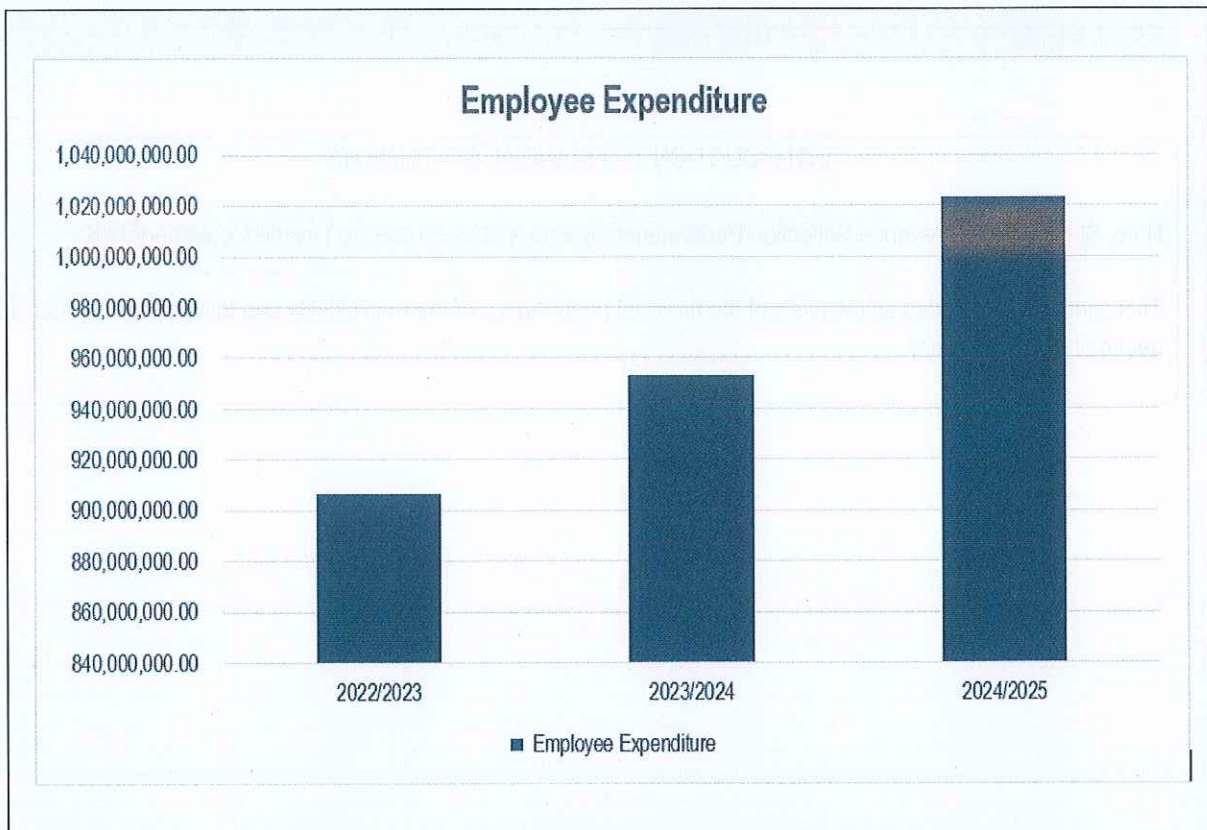
The council shall, in addition to any provision that it must make in its operating budgets for the payment of statutory skills levy, provide additional funds to conduct training of its employees and councillors in order to comply with the approved Integrated Development Plan (IDP). Panel of Skills Development Providers was appointed.

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

It's important to ensure that employees are aligned with the municipality's vision. It cuts costs and improves productivity. Vacant posts which are on the approved establishment are being budgeted for. The municipality obtains value for money by being compliant with applicable legislation by also tracking attendance registers and all overtime worked.

4.6 EMPLOYEE EXPENDITURE



DISCLOSURES OF FINANCIAL INTERESTS

Refer to disclosures made by officials and councillors concerning their financial interests as required by PM Regulations 805 of 2006 are set out in **Appendix J**.

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

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

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

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

This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description	Year 2024/2025						Year 2023/2024		
	Original Budget	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome	
R thousands	1	3	6	7	9	10	11	15	
Financial Performance									
Property rates	494 592	494 592	494 592	511 974	(17 381)	104%	104%	476 300	
Service charges	1 787 986	1 687 986	1 687 986	1 632 655	55 331	97%	91%	1 586 323	
Investment revenue	5 162	5 162	5 162	5 761	(598)	112%	112%	2 464	
Transfers recognised - operational	737 537	737 537	737 537	936 771	(199 234)	127%	127%	884 725	
Other own revenue	1 146 599	1 146 599	1 146 599	776 105	370 495	68%	68%	987 856	
Total Revenue (excluding capital transfers and contributions)	4 171 877	4 071 877	4 071 877	3 863 286	208 611			3 937 668	
Employee costs	999 576	1 028 108	1 028 108	1 102 293	(74 185)	107%	110%	1 043 478	
Remuneration of councillors	41 291	12 877	12 877	38 747	(25 870)	301%	94%	37 962	
Depreciation & asset impairment	263 567	263 567	263 567	235 235	28 332	89%	89%	214 930	
Finance charges	194 917	164 187	164 187	147 453	16 734	90%	76%	242 872	
Materials and bulk purchases	969 842	1 630 881	1 630 881	1 650 623	(19 742)	101%	170%	1 474 663	
Transfers and grants	1 330	41	41	936 771	(936 730)	2286928%	70434%	884 725	
Other expenditure	952 690	960 781	960 781	811 840	148 941	84%	85%	504 758	
Total Expenditure	3 677 446	3 581 347	3 581 347	4 922 963	(1 341 616)	137%	134%	4 403 409	
Total Expenditure Surplus/(Deficit)	3 423 313	4 060 442	4 060 442	4 922 963	(862 521)	121%	144%	4 403 409	
Transfers recognised - capital	748 564	11 435	11 435	(1 059 697)	1 071 132			(465 741)	
Contributions recognised - capital & contributed assets	183 574	183 574	183 574	188 079	(4 505)	102%	102%	70 414	
Surplus/(Deficit) after capital transfers & contributions	932 138	195 009	195 009	(871 619)	1 066 628	-447%	-94%	(395 327)	
Share of surplus/ (deficit) of associate	-	-	-	-	-	0%	0%	-	
Surplus/(Deficit) for the year	932 138	195 009	195 009	(871 619)	1 066 628	-447%	-94%	(395 327)	

Financial Performance of Operational Services							R '000
FARM PROPERTIES: RESIDENTIAL PROPERT	Year 2023/2024		Year 2024/2025		Year 2024/2025		Variance
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Operating Cost							
Water	921 274	467 839	1 125 581	1 551 012	69 844		27,43%
Waste Water (Sanitation)	296 446	297 135	295 941	432 729	31,33%		31,61%
Electricity	1 115 150	1 068 990	1 082 853	1 135 148	5,83%		4,61%
Waste Management	204 149	182 787	165 313	284 997	35,86%		41,99%
Housing	21 150	24 319	24 319	22 782	-6,74%		-6,74%
Component A: sub-total	2 558 169	2 041 068	2 694 007	3 426 668	40,44%		21,38%
Waste Water (Stormwater Drainage)					0,00%		0,00%
Roads	127 073	92 583	85 334	73 243	-26,41%		-16,51%
Transport	-	-	-	-	0,00%		0,00%
Component B: sub-total	127 073	92 583	85 334	73 243	-26,41%		-16,51%
Planning	45 968	61 435	58 872	46 620	-31,78%		-26,28%
Local Economic Development					0,00%		0,00%
Component B: sub-total	45 968	61 435	58 872	46 620	-31,78%		-26,28%
Planning (Strategic & Regulatory)	-	-	-	-	0,00%		0,00%
Local Economic Development	-	-	-	-	0,00%		0,00%
Component C: sub-total	-	-	-	-	0,00%		0,00%
Community & Social Services	107 723	144 668	132 835	107 915	-34,06%		-23,09%
Environmental Protection					0,00%		0,00%
Health	10 220	18 546	18 519	10 627	-74,51%		-74,26%
Security and Safety	101 800	121 173	119 845	118 770	-2,02%		-0,90%
Sport and Recreation	57 708	76 008	72 481	53 983	-40,80%		-34,27%
Corporate Policy Offices and Other	1 281 670	867 830	878 549	1 236 384	29,81%		28,94%
Component D: sub-total	1 559 122	1 228 226	1 222 229	1 527 680	19,60%		19,99%
Total Expenditure	4 290 332	3 423 313	4 060 442	5 074 210	32,54%		19,98%

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

75.1.2

5.2 GRANTS

COMMENT ON OPERATING TRANSFERS AND GRANTS:

Grant Performance						
R' 000						
Description	Year 23/24	Year 2024/2025		Year 2024/2025 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	765 139	921 111	921 111	936 771		
Equitable share	628 523 500	733 077 000	733 077 000	733 077 000	0,00%	0,00%
Expanded Public Works Programme Integrated Grant (EPWP)	5 191 000	1 460 000	1 460 000	1 460 000	0,00%	0,00%
Local Government Financial Management Grant (FMG)	3 100 000	3 000 000	3 000 000	3 000 000	0,00%	0,00%
Municipal Disaster Relief Grant				647 928	0,00%	-100,00%
Integrated National Electrification Programme Grant (INEP)	3082475,23	26 092 000	26 092 000	34 847 286	-33,56%	-25,12%
Municipal Infrastructure Grant (MIG)	114 627 938	139 514 000	139 514 000	139 073 001	0,32%	0,32%
Water Services Infrastructure Grant (WSIG)	8 893 526	17 968 000	17 968 000	22 968 000	-27,83%	-21,77%
Sector Education and Training Authority (SETA)	1 721 058			1 698 203	0,00%	-100,00%
Energy Efficiency and Demand Side Management Program (EEDG)					0,00%	0,00%
Provincial Government:	-	-	-	-		
Health subsidy	-	-	-	-	0,00%	0,00%
Housing	-	-	-	-	0,00%	0,00%
Ambulance subsidy	-	-	-	-	0,00%	0,00%
Sports and Recreation	-	-	-	-	0,00%	0,00%
Human Settlement	-	-	-	-	0,00%	0,00%
District Municipality:	765 139	921 111	921 111	936 771		
Total Operating Transfers and Grants	765 139	921 111	921 111	936 771		
<p><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></p>						
						T 5.2.1

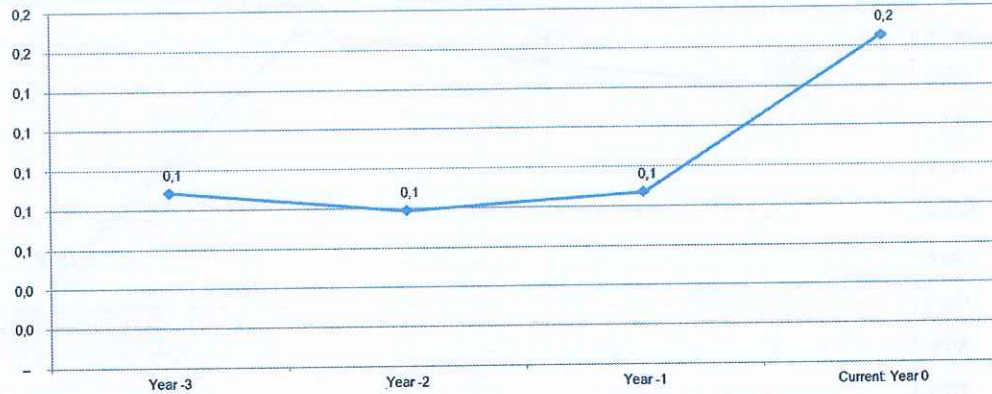
5.3 ASSET MANAGEMENT

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2024/2025					'000
Asset 1					
Name	Kutlwanoeng: Upgrading of waste water treatment works phase 2 (MIS:443121)				
Description	WASTE WATER TREATMENT PLANT				
Asset Type	INFRASTRUCTURE ASSET - SEWERAGE				
Key Staff Involved	PROJECT MANAGEMENT UNIT SECTION				
Staff Responsibilities	PROJECT MANAGEMENT AND MONITORING OF PROJECT PROGRESS				
Asset Value	Year 2021/2022	Year 2022/2023	Year 2023/2024	Year 2024/2025 (project value)	
	-	-	-	73 126 797.47	
Capital Implications	N/A				
Future Purpose of Asset	SERVICE DELIVERY				
Describe Key Issues	N/A				
Policies in Place to Manage Asset	MATJHABENG LM – ASSET MANAGEMENT POLICY				
Asset 2					
Name	Meloding (Virginia): Replacement of 6.1km Bulk water pipeline from Merriespruit to Meloding (MIS:524394)				
Description	WASTE WATER TREATMENT PLANT				
Asset Type	INFRASTRUCTURE ASSET - SEWERAGE				
Key Staff Involved	PROJECT MANAGEMENT UNIT SECTION				
Staff Responsibilities	PROJECT MANAGEMENT AND MONITORING OF PROJECT PROGRESS				
Asset Value	Year 2021/2022	Year 2022/2023	Year 2023/2024	Year 2024/2025	
	-	-	-	64 305 724.85	
Capital Implications	N/A				
Future Purpose of Asset	SERVICE DELIVERY				
Describe Key Issues	N/A				
Policies in Place to Manage Asset	MATJHABENG LM – ASSET MANAGEMENT POLICY				
Asset 3					
Name	Thabong: Construction of Multi-Purpose Community Centre (MPCC) Ward 23 (MIS:501617)				
Description	FENCING, PAVED ROAD, HIGHMAST LIGHT AND TOILETS				
Asset Type	INFRASTRUCTURE ASSET – COMMUNITY SERVICE				
Key Staff Involved	PROJECT MANAGEMENT UNIT				
Staff Responsibilities	PROJECT MANAGEMENT AND MONITORING OF PROJECT PROGRESS				
Asset Value	Year -3	Year -2	Year -1	Year -0	
	-	-	-	47 690 754.48	
Capital Implications	N/A				
Future Purpose of Asset	SERVICE DELIVERY				
Describe Key Issues	N/A				
Policies in Place to Manage Asset	MATJHABENG LM – ASSET MANAGEMENT POLICY				
				T 5.3.2	

Repair and Maintenance Expenditure: Year 2024/2025				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	250 394 837	193 248 724	15 303 415	93,89%
				T 5.3.4

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

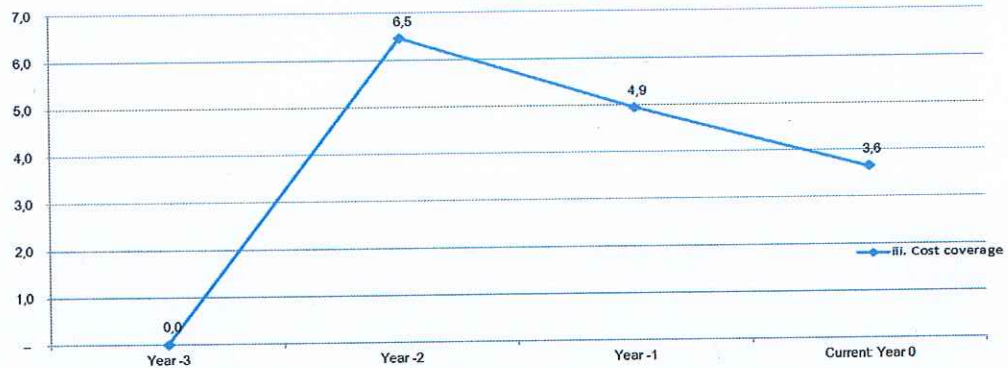
Liquidity Ratio



Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

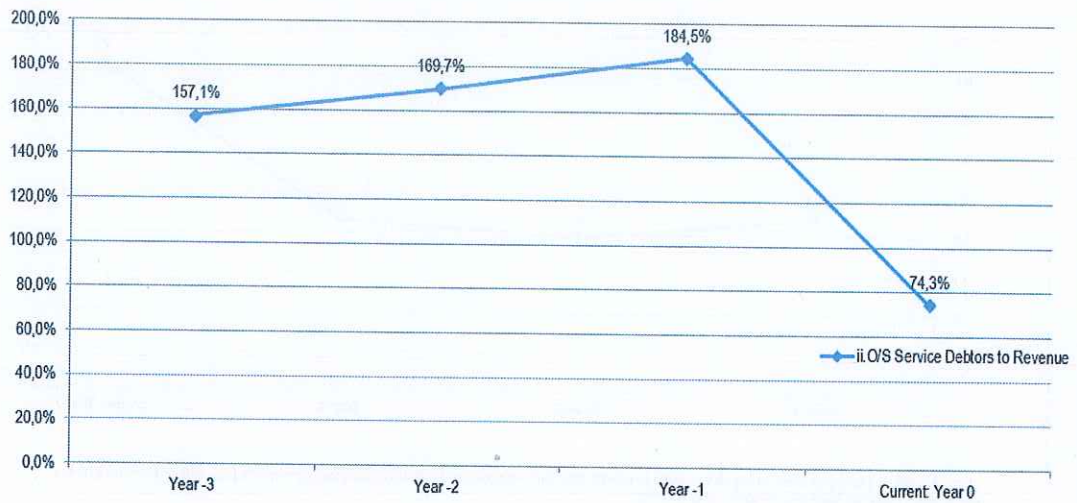
Cost Coverage



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

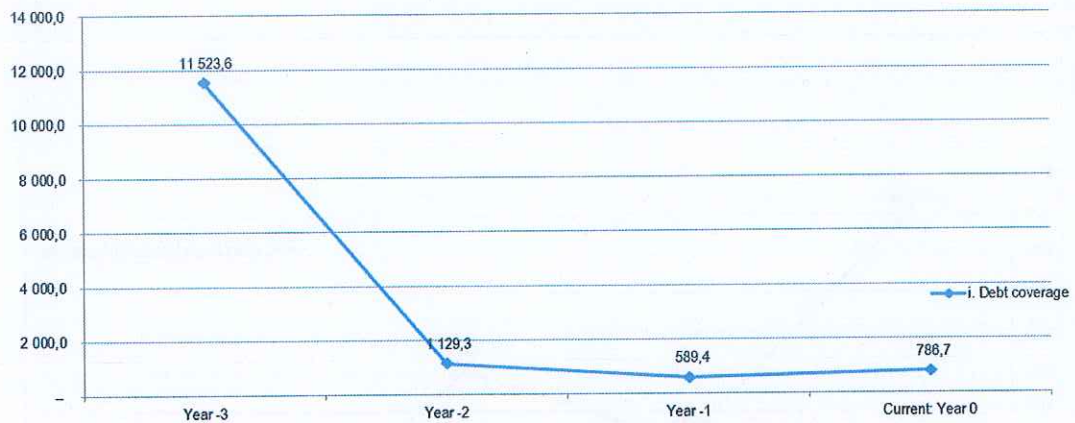
Total Outstanding Service Debtors



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.

Data used from MBRR SA8

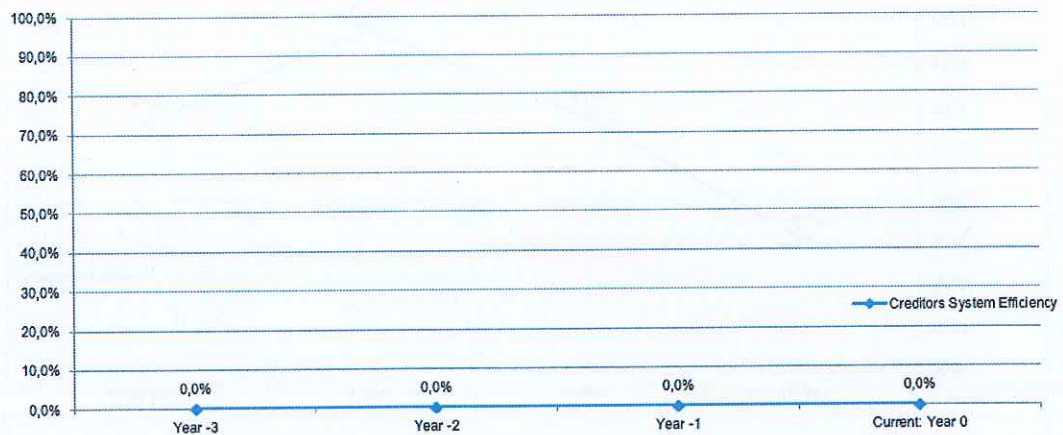
Debt Coverage



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

Data used from MBRR SA8

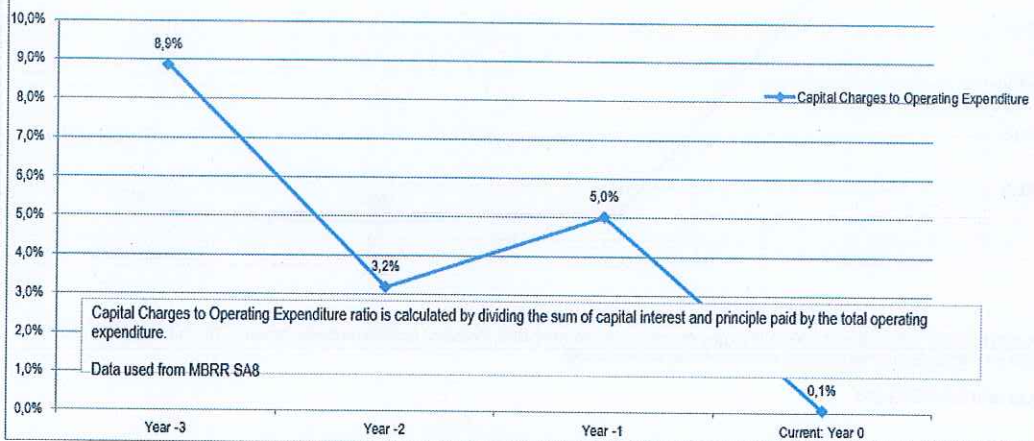
Creditors System Efficiency



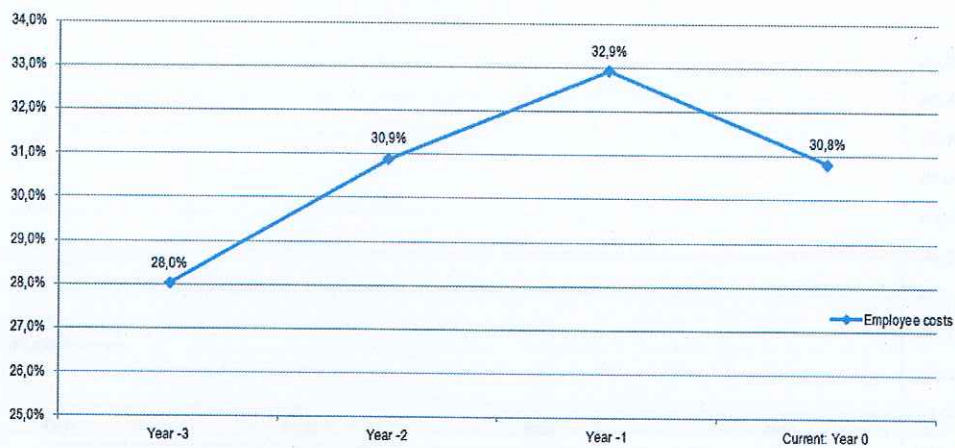
Creditor System Efficiency – The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

Capital Charges to Operating Expenditure



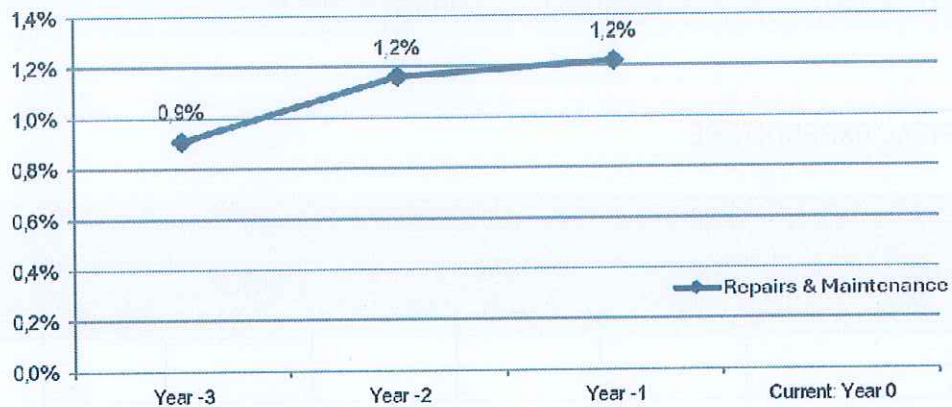
Employee Costs



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 MBRR SA8

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

Capital Expenditure - Funding Sources: Year 2023/2024 to Year 2024/2025							R' 000
Details	Year 2023/2024	Year 2024/2025					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
Source of finance							
External loans	0	0	0	0	0,00%	0,00%	
Public contributions and donations	0	0	0	0	0,00%	0,00%	
Grants and subsidies	760 861 397	737 537 000	737 537 000	738 184 928	0,00%	0,09%	
Other	0	0	0	0	0,00%	0,00%	
Total	760861397	737537000	737537000	738184928,1	0,00%	0,09%	
Percentage of finance							
External loans	0,0%	0,0%	0,0%	0,0%	0,00%	0,0%	
Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,00%	0,0%	
Grants and subsidies	100,0%	100,0%	100,0%	100,0%	0,00%	100,0%	
Other	0,0%	0,0%	0,0%	0,0%	0,00%	0,0%	
Capital expenditure							
Water and sanitation	100787173	126 766 753	101 650 380	47 717 339	-19,81%	-62,36%	
Electricity	6541064	28 092 000	37 076 865	29 813 631	31,98%	6,13%	
Housing	130400	0	0	0	#DIV/0!	0,00%	
Roads and storm water	9848008,42	32187834	72 147 962	59 409 402,32	124,15%	0,845708852	
Other	123 580 739	13 527 413	35 815 661	20 505 938	164,76%	51,59%	
Total	240887385,2	200 574 000	246 690 868	157 446 310	#DIV/0!	79,93%	
Percentage of expenditure							
Water and sanitation	41,8%	63,2%	41,2%	30,3%	0,00%	-0,780165554	
Electricity	2,7%	14,0%	15,0%	18,9%	0,00%	0,076674468	
Housing	0,1%	0,0%	0,0%	0,0%	0,00%	0,0%	
Roads and storm water	4,1%	16,0%	29,2%	37,7%	0,00%	105,8%	
Other	51,3%	6,7%	14,5%	13,0%	0,00%	64,5%	

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5.6 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 2024/2025			Variance: Current Year 24/25	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Kulwanong: Upgrading of waste water treatment works phase 2	73 126 797,47	73 126 797,47	58 978 922,17	19%	0%
Meloding (Virginia): Replacement of 6.1km Bulk water pipeline from Merriespruit to Meloding	64 305 724,85	64 305 724,85	25 778 082,22	60%	0%
Thabong: Construction of Multi-Purpose Community Centre (MPCC) Ward 23	47 690 754,48	47 690 754,48	9 165 326,65	81%	0%
Thabong: Construction of 3km paved roads and storm water drainage Ward 15)	31 419 274,44	31 419 274,44	20 579 298,96	35%	0%
Kulwanong Ward 10: Construction of 3km paved roads and storm water drainage	31 673 211,45	31 673 211,45	15 930 409,82	50%	0%
* Projects with the highest capital expenditure in Year 2024/2025					
Name of Project - A	Kulwanong: Upgrading of waste water treatment works phase 2				
Objective of Project	Waste water upgrade				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits	SERVICE DELIVERY				
Name of Project - B	Meloding (Virginia): Replacement of 6.1km Bulk water pipeline from Merriespruit to Meloding				
Objective of Project	Replacement of bulk water pipeline				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits	SERVICE DELIVERY				
Name of Project - C	Thabong: Construction of Multi-Purpose Community Centre (MPCC) Ward 23				
Objective of Project	Multi-purpose Community Centre				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits	SERVICE DELIVERY				
Name of Project - D	Thabong: Construction of 3km paved roads and storm water drainage Ward 15				
Objective of Project	Fixing the roads				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits	SERVICE DELIVERY				
Name of Project - E	Kulwanong Ward 10: Construction of 3km paved roads and storm water drainage				
Objective of Project	Fixing the road				
Delays	N/A				
Future Challenges	N/A				
Anticipated citizen benefits	SERVICE DELIVERY				

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COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

CASH FLOW STATEMENT

(Attached) Volume II AFS

COMPONENT D: OTHER FINANCIAL MATTERS

GRAP COMPLIANCE

2024/2025 AFS are GRAP Compliant

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2023/2024

6.1 AUDITOR GENERAL REPORTS YEAR 2023/2024 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: Year 2023/2024	
ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT	
Non-Compliance Issues	Remedial Action Taken
<p>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, liabilities, revenue and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.</p> <p>The council failed to adopt an oversight report containing the council's comments on the 2022/23 annual report, as required by section 129(1) of the MFMA.</p>	<p>The department has implemented monthly assertions testing to identify inaccuracies and other assertion-related issues, and to address any inaccuracies that may arise</p> <p>The MPAC had backlogs in the prior years. In the current year (2024/2025), the committee has started interrogating the annual report and scheduled meetings with the public where the 2023/2024 Annual Report is presented. The 2023/2024 oversight was tabled to the council in May 2025 and made public.</p>
EXPENDITURE MANAGEMENT	
Non-Compliance Issues	Remedial Action Taken
<p>Money owed by the municipality was not always paid within 30 days, as required by the section 65(2)(e) of the MFMA.</p>	<p>Due to a low collection rate, it becomes nearly impossible to comply with legislation. As per the executive summary of the monthly Section 71 report, it is noted that our current collection rate stands at 46%. This figure reflects the municipality's performance in revenue collection for the reporting period.</p> <p>The municipality has operational patala meetings every morning to try and come up with strategies that will increase the collection rate so that the municipality can be able to pay its creditors within the legislated period.</p>
<p>Reasonable steps were not taken to prevent irregular expenditure amounting to R123 755 994 as disclosed in note 51 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the SCM regulations.</p>	<p>Implementation of supply chain management policies and regulations and enforce compliance through staff training, awareness and monitoring.</p> <p>Implementation of financial viability and revenue enhancement strategy to improve municipal cash flow.</p>

Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R239 024 031, 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 the interest charged on overdue accounts.	An adjustment budget will be passed on budget movements in accordance with the actual expenditure incurred.
Reasonable steps were not taken to prevent unauthorised expenditure amounting to R1 048 403 955, 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 overspending on the approved budget.	
REVENUE MANAGEMENT	
Non-Compliance Issues	Remedial Action Taken
An effective system of internal control for revenue was not in place, as required by section 64(2)(i) of the MFMA.	Replacement of malfunctioning, damaged and unreadable water and electricity meters. Engage 36-meter readers to facilitate monthly meter readings.
ASSET MANAGEMENT	
Non-Compliance Issues	Remedial Action Taken
An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.	A new comprehensive and more detailed register was established in FY 2024 and was discussed in detail with the AG and subsequent physical verification was conducted to ensure the completeness and accuracy of the register by the AG and no deficiencies were noted.
An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.	
PROCUREMENT AND CONTRACT MANAGEMENT	
Non-Compliance Issues	Remedial Action Taken
Contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.	Tax compliance status is being checked from the CSD system
CONSEQUENCE MANAGEMENT	
Non-Compliance Issues	Non-Compliance Issues
Unauthorised expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.	Investigations unfolding and expedited as per MPAC calendar.
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.	Investigations unfolding and expedited as per MPAC calendar.

COMPONENT B: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2024/2025

6.2 AUDITOR GENERAL REPORTS YEAR 2024/2025 (CURRENT YEAR)

Auditor-General Report on Financial Performance: Year 2024/2025	
ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT	
Non-Compliance Issues	Remedial Action Taken
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, liabilities, revenue and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.	The department has implemented monthly assertions testing to identify inaccuracies and other assertion-related issues, and to address any inaccuracies that may arise
EXPENDITURE MANAGEMENT	
Non-Compliance Issues	Remedial Action Taken
Money owed by the municipality was not always paid within 30 days, as required by the section 65(2)(e) of the MFMA.	Due to a low collection rate, it becomes nearly impossible to comply with legislation. As per the executive summary of the monthly Section 71 report, it is noted that our current collection rate stands at 46%. This figure reflects the municipality's performance in revenue collection for the reporting period. The municipality has operational patala meetings every morning to try and come up with strategies that will increase the collection rate so that the municipality can be able to pay its creditors within the legislated period.
Reasonable steps were not taken to prevent irregular expenditure amounting to R95 826 102 as disclosed in note 51 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the SCM requirements.	Implementation of supply chain management policies and regulations and enforce compliance through staff training, awareness and monitoring. Implementation of financial viability and revenue enhancement strategy to improve municipal cash flow and the implementation of the FRP.
Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R151 742 084, 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 the interest and penalties charged on overdue accounts.	An adjustment budget will be passed on budget movements in accordance with the actual expenditure incurred.

Reasonable steps were not taken to prevent unauthorised expenditure amounting to R946 317 474 , 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 overspending on the approved budget.	
REVENUE MANAGEMENT	
Non-Compliance Issues	Remedial Action Taken
An effective system of internal control for revenue was not in place, as required by section 64(2)(i) of the MFMA.	Replacement of malfunctioning, damaged and unreadable water and electricity meters. Appoint 36-meter readers to facilitate monthly meter readings.
ASSET MANAGEMENT	
Non-Compliance Issues	Remedial Action Taken
An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.	A new comprehensive and more detailed register was established in FY 2024 and was discussed in detail with the AG and subsequent physical verification was conducted to ensure the completeness and accuracy of the register by the AG and no deficiencies were noted. The asset department is consistently verifying the assets and updating the register to ensure the completeness of the register
An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.	
PROCUREMENT AND CONTRACT MANAGEMENT	
Non-Compliance Issues	Remedial Action Taken
Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA	Implementation of the FRP ensures that the contract performance are monitored regularly and reported monthly to Treasury and management.
CONSEQUENCE MANAGEMENT	
Non-Compliance Issues	Remedial Action Taken
Some of the irregular expenditure incurred by the municipality was not investigated to determine if any person is held liable for the expenditure, as required by section 32(2)(b) of the MFMA	Investigations unfolding and expedited as per MPAC calendar
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.	

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

Report on the audit of the financial statements

Qualified opinion

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

Basis for qualified opinion

Service charges

3. I was unable to obtain sufficient appropriate audit evidence for the revenue from the sale of water and electricity included in service charges in note 19 to the financial statements as the municipality did not have reliable data to support the estimates billed for water and electricity consumption. I was unable to confirm these service charges by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the sale of water and electricity included in service charges, stated at R1 277 414 038 (2024: R1 242 152 383) in note 19 to the financial statements, respectively.

Bulk purchases

4. I was unable to obtain sufficient appropriate audit evidence for the electricity and water losses included in bulk purchases in note 36 to the financial statements, as the municipality did not have reliable data to confirm the units sold for electricity and water. Consequently, I was unable to determine whether any adjustments were necessary to the electricity and water losses included in bulk purchases, stated at R223 144 013 (2024: R204 066 688) and R500 070 128 (2024: R417 742 117) in note 36 to the financial statements.

Net cash flow from operating activities

5. The municipality did not correctly prepare and disclose the net cash flows from operating activities as required by GRAP 2, *Cash flow statements*. This was due to multiple errors in

determining the cash flows from operating activities. I was unable to determine the full extent of the errors in the net cash flow from operating activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to cash flows from operating activities stated at R160 278 183 (2024: R94 944 610) in the financial statements.

Net cash flow from investing activities

6. The municipality did not correctly prepare and disclose the net cash flows from investing activities as required by GRAP 2, *Cash flow statements*. This was due to multiple errors in determining the cash flows from investing activities. I was unable to determine the full extent of the errors in the net cash flow from investing activities as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to cash flows from investing activities stated at R181 440 455 (2024: R176 462 326) in the financial statements.

Statement of changes in net assets

7. I was unable to obtain sufficient appropriate audit evidence for the other changes included in the statement of changes in net assets for the prior and current years, which also impacted the closing balances. I was unable to confirm the other changes by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the other changes included in the statement of changes in net assets, stated at R58 402 739 and R135 647 335 for the prior and current years, respectively.

Context for opinion

8. 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.
9. 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.
10. 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

11. I draw attention to the matters below. My opinion is not modified in respect of this matter.
12. Note 47 to the financial statements indicates that the municipality incurred a deficit of R871 618 930 during the year ended 30 June 2025 and as of that date the municipality's total liabilities exceeded its total assets by R5 879 577 803. The municipality also owed Eskom R1 586 717 577 (2024: R848 602 951) (debt relief portion: R5 250 339 733) (2024: R5 250 339 733) and Vaal Central Water R6 841 210 884 (2024: R5 841 839 566), with these

accounts being long overdue. The annual provision of debt impairment was R1 338 041 469 (2024: R1 014 423 682). As stated in note 47, these events or conditions, along with other matters set forth in note 47, 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

13. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

14. As disclosed in note 46 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2025.

Material impairment

15. As disclosed in notes 5 and 6 to the financial statements, receivables from exchange transactions and receivables from non-exchange transactions were impaired by R5 790 601 013 (2024: R5 194 388 920) and R976 100 092 (2024: R851 147 421), respectively.

Underspending and withholding of conditional grants

16. As disclosed in note 16 to the financial statements, the municipality materially underspent the conditional grants by R76 326 709 (2024: R74 598 566). As disclosed in note 28 to the financial statements, the National Treasury withheld R7 305 000 (2024: R20 007 000) equitable share from the municipality due to an arrangement with the National Treasury for the repayment of unspent conditional grants.

Material uncertainty relating to claims against the municipality

17. With reference to note 43 to the financial statements, the municipality is the defendant in various claims against the municipality. The municipality is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liabilities that may result was made in the financial statements.

Unauthorised expenditure

18. As disclosed in note 49 to the financial statements, the municipality incurred unauthorised expenditure of R946 317 474 (2024: R1 048 403 955), due to overspending of the budget.

Fruitless and wasteful expenditure

19. As disclosed in note 50 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R151 742 084 (2024: R239 024 031), mainly due to interest and penalties on late payments to creditors.

Irregular expenditure

20. As disclosed in note 51 to the financial statements, the municipality incurred irregular expenditure of R95 826 102 (2024: R123 755 994), mainly due to non-compliance with supply chain management requirements (SCM).

Other matter

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

Unaudited disclosure notes

22. 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

23. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
24. 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

25. 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.
26. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page [xx to xx], forms part of my auditor's report.

Report on the audit of the annual performance report

27. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area (KPA) presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
28. I selected the following KPA presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected a KPA that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key performance area	Page numbers	Objective
Basic services	[XX]	Supporting the delivery of municipal services to the right quality and standard

29. I evaluated the reported performance information for the selected KPA against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.
30. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
 - there is adequate supporting evidence for the achievements reported and for measures taken to improve performance
31. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

32. I did not identify any material findings on the reported performance information for the selected KPA.

Other matters

33. I draw attention to the matters below.

Achievement of planned targets

34. 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.

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

Basic services

<i>Targets achieved: 61%</i> <i>Budget spent: 117%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Percentage of refurbishment work completed at Kutlwanong Wastewater Treatment Works by 30 June 2025	100%	97%
Percentage of works completed on installation of sanitation to 617 stands in Thabong X15 and Bronville by 30 June 2025 (multi-year projects)	100%	99,9%
Percentage of works completed on Thabong T8 upgrading of pumping station and outfall sewer by 30 June 2025	100%	90%
Number of new sewer connections	4	3
Percentage of replaced old, galvanized pipes to UPVC in Kutlwanong (multi-year project)	100%	95%
Kilometres of Ward 2 paved roads and stormwater drainage constructed	2,5 km	2,4 km
Kilometres portion of Ndaki road and stormwater drainage system constructed between Lois Street in Thandanani (2010) and Tosa College	0,9 km	0 km
Kilometres portion of Du Plessis Street rehabilitated	3,2 km	0,96 km
Square meters of potholes in formal roads at Matjhabeng West patched to reduce deterioration and ensure safe usage thereof	3 950 m ²	484 m ²
Square meters of potholes in formal roads at Matjhabeng East patched to reduce deterioration and ensure safe usage thereof	3 950 m ²	334,6 m ²
Kilometres of stormwater lined channels cleaned in Matjhabeng East.	1,775 km	0,3408 km

Kilometres of unlined stormwater canals cleaned in Matjhabeng East	1,4 km	0,199 km
Kilometres of existing stormwater drainage pipes cleaned and maintained	13 km	2,447 km
Percentage of work completed for the provision and installation of substation	70%	13%
Percentage of households and businesses with access to basic level solid waste removal	90%	60%
Percentage of households and business waste removal backlogs serviced within 48 hours	100%	14%

Material misstatements

36. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic services. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

37. 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.
38. 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.
39. 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.
40. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements and annual reports

41. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

42. 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.
43. Reasonable steps were not taken to prevent irregular expenditure amounting to R95 826 102 as disclosed in note 51 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the SCM requirements.
44. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R151 742 084, 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 and penalties on late payments to creditors.
45. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R946 317 474, 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 overspending of the approved budget.

Revenue management

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

Asset management

47. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.
48. An adequate management, accounting and information system which accounts for assets, was not in place, as required by section 63(2)(a) of the MFMA.

Utilisation of conditional grants

49. I was unable to obtain sufficient appropriate audit evidence that the expanded public works programme was spent for its intended purposes in accordance with the grant schedule concerned, as required by section 16(1) of the Dora.

Governance and oversight

50. The internal audit unit did not advise the accounting officer and did not report to the audit committee on the implementation of the internal audit plan on matters relating to compliance with MFMA, Dora and any other applicable legislation as required by section 165(2)(b)(vii) of the MFMA.

Procurement and contract management

51. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA.

61. The accounting officer and senior management also did not timeously implement controls to identify non-compliance with the applicable laws and regulations to prevent continued non-compliance with laws and regulations.
62. The council and the accounting officer did not timeously communicate and implement consequence management for transgression of laws and regulations to prevent recurring material non-compliance and prevent financial losses to the municipality.
63. The council and its oversight committees did not exercise their oversight responsibilities effectively to address continued non-compliance with consequence management requirements.

Material irregularities

64. 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.

Material irregularities identified during the audit

65. The material irregularities identified are as follows:

Reasonable steps not taken to ensure the effective, efficient and economic use of the municipality's resources, prior to the appointment of a consultant for revenue enhancement and debt collection services

66. During September 2018, the municipality appointed a consultant as revenue investigator and collector for a period of 24 months, from 15 October 2018 to 14 October 2020. On 6 July 2020, the accounting officer notified the consultant that the municipality would like to exercise its right to extend the appointment on a month-to-month basis until a suitable service provider has been appointed by the municipality. The month-to-month appointment continued until February 2025 when the contract was terminated by the municipality.
67. The appointment of the consultant was not on a time and cost basis and was based on a percentage of the money collected on behalf of the municipality, which was stated as follows in the service level agreement: "*The contract monetary value shall be for the sum which will amount to 25% of collected monies on behalf of municipality. This amount is inclusive of VAT.*" The accounting officer therefore did not take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically as required by section 62(1)(a) of the MFMA.
68. Based on the information obtained from the municipality, the work performed by the consultants was focused on the revaluation of properties owned by the Free State Department of Public Works and Infrastructure ("the department") which was already listed on the municipality's valuation roll, with no evidence of any other revenue enhancement activities performed by the consultants.
69. From appointment date until 7 June 2024, the municipality paid a total amount of R253 609 346,73 (Vat incl.) to the consultants which were based on revenue directly received by the municipality from the department, for assessment rates and municipal services. The

non-compliance is likely to result in a material financial loss for the municipality, if the resources of the municipality is not being utilised in an effective, efficient and economical manner.

70. The accounting officer was notified of this material irregularity on 31 October 2025 and invited to make a written submission on the actions taken and that will be taken to address the matter. In response, the accounting officer issued a letter to the executive director: corporate services on 22 January 2026, requesting that an investigation should be initiated into this matter, which must be completed by 12 February 2026. The investigation should:

- cover all instances of non-compliance as identified in the notification;
- identify persons responsible for the material irregularity;
- provide a detail report of findings and recommendations;
- if necessary, recommend corrective measures and disciplinary actions in accordance with municipal policies

71. I will follow-up on the implementation of the planned actions after the due date of the investigation.

Material irregularities in progress

72. I identified another material irregularity during the audit and notified the accounting officer, as required by material irregularity regulation 3(2). By the date of this auditor's report, the response of the accounting officer was not yet due. This material irregularity will be included in next year's auditor's report.

Status of previously reported material irregularities

Payment for attenuation dam not constructed at Nyakallong storm water system phase 1

73. On 12 April 2017, the municipality awarded a contract of R13 744 408 for the construction of the Nyakallong storm water system to a contractor. Two variation orders amounting to R3 268 705 were approved in 2017 and 2019. Payments estimated at R7 214 719 were made for an attenuation dam after the consulting engineer certified it had been completed. However, during a site visit, the auditors confirmed that the project was incomplete, the attenuation dam had not been constructed, the contractor had abandoned the project site and the work performed was not of the required quality. This contravened section 65(2)(a) of the MFMA, as an effective system of expenditure control for the approval and payment of funds was not maintained. The overpayments made on the project are likely to result in a material financial loss for the municipality, if not recovered.

74. The accounting officer was notified of the material irregularity on 5 May 2020. The accounting officer could not provide sufficient and appropriate evidence of the actions that had been taken in response to being notified of the material irregularity. On 9 June 2021, I referred the material irregularity to the Directorate for Priority Crime Investigation (DPCI) for investigation, as provided for in section 5(1A) of the PAA. The referral was acknowledged by the DPCI on 23 June 2021. The investigation was completed and the matter was handed over to the National Prosecuting Authority, leading to the arrest of one official from the municipality and

two individuals from the service provider. Their first court appearance was in July 2023, and the case has been postponed several times. The trial was set to commence in May 2025 but was provisionally withdrawn from the court roll to consider and consult on further evidence. To date the matter has not been re-enrolled on the court roll. I am following up with the National Prosecuting Authority on the progress with this matter.

Pollution of water resource not prevented – Henneman Wastewater Treatment Works

75. The Henneman wastewater treatment works has totally collapsed and has not been operating effectively. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, Rietspruit and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resource from occurring, continuing or recurring, as required by section 28(1) of the National Environmental Management Act 107 of 1998 (NEMA) and section 19(1) of the National Water Act 36 of 1998 (NWA). The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.
76. The accounting officer was notified of the material irregularity on 7 December 2022. The accounting officer did not take appropriate action to resolve the material irregularity. On 27 February 2024, I referred the material irregularity to the Department of Water and Sanitation (DWS) as provided for in section 5(1A) of the PAA. The referral was accepted by DWS on the same day and the investigation is currently in progress.

Pollution of water resource not prevented – Phomolong Wastewater Treatment Works

77. The Phomolong wastewater treatment works has totally collapsed and has not been operating effectively. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, Slootspruit, and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resource from occurring, continuing or recurring, as required by section 28(1) of the NEMA and section 19(1) of the NWA. The discharge of raw/untreated sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.
78. The accounting officer was notified of the material irregularity on 7 December 2022. The accounting officer did not take appropriate action to resolve the material irregularity. On 27 February 2024, I referred the material irregularity to the DWS as provided for in section 5(1A) of the PAA. The referral was accepted by DWS on the same day and the investigation is currently in progress.

Pollution of water resource not prevented – Witpan Wastewater Treatment Works

79. The Witpan wastewater treatment works has totally collapsed and has not been operating effectively. This resulted in continued spilling and discharge of raw/untreated sewage into the adjacent environment, including the groundwater, sand river and its extended watercourse. The municipality did not take reasonable measures to prevent pollution or degradation of the environment and water resources from occurring, continuing or recurring, as required by section 28(1) of the NEMA and section 19(1) of the NWA. The discharge of raw/untreated

sewage into the environment is likely to cause substantial harm to the communities exposed to, and dependent on, the contaminated water resources.

80. The accounting officer was notified of the material irregularity on 13 February 2023. The accounting officer did not take appropriate action to resolve the material irregularity. On 27 February 2024, I referred the material irregularity to the DWS as provided for in section 5(1A) of the PAA. The referral was accepted by DWS on the same day and the investigation is currently in progress.

Other reports

81. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
82. There was an ongoing investigation by the AGSA into procurement and contract management that the executive mayor requested the AGSA to perform. The outcome was unknown at the date of this auditor's report as the investigation was in progress.
83. There was an ongoing investigation by the Directorate of Priority Crime Investigation (DPCI) into the allegation of payroll fraud as the IP address of an official was compromised and unauthorised access was obtained, which resulted in the alteration of the banking details of various employees. The investigation covers the specific incident that occurred on 22 January 2020. The outcome was unknown at the date of this auditor's report as the investigation was in progress.
84. There was an ongoing investigation by the DPCI into the allegation that a contractor claimed and was paid for goods and services not delivered. The last payment occurred on 3 August 2018. The outcome was unknown at the date of this auditor's report as the investigation was in progress.
85. There was an ongoing investigation by the South African Police Service (SAPS) into the allegation of unauthorised amendments to the supplier's banking details on the municipality's accounting system. The investigation covers the specific incident that occurred on 13 May 2016. The outcome was unknown at the date of this auditor's report as the investigation was in progress.
86. There was an ongoing investigation into allegations of forgery of a signature of a municipal official that resulted in a payment being made without a service having been rendered to the municipality. This investigation is being conducted by the SAPS and covers a specific incident that occurred on 11 November 2015. The outcome was unknown at the date of this auditor's report, as the investigation was in progress.

87. There was an investigation into allegations of the illegal sale of land belonging to the municipality. This investigation is being conducted by the SAPS and covers a specific incident that occurred in 2008. The outcome was unknown at the date of this auditor's report as the investigation was in progress.

Auditor - General

Bloemfontein

11 February 2026



**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 KPA 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.

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 (MFMA)	Sections 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), Sections 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), Sections 32(2)(a)(ii), 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), Sections 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), Sections 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), Sections 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), Sections 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), Regulations 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MSA: Municipal Staff Regulations	Regulations 7(1), 31
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), Regulations 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), Regulations 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), Sections 54A(1)(a), 56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), Sections 67(1)(d), 74(1), 96(b)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 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 systems Regulations, 2001	Regulation 43
MFMA: Municipal budget and reporting regulations, 2009	Regulations 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), Regulations 72(a), 72(b), 72(c)

Legislation	Sections or regulations
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Division of Revenue Act 24 of 2024	Sections 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), Regulations 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), Regulations 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

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 is to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by the council or a provincial or national executive.
Baseline	The current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service is necessary to ensure an acceptable and reasonable quality of life for citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements, and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment, and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development

	<ul style="list-style-type: none"> • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic terms for non-financial information about municipal services and activities. It 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	<p>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.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

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
Stofile B	FT	Speaker	ANC	58%
Setabela ML	FT	Chief Whip	ANC	84%
Khalipa TD	FT	Mayoral Committee (Executive Mayor)	ANC	16%
Helepi AB	PT	Community Services	ANC	79%
Khepeng MA	PT	Infrastructure	ANC	74%
Xaba-Monjovo N	FT	MMC: Special Programmes	ANC	68%
Sotenjwa V	PT	Special Programmes	ANC	63%
Ramalefane SJ	FT	MMC: Fleet Disaster & Service Delivery	ANC	89%
Tsunke SE	FT	MMC: Lejweleputswa	ANC	84%
Moshoeu ZS	FT	MMC: Corporate Services	ANC	79%
Thelingoane TJ	FT	Rules Committee	ANC	68%
Moopela RH	PT	housing	ANC	63%
Motlatsi SH	PT	Finance	ANC	66%
Molula IP	PT	Housing	ANC	85%
Kalipa T	PT	Dispute Resolution	ANC	86%
Maruping II	PT	Special Programmes	ANC	68%
Ramatisa PT	PT	Housing	ANC	71%
Montoeli DB	PT	LLF	ANC	70%
Ntoni KM	PT	MPAC	ANC	72%
Makaliane CL	PT	Finance	ANC	68%
Tlake KR	FT	MMC: Community Services & Public Safety	ANC	78%
Mphikeleli MA	PT	Corporate Services	ANC	82%
Mokhothu SM	PT	Community Services	ANC	95%
Mosia TJ	PT	MPAC	ANC	64%
Nkone NP	PT	Housing	ANC	71%
Mokhomo HA	FT	MMC: Finance	ANC	75%
Hanisi C	PT	MPAC	ANC	68%
Radebe MC	FT	MMC: Human Settlement	ANC	78%
Dithebe MA	PT	Community Services	ANC	65%
Moipatle KSV	FT	MMC: Sports, Arts and Culture	ANC	75%

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Masina XN	FT	MMC: Infrastructure	ANC	88%
Radebe ML	FT	MMC: IDP, Performance & Evaluation	ANC	79%
Mohapi LA	PT	MPAC	ANC	65%
Nthuba PV	PT	IDP	ANC	62%
Mphore IP	PT	MPAC	ANC	78%
Buti MP	FT	MMC: LED, SMME's Agriculture & Tourism	ANC	81%
Manese SD	PT	Finance	ANC	71%
Maile PE	PT	Community Services	ANC	63%
Molefi M	PT	Municipal Public Accounts	ANC	68%
Badernhorst MJ	PT	Rules Committee	DA	69%
Du Plessis JM	PT	Infrastructure	DA	84%
Van Rooyen JM	PT	Corporate Services	DA	89%
Botha GP	PT	Rules Committee	DA	85%
Steyn R	PT	Dispute Resolution	DA	81%
Malherbe C	PT	Human Settlement & Spatial Planning	DA	71%
Van Rensburg WHJ	PT	Community Services	DA	67%
Dansey E	PT	Housing	DA	60%
Botha PF	PT	Finance	DA	55%
Fandaleki A	PT	Housing	DA	65%
Badenhorst HS	PT	Finance	DA	79%
Lethake TW	PT	MPAC	DA	81%
Schoeman A	PT	Sports, Arts And Culture	DA	72%
Presente LN	PT	Community Services	DA	55%
Nel J	PT	Special Programmes	DA	71%
Khetsi LE	PT	Municipal Public Accounts	EFF	69%
Dyantyi A	PT	Finance	EFF	79%
Sithole AM	PT	Housing	EFF	68%
Seane LI	PT	MPAC	EFF	32%
Letsele-Setlhabi SV	PT	Community Services	EFF	68%
Jama BL	PT	Finance	EFF	65%
Hess S	PT	Sports, Arts And Culture	EFF	79%
Moalosi TE	PT	Infrastructure	EFF	73%
Phiri EP	PT	Special Programmes	EFF	74%
Pienaar S	PT	Finance	FF	89%
Pretorius HS	PT	MPAC	FF	84%
Tshabangu SE	PT	Rules Committee	ADC	52%
Maile LJ	PT	Special Programmes	ADC	68%
Tau RD	PT	Housing	ATM	69%
Nqeobo ME	PT	Rules Committee	COPE	63%

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Rantsho MJ	PT	Community Services	ISANCO	52%
Jacobs AJ	PT	MPAC	DA	78%
Mahlaku ME	PT	Finance	ISANCO	63%

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APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees		
Municipal Committees	Purpose of Committee	Administrative Members
Finance Committee	The committee shall provide political guidance on the fiscal and financial affairs of the municipality, including the budget process and the priorities that must guide the preparation of the budget.	Cllr. Hlobohang Mokhomo Chairperson Cllr. S. Manese General whip Cllr. M. Moeti ANC Cllr. B. Helepi ANC Cllr S. Motlatsi ANC Cllr. P.F. Botha DA Cllr. M.J. Badenhorst DA Cllr. A. Dyantyi EFF Cllr. B. Jama EFF Cllr. SA Pienaar VF Cllr. M.E. Mahlaku ISANCO
Infrastructure & Technical Services Committee	The key role of the project steering committee is to oversee the implementation of the project in line with the objectives of the project.	Cllr. Xolile Masina Chairperson Cllr. N. Moopela General whip Cllr. A. Khepeng ANC Cllr. P. Nthuba ANC Cllr. J.M. Du Plessis DA Cllr. A. Schoeman DA Cllr. SA Pienaar VF Cllr. T. Moalosi EFF Cllr. M.E. Mahlaku
Human Settlement, Spatial Planning and Land Use Committee	Housing committees can play an important role in community-based approaches to local housing needs. These groups, whether they are formal municipal committees, informal citizen discussion groups, or anything in between, can document existing housing stock, assess housing gaps, and influence local policy.	Cllr. Matinte Radebe Chairperson Cllr. P. Ramatisa General Whip Cllr. I. Molula ANC Cllr. R. Moopela ANC Cllr. N. Nkone ANC Cllr. Fandeleki DA Cllr. R. Tau ATM Cllr. B. Jama EFF Cllr. A. Sithole EFF Cllr. Dansye Cllr. Dithebe

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Corporate Services & Good Governance Committee	In addition to oversight of the central administrative functions of the municipality, it also provides secretarial services and guidance to the council and other governance structures of the municipality.	Cllr. Sabata Moshoeu Chairperson Cllr. M. Mphikeleli General whip Cllr. A. Khepeng ANC Cllr. P. Maile ANC Cllr. M.S. van Rooyen DA Cllr. A. Dyantyi EFF Cllr. M.E. Mahlaku ISANCO
MPAC	The purpose of the Municipal Public Accounts Committee is to strengthen the oversight arrangements in the municipality and to ensure the efficient and effective use of municipal resources.	Cllr T. Thedingoane – Chairperson ANC Cllr. J. Mosia ANC Cllr. L. Makaliane ANC Cllr. L. Mokhothu ANC Cllr. V. Sotenjwa ANC Cllr. L. Mohapi ANC Cllr. T. Letlhake DA Cllr. E.J. Jacobs DA Cllr. M. Nqcoobo COPE Cllr. T. Macingwane EFF Cllr. M. Pretorius VF+
Community Services & Public Safety Committee	The Community Services Committee ensures that people in their areas have at least the basic services they need. There are a large number of services that are provided. These services have a direct and immediate effect on the quality of the lives of the people in that community.	Cllr. Rubben Tlake Chairperson Cllr. M. Mokgothu General whip Cllr. B. Helepi ANC Cllr. P. Maile ANC Cllr. M.J. Rantso ISANCO Cllr. W. Janse Van Rensburg DA Cllr. L.N. Presente DA Cllr. S. Sethabi EFF Cllr. M.A Dithebe ANC
LED, Small Business, Agriculture and Tourism Committee	LED provides support in the following areas: Providing direct and hands-on support to local government; Management of the Local Economic Development Fund; Management and Technical Support to Nodal Economic Development Planning; Facilitating coordinating and monitoring of donor programmes	Cllr. Mojalefa Buti Chairperson Cllr. C. Hanisi (General Whip) Cllr. P. Mphore Cllr. I. Maruping ANC Cllr. SH. Motlatsi ANC Cllr. T. Kalipa ANC Cllr. PF. Botha Cllr. J. Nel DA Cllr. S. Sethabi EFF Cllr. Pienaar (VF+) Cllr. M.J. Rantso (ISANCO)
LLF Committee	The purpose and objectives of the LLF are to provide for and regulate organization rights for the organized labour within the Local Government sector.	Cllr. S. Moshoeu MMC Corporate Services Cllr. H. Mokhomo MMC Finance Cllr. D. Montoeli ANC Cllr. M. Mphikeleli ANC Cllr. N.Nkone ANC Cllr. E. Dansey DA

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Special Programs Committee	To accelerate a municipal response towards issues of the vulnerable groups; To mainstream issues of the vulnerable groups into all municipal processes and programmes.	Cllr. Nomthandazo Monjovo-Xaba Chairperson Cllr. K. Ntoni (General whip) Cllr. I. Maruping ANC Cllr. J. Nel DA Cllr. P. Phiri EFF Cllr. M.J. Rantso ISANCO Cllr. L. Maile ADEC
Sports, Arts & Culture Committee	The Sports, Arts and Culture Portfolio Committee is responsible for oversight of Sports, Arts and Culture in local municipalities	Cllr. Kabotsa Moipatle Chairperson Cllr. I. Molula General whip Cllr. P. Maile ANC Cllr. D. Montoeli ANC Cllr. C. Malherbe DA Cllr. L. Presente DA Cllr. S. Hess EFF
Fleet, Disaster Management & Service Delivery Committee	This committee is responsible for the management of the vehicles of the municipality, including the safeguarding, repair, and maintenance of vehicles. To facilitate the development, assessment, and implementation of multi-sectoral disaster risk reduction frameworks and plans and promote education, training, and public awareness among role-players and communities to ensure disaster risk avoidance and build community resilience.	Cllr. Jimmy Ramalefane Chairperson Cllr. N.P. Nkone General whip Cllr. T. Kalipa ANC Cllr. D. Montoeli ANC Cllr. P. Ramatisa ANC Cllr. G.P. Botha DA Cllr. Pienaar Cllr. L. Khetsi EFF Cllr. S. Tshabangu Cllr. Dansye
IDP, Performance, Monitoring and Evaluation Committee	The IDP fulfils the planning stage of Performance Management and Performance Management fulfils the implementation management, monitoring, and evaluation of the IDP process. The Performance Monitoring System serves to measure the performance of the municipality in meeting its Integrated Development Plan.	Cllr. Mpolaila Radebe Chairperson Cllr. M.A Dithebe (General Whip) Cllr. S.Manese ANC Cllr. P. Nthuba ANC Cllr. Z. Fandeleki DA Cllr. G.P. Botha DA Cllr. L. Khetsi EFF Cllr. Sithole EFF
Dispute Resolution Committee	This is an Appeal Committee, appointed by the Council, on a standing basis (subject to annual review), to adjudicate any disputes which the Executive Committee has been unable to resolve	Cllr. P. Ramatisa – Chairperson ANC Cllr. K. Ntoni ANC Cllr. S. Motlatsi ANC Cllr. T. Kalipa ANC Cllr. M. Drossy ANC Cllr. A. Khepeng ANC Cllr. M.S. van Rooyen DA Cllr. R. Steyn DA Cllr. B. Jama EFF Cllr S.A. Pienaar DA Cllr. M E Mahlaku ISANCO Cllr. R. Tau ATM

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Rules Committee	The Rules Committee shall have final decision-making power on the following matters: 1. The power to determine privileges and benefits of and use of facilities by members of the Council within the policy framework determined by the Council.	<p>Cllr. B. Stofile – Chairperson ANC Cllr. R. Moopela ANC Cllr. I. Molula ANC Cllr. Dithebe ANC Cllr. P. Maile ANC Cllr. N. Nkone ANC Cllr. S.H. Badenhorst DA Cllr. R. Steyn DA Cllr. S.V. Letsele-Setlhabi EFF Cllr. H. Pretorius VF+ Cllr. S. Tshabangu ADEC</p>
Standing Committee of Chairpersons	It is responsible for policies relating to local government.	Cllr.P. Nthuba - Chairperson ANC

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APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
All Section 57 Manager/Directors have been accommodated in Chapter 2	
<i>Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).</i>	

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

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

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Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

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
1	Pelokgolo Mphore (Ward Councillor) Ward Committee Member Puleng Hlaoli	Yes	7	6
2	Nthuba PV (Ward Councillor) Ward Committee Member Thandiwe Mpindo	Yes	12	12
3	Maxi Bardenhorst (Ward Councillor) Ward Committee Member Louanne Daffue	Yes	12	7
4	Mohapi L (Ward Councillor) Ward Committee Motapanyane OJ	Yes	11	6
5	Bassie Helepi (Ward Councillor) Ward Committee Member Precious Thibile	Yes	7	7
6	Khepeng MA (Ward Councillor) Ward Committee Member Nthabiseng Gloria Guga	Yes	12	12
7	Nomthandazo Xaba-Monjovo (Ward Councillor) Ward Committee Member Thabo Sipheka	Yes	12	12
8	Veronica Sotenjwa (Ward Councillor) Ward Committee Member EN Makape	Yes	5	7
9	JM Du Plessis (Ward Councillor)	Yes	3	6
10	Ramalefane SJ (Ward Councillor) Ward Committee Member Thozamile Makoti	Yes	12	12
11	Sipho Tsunke (Ward Councillor) Ward Committee Member Sandra Oosthuizen	Yes	12	12

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12	Sabata Moshoeu (Ward Councillor) Ward Committee Member Ndade Noto	Yes	10	12
13	TJ Thelingoane (Ward Councillor) Ward Committee Member Sipho Maposse	Yes	11	12
14	Moopela RH (Ward Councillor) Ward Committee Member Naledi Mseti	Yes	6	7
15	Motlatsi Sechaba (Ward Councillor) Ward Committee Member Mhlongwe RN	Yes	7	7
16	Itumeleng Molula (Ward Councillor) Ward Committee Member Buti Mdlantombi	Yes	6	7
17	Thandisa Kalipha (Ward Councillor) Ward Committee Member Tumelo Thaisi	Yes	12	12
18	Itumeleng Maruping (Ward Councillor) Ward Committee Member Modiehi Motaung	Yes	8	12
19	Ramatisa PT (Ward Councillor) Ward Committee Member Maga MP	Yes	12	12
20	Drossy Montoeli (Ward Councillor) Ward Committee Member	Yes	8	8
21	Khulukazi Ntoni (Ward Councillor) Ward Committee Member Seipati Lekoala	Yes	12	12
22	Makaliane CL (Ward Councillor) Ward Committee Member Tlalenyane Leteane	Yes	6	9
23	Tlake RK (Ward Councillor) Ward Committee Member Nombulelo Sekate	Yes	12	12
24	Manene Mphikeleli (Ward Councillor) Ward Committee Member Mogoaladi Isaac	Yes	12	12
25	Mary Van Rooyen (Ward Councillor) Ward Committee Member Tshidi Mokhoke	Yes	12	12
26	Mpho Mokhothu (Ward Councillor) Ward Committee Member Mzimkulu Mtimkulu	Yes	12	11

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27	Gerhard Botha (Ward Councillor) Ward Committee Member Joy Makhathe	Yes	12	12
28	Mokhomo HA (Ward Councillor) Ward Committee Member Mokiri Modiehi	Yes	9	9
29	Ntebaleng Nkone (Ward Councillor) Ward Committee Member Laiza Mokoena	Yes	9	10
30	Moeti Molefi (Ward Councillor) Ward Committee Member Nelson Chabare	Yes	12	8
31	Hlobohang Abel Mokhomo (Ward Councillor) Ward Committee Member Mokiri Modiehi	Yes	8	8
32	Steyn R (Ward Councillor) Ward Committee Member Matlapane Koto	Yes	10	10
33	Coreen Malherbe (Ward Councillor) Ward Committee Member Claudie Doig	Yes	9	9
34	J Van Rensburg (Ward Councillor) Ward Committee Member Letlala Mapitso	Yes	12	12
35	Dansye (Ward Councillor) Ward Committee Member Mildred Faro	Yes	12	12
36	Clement Hanisi (Ward Councillor) Ward Committee Member Isaac Velebani	Yes	6	5

APPENDICES

APPENDIX F – WARD INFORMATION

Ward Title: Ward Number 18				
Capital Projects: Five Largest in the Year 2024/2025				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
1	Kutlwanong: Upgrading of waste water treatment works phase 2 (MIS:443121)	20/06/2023	10/09/2024	73 126 797.47

Ward Title: Ward Number 12 & 16				
Capital Projects: Five Largest in the Year 2024/2025				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
2	Meloding (Virginia): Replacement of 6.1km Bulk water pipeline from Merriespruit to Meloding (MIS:524394)	01/06/2025	30/12/2025	64 305 724.85

Ward Title: Ward Number 23				
Capital Projects: Five Largest in the Year 2024/2025				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
3	Thabong: Construction of Multi-Purpose Community Centre (MPCC) Ward 23 (MIS:501617))	04/09/2024	05/12/2025	47 690 754.48

Ward Title: Ward Number 15				
Capital Projects: Five Largest in the Year 2024/2025				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
4	Thabong: Construction of 3km paved roads and storm water drainage Ward 15 (MIS:499568)	12/06/2024	13/03/2026	31 419 274.44

Ward Title: Ward Number 10				
Capital Projects: Five Largest in the Year 2024/2025				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
5	Kutlwanong Ward 10: Construction of 3km paved roads and storm water drainage (MIS:518093)	12/08/2024	13/06/2025	31 673 211.45

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

2024/2025 AUDIT COMMITTEE RECOMMENDATIONS		
Date of Committee	Committee recommendations during the Year 2024/2025	Recommendations adopted (enter Yes) If not adopted (provide explanation)
21 February 2025	<ol style="list-style-type: none"> 1. Debriefing sessions will be held with the auditee 2. The Audit Committee should monitor recommendations to prevent Management from submitting the Annual Financial Statements with obvious errors. 3. Management will develop a post-audit detection plan in line with the MFMA. 4. Management and internal audit are encouraged to begin building an action log and implementing corrective actions in parallel with the final sign-off of audit findings 5. Management will establish a minimum acceptable percentage for achievement. Process owners who sign Performance Agreements will be held accountable, and those who fall below the threshold will face consequence management. 6. The Mid-Year Performance Report is to be submitted to the Audit Committee at the next meeting. 7. The three Internal Auditor positions and the Chief Audit Executive position (as recommended by the Audit Committee) are being advertised. 8. Representatives from other service delivery departments should be present every time financial reports, particularly procurement plans, are presented. It is also recommended that finance officials, especially those in Supply Chain roles, be assigned to their respective departments. 9. the Mid-Term Adjustment Budget review will be presented during the week. The Chairperson requested that the Mid-Term Adjustment Budget be circulated to the Audit Committee for their input. 10. Assurance that the proposed resolution for the procurement of Smart Meters is on track. 	Yes

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2024/2025 AUDIT COMMITTEE RECOMMENDATIONS

Date of Committee	Committee recommendations during the Year 2024/2025	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	<ol style="list-style-type: none"> 11. A dedicated UIFW report will be prepared for the previous financial years to provide a comprehensive overview. 12. The Internal Audit will investigate the compliance measures that have been implemented during their audit. 13. A report on cost containment will be presented at the next meeting. Additional reports on deviations, write-offs, and cost containment will be incorporated and sent to the Provincial Treasury and Audit Committee. 14. Additional column to be added to the reasons for incurring the Irregular Expenditure. 15. Internal Audit to review Interim Financial Statements. 16. Risk Owners to provide remarks; issue needs addressing to prevent liability for fraud. 17. A section addressing Emerging Risks to be included in future reports 18. The reports related to desktop support will be included in future reports. 19. Chairperson requested current quarter reports be highlighted in a different color to show audit execution trend. 20. ICT department should cooperate with Internal Audit in auditing their operations. Non-adherence will be reported to the Council, holding the ICT department responsible. 21. Action Plans should clearly outline when follow-ups will be conducted. Findings should be aligned with Auditor-General's findings and reported to Council. 	

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2024/2025 AUDIT COMMITTEE RECOMMENDATIONS		
Date of Committee	Committee recommendations during the Year 2024/2025	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	<p>22. The matters on the Rental Audit and the Office of the Speaker's management comments not included will be reported to the Council.</p> <p>23. Issue needs to be addressed promptly to avoid recurrence of Auditor-General's findings. The law, resisted by the labour union, is causing delays and putting employees at risk.</p> <p>24. Material Irregularities to be a standing item on the agenda with quarterly progress updates. Management advised to consider implementing Probity Audits to prevent future issues.</p> <p>25. Information about TVET students' work to be included in the next report.</p> <p>26. A report on the blocking of prepaid meters in 36 wards should also be included.</p>	
02 December 2025	<p>1. Prioritize the filling of vacancies in Internal Audit</p> <p>2. Chairperson to engage the acting MM that during the time AGSA is auditing Internal Audit should not audit</p> <p>3. Provide a plan for the cascading for performance to lower levels of staff</p> <p>4. Internal Audit to consider the budget especially for basic services</p> <p>5. Risk Management to provide update of modules</p> <p>6. Internal Audit to write formal requests to Audit Committee for the deferral of audits or the revision of the plan taking into account the current staff in the unit</p> <p>7. Internal Audit to circulate the 2023/24 AGSA Audit Action Plan to AC members</p>	Yes

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2024/2025 AUDIT COMMITTEE RECOMMENDATIONS		
Date of Committee	Committee recommendations during the Year 2024/2025	Recommendations adopted (enter Yes) If not adopted (provide explanation)
	<p>8. Refine report and present at the next AC meeting</p> <p>9. Circulate spreadsheet of findings to AC members</p> <p>10. Revenue Enhancement Strategy & Debt Recovery to be presented with Sec 52 report</p> <p>11. Present the Revenue Strategy and circulate to AC members prior to the meeting.</p> <p>12. Report on a quarterly basis on old meters</p> <p>13. Report on material irregularities</p>	
22 August 2024	<p>1. A spreadsheet for submitting Governance Reports should be developed and maintained by internal audit.</p> <p>2. The Audit Committee resolved that the Annual Financial Statements and Annual Performance Report should be submitted to the Audit Committee before being submitted to the Auditor-General and submission should be on time so that inputs can be provided.</p> <p>3. Performance Management should integrate the findings from the Internal Audit into the Annual Performance Report, which will be presented during a Special Audit Committee Meeting scheduled for the 26th of August, 2024.</p> <p>4. The Audit Committee resolved that the new Water Demand system should be communicated to all relevant stakeholders.</p> <p>5. The Audit Committee resolved that funded posts should be disclosed and if not filled reasons should be provided thereof.</p>	Yes

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APPENDIX H – LONG-TERM CONTRACTS

LONG TERM CONTRACTS (LARGEST CONTRACTS ENTERED INTO DURING YEAR 2024/2025)					
					R' 000
SERVICE PROVIDER	DESCRIPTION OF CONTRACT	BID APPOINTMENT DATE	CONTRACT END DATE	CONTRACT AMENDMENT/ COMMENT	TOTAL VALUE INCL VAT
1. BERENG LOGISTICS SOLUTIONS, 2. MMABASOTHO CONSULTANT, 3. ON TIME ON POINT (PTY) LTD 4. SHOBA PROJECTS (PTY) LTD 5. VUSI MKHULU INVESTMENT HOLDINGS	APPOINTMENT OF A SERVICE PROVIDERS FOR THE SUPPLY AND DELIVERY OF LV AND MV ELECTRICAL CABLES FOR A PERIOD OF THREE (3) YEARS FROM DATE OF AWARD	1/19/2023	1/18/2026	ACTIVE	N/A. _PANEL
1. MATHOPE HOLDINGS 2. SHOBA PROJECTS (PTY) LTD	APPOINTMENT OF SERVICE PROVIDERS FOR THE SUPPLY AND DELIVERY OF MINI-SUBSTATIONS FOR PERIOD OF THREE (3) YEARS FROM DATE OF AWARD	1/19/2023	1/18/2026	ACTIVE	N/A. _PANEL
1. MATHOPE HOLDINGS 2. SHOBA PROJECTS (PTY) LTD	APPOINTMENT OF SERVICE PROVIDERS FOR THE SUPPLY AND DELIVERY OF TRANSFORMERS FOR PERIOD OF THREE (3) YEARS FROM DATE OF AWARD	1/19/2023	1/18/2026	ACTIVE	N/A. _PANEL
POLOKO TRADING 634 CC	THE UPGRADING OF THE 3KM GRAVEL ROADS TO SURFACED ROADS IN MATJHABENG LM: KUTLWANONG – WARD 18	3/24/2023	30/10/2023	ACTIVE	26,564,331.00
JUST RIGHT TRADING (PTY) LTD	PROVISION OF BULK SEWERAGE HANDLING INFRASTRUCTURE IN MATJHABENG LM: WHITES	3/24/2023	30/10/2023	ACTIVE	R3 172 449
LATERAL UNISON INSURANCE	SHORT TERM INSURANCE FOR THREE (3) YEARS	3/24/2023	23/03/2026	ACTIVE	R7 332 660.28 PER ANNUM

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1. ESHYBRAND (PTY) LTD 2. FORT HARE SOLUTIONS (PTY) LTD 3. KEITSHEPILE TRADING INSTITUTE 4. THABOMELENG TRAINING INSTITUTE	APPOINTMENT OF SKILLS DEVELOPMENT PROVIDERS/CONSULTANTS (SDPS) TO FACILITATE SKILLS DEVELOPMENT IN MATJHABENG LOCAL MUNICIPALITY FOR THREE (3) YEARS	3/24/2023	23/03/2026	ACTIVE	N/A. _PANEL
1. KKMT CONSTRUCTION (PTY) LTD, 2. MANXIWA GROUP, 3. PRACTICON TRADING ENTERPRISE 4. RHUONE PROJECTS	SUPPLY & DELIVERY OF GENERAL ELECTRIC MATERIAL	5/30/2023	5/29/2026	ACTIVE	N/A. _PANEL
MULTIPLE SUCCESSFUL BIDDERS	POOL OF CONSULTANTS	5/30/2023	5/29/2026	ACTIVE	N/A. _PANEL
MULTIPLE SUCCESSFUL BIDDERS	APPOINTMENT OF PANEL OF CONTRACTORS [CIVIL, MECHANICAL, ELECTRICAL, STRUCTURAL, AND OTHER RELATED ENGINEERING WORKS]	6/1/2023	5/31/2026	ACTIVE	N/A. _PANEL
POWERHOUSE STRATEGIES	PREPARATION AND IMPLEMENTATION OF MATJHABENG VISION 2050 AND ESTABLISHMENT OF A PROGRAMME MANAGEMENT OFFICE	6/1/2023		ACTIVE	3,439,355.00
PANEL OF SUPPLIERS	BID NO 40/2022-23: PANEL OF SUPPLIERS FOR THE SUPPLY AND DELIVERY OF MOTOR VEHICLES BATTERIES FOR THREE (3) YEARS [AS AND WHEN REQUIRED]	11/23/2023	11/22/2026	ACTIVE	N/A. _PANEL
PANEL OF SUPPLIERS	BID NO 44/2022-23: SUPPLY AND DELIVERY OF BUILDING MATERIALS FOR A PERIOD OF THREE (3) YEARS [AS AND WHEN REQUIRED]	11/23/2023	11/22/2026	ACTIVE	N/A. _PANEL

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PANEL OF SUPPLIERS	BID NO 38/2022-23: PANEL OF SUPPLIERS FOR THE SUPPLY AND DELIVERY OF MOTOR VEHICLES LUBRICANTS FOR THREE (3) YEARS [AS AND WHEN REQUIRED]	11/23/2023	11/22/2026	ACTIVE	N/A. _PANEL
PANEL OF SUPPLIERS	BID NO 42/2022-23: SUPPLY AND DELIVERY OF ROAD PATCHING MATERIALS FOR A PERIOD OF THREE (3) YEARS [AS AND WHEN REQUIRED]	11/23/2023	11/22/2026	ACTIVE	N/A. _PANEL
PANEL OF SUPPLIERS	BID NO 43/2022-23: SUPPLY AND DELIVERY OF ROADS AND STORMWATER MATERIALS FOR A PERIOD OF THREE (3) YEARS [AS AND WHEN REQUIRED]	11/23/2023	11/22/2026	ACTIVE	N/A. _PANEL
PANEL OF SUPPLIERS	BID NO 39/2022-23: PANEL OF SUPPLIERS FOR THE SUPPLY AND DELIVERY OF MOTOR VEHICLES TYRES, TUBES, PATCHES & SOLUTIONS (INCLUDING FITMENT, ALIGNMENT, BALANCING AND 24/7 ROADSIDE ASSISTANCE FOR THREE (3) YEARS [AS AND WHEN REQUIRED]	11/23/2023	11/22/2026	ACTIVE	N/A. _PANEL
PANEL OF SUPPLIERS	BID NO 41/2022-23: PANEL OF SUPPLIERS FOR THE SUPPLY AND DELIVERY OF SEWER AND WATER MATERIALS FOR A PERIOD OF THREE (3) YEARS [AS AND WHEN REQUIRED]	11/23/2023	11/22/2026	ACTIVE	N/A. _PANEL
WW CIVILS & CONSTRUCTION	BID/30/2022-23(9) CONSTRUCTION OF 3KM PAVED ROADS IN WARD 15: THABONG (APPOINTMENT FROM A PANEL OF CONTRACTORS (BID 30/2022-23))	3/6/2024	11/30/2024	ACTIVE	25,700,471.00
ZAMANKOSI DEVELOPMENT	BID/30/2022-23(7) UPGRADING OF 3,3KM ROADS AND 2KM STORMWATER IN WARD 12 (APPOINTMENT FROM A PANEL OF CONTRACTORS (BID 30/2022-23))	3/8/2024	11/30/2024	ACTIVE	28,370,508.00

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NKHESEBO SOLUTIONS	BID/30/2022-23(8) CONSTRUCTION OF 3KM PAVED ROADS IN WARD 13: THABONG (APPOINTMENT FROM A PANEL OF CONTRACTORS (BID 30/2022-23))	4/17/2024	12/13/2024	ACTIVE	R24 612 818.25
VISION WORLD DEVELOPMENT FOUNDATION	BID/30/2022-23(10) CONSTRUCTION OF 3KM PAVED ROAD IN WARD 2 PHOMOLONG (APPOINTMENT FROM A PANEL OF CONTRACTORS (BID 30/2022-23))	4/17/2024	12/13/2024	ACTIVE	R23 494 908.50
OARABILE PLANT HIRE AND CIVIL	BID 30/2022-23 (15) REHABILITATION OF NDAKI ROAD AND ASSOCIATED STORMWATER DRAINAGE	4/3/2024	9/30/2024	ACTIVE	R4 682 315.19
SHEPHERD ALARMS	RFP NO 06/2023-24 PROVISION OF COMPREHENSIVE SECURITY SOLUTION FOR A PERIOD OF 3 YEARS	5/13/2024	13/05/2027	ACTIVE	NEGOTIABLE PER SLA
HT PELATONA	BID/30/2022-23(01) UPGRADING OF KUTLWANONG WWTW TO ACCOMMODATE 3000 ADDITIONAL STANDS	6/12/2023	STILL ACTIVE	ACTIVE	19,099,081.00
VISION WORLD DEVELOPMENT	BID/30/2022-23(02) REPLACEMENT OF ASBESTOS & GALVANISED WATER PIPES WITH NEW PVC PIPES	31/07/2023	STILL ACTIVE	ACTIVE	2,498,108.94
IKAGENG ELECTRICAL CONTRACTORS	BID/30/2022-23(05) THE SUPPLY, DELIVERY, INSTALLATION, ERECTION, TESTING AND COMMISSIONING OF A HV 132KV BULK SUPPLY OVERHEAD LINE TO BRONVILLE SUBSTATION AND 40MVA 132KV/11KV/6.6KV BRONVILLE	29/09/2023	STILL ACTIVE	ACTIVE	140,741,654.28
STIMER CONSTRUCTION & PROJECTS123	BID/30/2022-23(11) CONSTRUCTION OF 3KM PAVED ROADS IN WARD 10: KUTLWANONG (RE-ADVERT)	10/06/2024		ACTIVE	23,632,821.30
STIMER CONSTRUCTION & PROJECTS123	BID/30/2022-23(30) REPLACEMENT OF 6.1KM BULK WATER PIPELINE FROM MERRIESPRUIT TO VIRGINIA/	18/10/2024		ACTIVE	51,964,033.48

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	MELODING				
VALOSTAR 300	BID/30/2022-23(31) EMERGENCY POINT REPAIR OF A COLLAPSED SEWER LINE IN WARD 4	04/12/2024		ACTIVE	1,629,665.00
VALOSTAR 300	BID/30/2022-23(32) EMERGENCY POINT REPAIR OF A COLLAPSED SEWER LINE IN WARD 6	03/12/2024		ACTIVE	2,523,071.25
DITUMELOANO TRADING	BID/30/2022-23(33) EMERGENCY POINT REPAIR OF A COLLAPSED SEWER LINE IN 6090 & 5790 STILTE WARD 7	10/12/2024		ACTIVE	3,851,286.50
LELOBA BRIGHT TRADING (PTY) LTD	BID/30/2022-23(34) EMERGENCY POINT REPAIR OF A COLLAPSED SEWER LINE IN 98 MONIKANA IN SAAIPLAAS	22/11/2024		ACTIVE	4,422,367.44
LELOBA BRIGHT TRADING (PTY) LTD	BID/30/2022-23(35) EMERGENCY POINT REPAIR OF A COLLAPSED SEWER LINE IN LINE 19 AKKER IN VIRGINIA	22/11/2024		ACTIVE	2,324,522.37
ZYKA MANAGEMENT SERVICES	BID/30/2022-23(36) EMERGENCY POINT REPAIR OF WATER MAINLINE MERRIESPRUITE	22/11/2024		ACTIVE	788,613.65
ZYKA MANAGEMENT SERVICES	BID/30/2022-23(37) EMERGENCY POINT REPAIR OF A COLLAPSED SEWER LINE IN QUEENSWAY/ MIMOSA	22/11/2024		ACTIVE	1,852,752.35
MZUNKU TRADING & DISTRIBUTION	BID/30/2022-23(38) EMERGENCY POINT REPAIR OF WATER MAINLINE WILHEMINA IN HENNEMAN	22/11/2024		ACTIVE	3,933,690.00
ZHEMVELOH ENTERPRISE	BID/30/2022-23(40) FINAL NEW DU PLESSIS STREET REHABILITATION	22/11/2024		ACTIVE	6,968,027.13
MAXIMUM PROFIT RECOVERY (PTY) LTD	REG32: APPOINTMENT FOR REVIEW/RECOVERY AND CALCULATION OF VAT APPOINTMENT PERCENTAGE AND APPLICATION THEREOF FOR A CONTRACT DURATION OF THREE (3) YEARS	13/12/2024		ACTIVE	0.12

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APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of the Year 2024/2025		
Position	Name	Description of Financial Interests* (Nil / Or details)
Acting Municipal Manager	Mr. Thabong Panyani	Nil
Chief Financial Officer	Ms. Lindsey Williams	Nil
Other S57 Officials	Mr. Tumelo Makofane	Nil
	Dr. Vuyo Adonis	Nil
	Mr. Jonathan Ntsabo	Nil
	Mr. Mmase Moletsane	Nil
	Dr. Sefako Samuel Ramphoma	Nil
	Advocate Lauretta Williams	Nil

* Financial interests are to be disclosed even if they are incurred for only part of the year.

APPENDICES

APPENDIX K – REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (I) – REVENUE COLLECTION PERFORMANCE BY VOTE

FS184 Matjhabeng - Supporting Table SB12 Adjustments Budget - monthly revenue and expenditure (municipal vote) - 27/02/2025

Description	Ref	Budget Year 2024/25											
		July	August	Sept.	October	November	December	January	February	March	April	May	June
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands													
Revenue by Vote													
Vote 01 - Council General		312,627	12,948	12,750	31,170	9,542	285,552	125	-	32,059	32,059	32,059	(376,187)
Vote 02 - Office Of The Executive Mayor		-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Office Of The Speaker		-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Council Whip		-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Office Of The Municipal Manager		(0)	-	-	-	(4)	4	6	0	8,333	8,333	8,333	74,994
Vote 06 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Finance		51,500	52,606	51,759	51,670	52,968	51,856	51,788	148	91,943	91,943	91,943	463,194
Vote 08 - Human Resources		-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Community Services		19,169	18,822	18,685	18,657	18,590	18,531	18,659	160	34,113	34,113	34,113	175,745
Vote 10 - Public Safety And Transport		358	147	294	234	192	1,862	444	274	3,221	3,221	3,221	25,188
Vote 11 - Economic Development		101	163	31	78	77	39	63	20	205	205	205	1,270
Vote 12 - Engineering Services		-	5	1	5	5	45	5	38	9,673	9,673	9,673	86,966
Vote 13 - Water/ Sewerage		87,708	89,992	96,184	100,128	87,938	97,962	98,204	8	86,938	86,938	86,938	264,320
Vote 14 - Electricity		80,135	89,858	91,353	71,857	66,418	69,078	68,595	14,882	73,952	73,952	73,952	113,393
Vote 15 - Other		1,980	2,064	1,995	1,975	1,978	2,053	1,918	209	2,516	2,516	2,516	8,466
Total Revenue by Vote		553,574	266,605	273,958	275,776	237,705	526,983	239,800	15,740	342,954	342,954	342,954	837,340

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APPENDIX K (II) – REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R '000
FARM PROPERTIES: RESIDENTIAL PROPERT	Year 23/24	Year 2024/2025			Year 2024/2025 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Property rates	408 090	494 592	494 592	504 331	2%	2%	
Property rates - penalties & collection charges							
Service Charges - electricity revenue	643 783	817 184	817 184	843 826	3%	3%	
Service Charges - water revenue	481 074	581 364	481 364	519 935	-12%	7%	
Service Charges - sanitation revenue	174 579	236 216	236 216	232 095	-2%	-2%	
Service Charges - refuse revenue	105 970	153 221	153 221	142 105	-8%	-8%	
Service Charges - other							
Rentals of facilities and equipment	20 624	29 874	29 874	24 187	-24%	-24%	
Interest earned - external investments	10 318	402 383	402 383	525 501	23%	23%	
Interest earned - outstanding debtors	400 236	5 162	5 162	5 592	8%	8%	
Dividends received	41	40	40	57	29%	29%	
Fines	1 993	29 981	29 981	5 761	-420%	-420%	
Licences and permits	256	231	231	1 014	77%	77%	
Agency services							
Transfers recognised - operational	636 814	737 537	737 537	738 185	0%	0%	
Other revenue	34 458	620 491	620 491	113 517	-447%	-447%	
Gains on disposal of PPE	58	63 600	63 600	25 410	-150%	-150%	
Environmental Protection							
Total Revenue (excluding capital transfers and contributions)	2 918 296	4 171 877	4 071 877	3 681 515	-13,32%	-10,60%	
<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>							
						TK.2	

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APPENDIX L – CONDITIONAL GRANTS – EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donors (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant	R0	R0	R0	R0	R0	
Public Transport Infrastructure and Systems Grant	R0	R0	R0	R0	R0	
<i>Other Specify:</i>						
Water Services Infrastructure Grant (WSIG)	R17,968,000	R0	R22,968,000	R17,968,000	R0	
Integrated National Electrification Programme (INEP)	R26,092,000	R0	R34,847,286	R26,092,000	R0	

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Municipal Disaster Relief Grant	R0	R0	R10,000,000	R0	R0	<p>1, The funds are to be utilized for urgent repairs of damaged infrastructure</p> <p>2, The funds can be used to repair damaged roads, bridges, construct stormwater where not available and increase the adequacy, repair and replace water, sanitation and electricity infrastructure as well as public facilities damaged by disasters</p> <p>3, The grant cannot be used for insured infrastructure.</p> <p>4, The funds must be spent within six months, 01 April 2025 – 30 September</p>
Total	R44 060 000	R0	R67 815 286	R44 060 000	R0	

** 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.*

APPENDICES

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

APPENDIX M (I) – CAPITAL EXPENDITURE – NEW ASSETS PROGRAMME

Description	Ref	Budget Year 2024/25			
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
		A	12 F	13 G	14 H
R thousands					
CAPITAL EXPENDITURE					
Total New Assets to be adjusted	1	97,073	109,135	109,135	206,209
<i>Roads Infrastructure</i>		-	75,510	75,510	75,510
<i>Storm water Infrastructure</i>		980	-	-	980
<i>Electrical Infrastructure</i>		26,092	114	114	26,206
<i>Water Supply Infrastructure</i>		-	22,071	22,071	22,071
<i>Sanitation Infrastructure</i>		42,632	(15,535)	(15,535)	27,097
<i>Solid Waste Infrastructure</i>		-	-	-	-
Infrastructure		69,703	82,160	82,160	151,864
<i>Community Facilities</i>		-	6,990	6,990	6,990
<i>Sport and Recreation Facilities</i>		3,527	1,144	1,144	4,672
Community Assets		3,527	8,135	8,135	11,662
<i>Computer Equipment</i>		-	859	859	859
<i>Furniture and Office Equipment</i>		-	349	349	349
<i>Machinery and Equipment</i>		7,000	17,633	17,633	24,633
<i>Transport Assets</i>		16,842	-	-	16,842
Total Renewal of Existing Assets to be adjusted	2	103,501	(93,024)	(93,024)	10,477

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APPENDIX N (I) – CAPITAL PROGRAMME BY PROJECT YEAR 2024/2025

Capital Programme by Project: Year 0					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
REPLACEMENT OF FLEET	10 000 000	-	2 842 789	100%	-252%
IT EQUIPMENT ACQUISITION		644 266	415 607	-55%	100%
MACHINERY AND EQUIPMENT	7 000 000	18 575 545	6 470 871	-187%	-8%
OFFICE FURNITURE - MULTIPLE		512 694	408 857	-25%	100%
TOTAL FLEET	17 000 000	19 732 505	10 138 124	-95%	0%
MATJHABENG STORAGE STORES STRUCTURE AST	-	4 500 000	1 477 667	-205%	100%
TOTAL SUPPLY CHAIN MANAGEMENT	-	4 500 000	1 477 667	-205%	100%
CONTR MULTI PURPOSE CENTRE THABONG 13	-	7 714 381	6 950 387	-11%	100%
TOTAL COMMUNITY CENTRES	-	7 714 381	6 950 387	-11%	100%
MELODING: UPGRADE	-	1 144 110	-572 055	300%	100%
THABONG: UPGRADE FAR EAST HALL	3 527 413	-783 862	-	0%	0%
TOTAL SPORTGROUNDS & STADIUMS	3 527 413	360 248	-572 055	163%	717%
REFURBISHMENT OF WELKOM FIRE STATION	-	647 929	563 416	-15%	100%
TOTAL FIRE SERVICES	-	647 929	563 416	-15%	100%
THABONG: 3.6 KM; 8 STREETS	-	433 390	-796 512	154%	100%
THABONG: OLD THABONG ROADS	30 187 834	-30 187 834	-	0%	0%
NYAKALLONG CONSTRUCTION OF 3KM ROADS	-	1 407 069	1 407 067	0%	100%
MMAMAHABANE CONSTRUCTION OF 3KM ROADS	-	1 258 545	1 258 544	0%	100%
KUTLWANONG CONSTRUCTION OF 3KM ROADS	-	5 922 429	3 095 624	-91%	100%
CONSTR 3KM PAVED ROAD PHLNG	-	17 325 613	15 275 507	-13%	100%
CONSTR 3KM PAVED ROAD THABONG 13	-	15 823 441	10 206 710	-55%	100%
CONSTR 3KM PAVED ROAD THABONG 15	-	15 711 659	17 726 886	11%	100%
REHAB CONST. MAZIBUKO ROAD	-	3 002 442	3 002 442	0%	100%
REHAB DU PLESSIS STREET KUTLW	-	2 082 665	-1 213 100	272%	100%

APPENDICES

REHABILITATION OF NDAKI RD	-	249 189	216 686	-15%	100%
CONSTR OF 3KM PAVED RDS/STORMWATER W10	-	6 931 520	9 055 824	23%	100%
TOTAL ROADS	30 187 834	39 960 128	59 235 678	33%	49%
MATJHABENG ROADS	73 312 999	-70 299 424	-3 124 990	-2150%	2446%
NYAKALLONG: PHASE 1	979 806	-654 261	-	0%	0%
UPGR 3.3KM ROADS & 2KM STORMW12	-	19 426 638	15 286 980	-27%	100%
TOTAL STORMWATER	74 292 805	-51 527 047	12 161 990	524%	-511%
KUTLWANONG REPLACEMENT	-	1 288 837	586 993	-120%	100%
THABONG: ZONAL WATER METERS & VALVES	-	1 339 377	-0	3348442602%	100%
VIRG/MELOD REPL 6.1KM BULK WATER P/LINE	-	20 818 441	14 295 326	-46%	100%
WCWDM PIPELINE REPLACE/INST OF METERS	-	19 814 875	19 972 174	1%	100%
INSTALLATION OF BOREHOLES	-	64 906	-	0%	0%
WATER REPAIR LINE WILHEMINA/KERK STR W3	-	3 933 690	-	0%	0%
TOTAL WATER	-	47 260 126	34 854 493	-36%	100%
SPECIALISED VEHICLES WASTE MANAGEMENT	6 842 373	-6 842 373	-	0%	0%
SEWER COLLAPSE CALABRIA WARD 4	-	1 629 665	-	0%	0%
SEWER COLLAPSE STILTE WARD 6	-	2 523 072	-	0%	0%
SEWER COLLAPSE 6090 & 5790 STILTE WARD 7	-	3 851 287	-	0%	0%
SEWER COLLAPSE QUEENSWAY/MIMOSA WARD 8	-	1 852 753	-	0%	0%
SEWER COLLAPSE 19 AKKER STR WARD 9	-	2 324 523	-	0%	0%
SEWER COLLAPSE 98 MONIKANA STR WARD 9	-	4 422 368	-	0%	0%
MATJHABENG: ALL	15 044 981	-15 044 981	-	0%	0%
UPGRADE OF KUTLWANONG - NEW DEVELOPMENTS	9 618 594	-7 597 279	2 021 314	476%	-376%
VIRGINIA/MEL: UPGRADE & REFURB SP	-	393 416	393 415	0%	0%
RFURB: THABONG WWTISP: INCEP;CONC&VBLTY	-	842 825	-	0%	0%!
PSE SYSTEM AT AND FROM THERONIA WWTW	17 968 000	-17 968 000	-	0%	0%
TOTAL SEWER	49 473 948	-29 612 724	2 414 729	1326%	-1949%
WELKOM: 20MVA 132KV - URANIA SUBSTATION	26 092 000	6 136 220	29 565 005	79%	12%
WELKOM: 20MVA 132KV - URANIA SUBSTATION 18/19	-	-	-	-	-
THABONG (2010) 5 HIGH MAST LIGHT	-	104 806	99 465	-5%	100%
TOTAL ELECTRICITY	26 092 000	6 241 026	29 664 470	79%	12%

VOLUME II

VOLUME II: AUDITED ANNUAL FINANCIAL STATEMENTS

AUDITED ANNUAL FINANCIAL STATEMENTS



**Matjhabeng Local Municipality
Annual Financial Statements**

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2025

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Providing municipal services, infrastructure development and furthering the interest of the local community in the Matjhabeng area, Free State Province.
The following is included in the scope of operation	Area FS184, as a high-capacity local municipality, as demarcated by the Demarcation Board and indicated on the demarcated map published for FS184.
Executive Mayor	TD Khalipha
Members of the Mayoral Committee	HA Mokhomo - Finance MP Buti – Local Economic Development MC Radebe - Human Settlement XN Masina - Infrastructure ML Radebe - IDP, Performance & Evaluation KR Tlake - Community Services & Public Safety KV Moipatle - Sports, Arts & Culture ZS Moshoeu - Corporate Services & Good Governance SJ Ramalefane - Fleet Disaster & Service Delivery Refer to councillors' note for detail.
Councillors	
Grading of local authority	Local High-Capacity Municipality (Grade 5)
Chief Finance Officer (CFO)	CT Panyani LB Williams (Acting) (1 November 2024 – 30 June 2025)
Accounting Officer (MM)	Adv LMR Ngoqo (1 July 2024 – 30 October 2024) CT Panyani (Acting) (1 November 2024 – 30 June 2025)
Registered office	Civic Centre 319 Stateway Welkom Free State 9460
Postal address	P O Box 708 Welkom Free State 9460
Bankers	ABSA Bank Limited Standard Bank
Attorneys	Full list available at the municipal offices in Welkom
Enabling legislation	Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) Municipal Structures Act, 1998 (Act No. 117 of 1998) Municipal Systems Act, 2000 (Act No. 32 of 2000)
Website	www.matjhabeng.co.za

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2025

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Abbreviations used:

CFO	Chief Financial Officer
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
MM	Municipal Manager
mSCOA	Municipal Standard Chart of Accounts

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2025

Accounting officer's Responsibilities and Approval

The accounting officers are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are 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 officers 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 are given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognized 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 judgments and estimates.

The accounting officers acknowledge that they are 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 officers 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 minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officers are 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 error.

The accounting officers have reviewed the municipality's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on page 17 to 112, which have been prepared on the going concern basis, were approved by the acting accounting officer on 10 February 2026 and were signed on its behalf by:

CT Panyani
Acting Accounting Officer

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	4	5 320 237	7 679 889
Other receivables	7	62 727 533	51 841 995
Receivables from non-exchange transactions	6	457 009 567	357 910 473
VAT receivable	8	1 153 027 191	1 020 233 352
Receivables from exchange transactions	5	1 795 151 992	1 628 694 794
Cash and cash equivalents	3	23 009 437	44 171 709
		3 496 245 957	3 110 532 212
Non-Current Assets			
Investment property	10	2 277 023 460	2 099 322 887
Property, plant and equipment	11	3 808 464 215	3 917 728 924
Heritage assets	12	7 077 539	7 077 539
Other financial assets	9	568 885	568 885
Receivables from non-exchange transactions	6	9 722 011	8 792 924
Receivables from exchange transactions	5	993 858	939 250
		6 103 849 968	6 034 430 409
Total Assets		9 600 095 925	9 144 962 621
Liabilities			
Current Liabilities			
Concessionary loan	14	3 500 226 488	1 750 113 244
Trade and other payables from exchange transactions	13	9 495 645 734	8 010 906 365
Consumer deposits	15	50 945 984	46 390 416
Employee benefit obligation	17	22 936 193	26 397 910
Unspent conditional grants and receipts	16	76 326 709	74 598 566
		13 146 081 108	9 908 406 501
Non-Current Liabilities			
Concessionary loan	14	1 750 113 245	3 500 226 489
Employee benefit obligation	17	477 061 819	466 833 241
Provisions	18	106 417 556	141 807 928
		2 333 592 620	4 108 867 658
Total Liabilities		15 479 673 728	14 017 274 159
Net Assets		(5 879 577 803)	(4 872 311 538)

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	1 632 655 142	1 586 322 742
Rental of facilities and equipment	20	24 187 033	22 068 618
Commissions received	22	19 708 549	19 063 603
Other income	24	17 197 374	10 559 637
Interest income	25	541 738 107	463 783 497
Dividends received	25	56 602	49 223
Total revenue from exchange transactions		2 235 542 807	2 101 847 320
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	511 973 691	476 300 003
Availability charges	23	53 441 065	49 323 113
Interest income non-exchange	27	87 776 249	75 670 201
Transfer revenue			
Government grants & subsidies	28	936 771 418	884 725 127
Public contributions and donations	29	32 000 000	-
Fines, Penalties and Forfeits	21	5 760 577	2 464 406
Interest income non-exchange	27	-	347 338 131
Total revenue from non-exchange transactions		1 627 723 000	1 835 820 981
Total revenue		3 863 265 807	3 937 668 301
Expenditure			
Employee related costs	30	(1 102 293 475)	(1 043 478 321)
Remuneration of councillors	31	(38 747 032)	(37 982 260)
Depreciation and amortization	32	(235 234 978)	(214 930 233)
Finance costs	34	(147 452 943)	(242 872 235)
Debt impairment and write-off	35	(1 338 041 469)	(1 014 423 682)
Bulk purchases	36	(1 650 623 215)	(1 474 662 864)
Contracted Services	37	(138 806 771)	(123 389 427)
General expenses	38	(256 459 962)	(219 235 349)
Repairs and maintenance	39	(15 303 415)	(32 434 802)
Total expenditure		(4 922 963 260)	(4 403 409 173)
Operating deficit		(1 059 697 453)	(465 740 872)
Gain on disposal of assets and liabilities	55	25 409 928	-
Fair value adjustments	40	145 700 573	49 868 756
Actuarial gains/losses	17	65 626 828	22 381 768
Impairment loss	33	(48 658 806)	(1 836 429)
		188 078 523	70 414 095
Deficit for the year		(871 618 930)	(395 326 777)

Matjhabeng Local Municipality

(Registration number FS 184)

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
Balance at 01 July 2024 as previously reported	(4 705 600 077)	(4 705 600 077)
Prior period errors	(108 308 722)	(108 308 722)
Other Changes	(58 402 739)	(58 402 739)
Restated* Balance at 01 July 2024	(4 872 311 538)	(4 872 311 538)
Deficit for the year ended	(871 618 930)	(871 618 930)
Other Changes	(135 647 335)	(135 647 335)
Balance at 30 June 2025	(5 879 577 803)	(5 879 577 803)

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Cash receipts from taxes, levies and fines		421 076 057	359 369 224
Sale of goods and services		533 897 156	743 755 080
Grants		938 499 561	840 366 418
Interest income		191 037 276	59 941 507
Other receipts		16 420 240	11 339 208
Dividends received		56 602	49 223
		<u>2 100 986 892</u>	<u>2 020 280 660</u>
Payments			
Employee costs		(1 057 188 250)	(962 390 169)
Suppliers		(883 339 455)	(940 667 318)
Finance cost		(181 004)	(4 597 844)
		<u>(1 940 708 709)</u>	<u>(1 925 925 273)</u>
Net cash flows from operating activities	54	160 278 183	94 944 610
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(181 440 455)	(176 462 326)
Net cash flows from investing activities		(181 440 455)	(176 426 326)
Net increase/ (decrease) in cash and cash equivalents		(21 162 272)	(81 517 716)
Cash and cash equivalents at the beginning of the year		44 171 709	125 689 425
Cash and cash equivalents at the end of the year	3	21 682 611	44 171 709

The accounting policies on pages 26 to 51 and the notes on pages 52 to 113 form an integral part of the annual financial statements.

* See Note 46

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue						
Property rates	494 592 408	-	494 592 408	511 973 691	17 381 283	1
Service charges	1 787 985 801	(100 000 000)	1 687 985 801	1 632 655 142	(55 330 659)	2
Investment revenue	5 162 384	-	5 162 384	56 602	(5 105 782)	3
Transfers recognized - operational	737 537 000	-	737 537 000	936 771 418	199 234 418	3
Other own revenue	1 146 599 497	-	1 146 599 497	781 808 954	(364 790 543)	4
Total revenue (excluding capital transfers and contributions)	4 171 877 090	(100 000 000)	4 071 877 090	3 863 265 807	(208 611 283)	
Expenditure						
Employee costs	(999 676 278)	(23 614 082)	(1 023 290 360)	(1 102 293 475)	(79 003 115)	
Remuneration of councillors	(41 290 852)	23 644 926	(17 645 926)	(38 747 032)	(21 101 106)	5
Depreciation and amortization	(748 832 329)	-	(748 832 329)	(235 234 978)	513 597 351	6
Finance costs	(194 916 938)	15 931 152	(178 985 786)	(147 452 943)	31 532 843	7
Inventory consumed on bulk purchases	(1 685 668 891)	-	(1 685 668 891)	(1 650 623 215)	35 045 676	
Transfers and Subsidies	(1 330 000)	675 917	(654 083)	-	654 083	5
Other expenditure	(467 424 454)	37 819 811	(429 604 643)	(1 748 611 617)	(1 435 133 472)	5
Total expenditure	(4 139 139 742)	54 457 724	(4 084 682 018)	(4 922 963 260)	(954 407 740)	
Surplus / (Deficit) for the year	32 737 348	(45 542 276)	(12 804 928)	(1 059 697 453)	(838 281 242)	
Gain on disposal of assets and liabilities	-	-	-	25 409 928	25 409 928	8
Fair value adjustments	-	-	-	145 700 573	145 700 573	9
Actuarial gains/losses	-	-	-	65 626 828	65 626 828	5
Impairment loss	-	-	-	(48 658 806)	(48 658 806)	5
Surplus/(deficit) before taxation	32 737 348	(45 542 276)	(12 804 928)	(871 618 930)	(188 078 523)	

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	-	(715 827 147)	(715 827 147)	5 320 237	721 147 384	5
Receivables from non-exchange transactions	20 625 611	-	20 625 611	457 009 567	436 383 956	5
VAT receivable	1 035 073 713	-	1 035 073 713	1 153 027 191	117 953 478	5
Trade and other receivables from exchange transactions	4 569 510 479	-	4 569 510 479	1 795 151 992	(2 774 358 487)	5
Other receivables	-	-	-	62 727 533	62 727 533	5
Cash and cash equivalents	4 749 458 167	(1 026 429 824)	3 723 028 343	23 009 437	(3 700 018 906)	5
	10 374 667 970	(1 742 256 971)	8 632 410 999	3 496 245 957	(5 136 165 042)	
Non-Current Assets						
Investment property	2 458 697 493	-	2 458 697 493	2 277 023 460	(181 674 033)	
Property, plant and equipment	207 565 599	808 559 867	1 016 125 466	3 808 464 215	2 792 338 749	5
Heritage assets	8 461 394	-	8 461 394	7 077 539	(1 383 855)	
Investments	502 456	-	502 456	568 885	66 429	
Receivables from non-exchange transactions (non-current)	274 810 430	-	274 810 430	9 722 011	(265 088 419)	5
Non-current receivables from non-exchange transactions	-	-	-	993 858	993 858	5
	2 950 037 372	808 559 867	3 758 597 239	6 103 849 968	2 345 252 729	
Total Assets	13 324 705 342	(933 697 104)	12 391 008 238	9 600 095 925	(2 790 912 313)	
Liabilities						
Current Liabilities						
Concessionary loan	-	-	-	3 500 226 488	3 500 226 488	5
Trade and other payables from exchange transactions	8 005 083 062	(194 753 122)	7 810 329 940	9 495 645 734	1 685 315 794	5
VAT payable	110 000 000	-	110 000 000	-	(110 000 000)	5
Consumer deposits	-	-	-	50 945 984	50 945 984	5
Employee benefit obligation	-	-	-	22 936 193	22 936 193	5
Unspent conditional grants and receipts	-	-	-	76 326 709	76 326 709	5
Provisions	487 483 785	-	487 483 785	-	(487 483 785)	5
	8 602 566 847	(194 753 122)	8 407 813 725	13 146 081 108	4 738 267 383	
Non-Current Liabilities						
Concessionary loan	-	-	-	1 750 113 245	1 750 113 245	5
Employee benefit obligation	-	-	-	477 061 819	477 061 819	5
Provisions	-	-	-	106 417 556	106 417 556	5
	-	-	-	2 333 592 620	2 333 592 620	
Total Liabilities	8 602 566 847	(194 753 122)	8 407 813 725	15 479 673 728	7 071 860 003	
Net Assets	4 722 138 495	(738 943 982)	3 983 194 513	(5 879 577 803)	(9 862 772 316)	

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated deficit	4 722 138 495	(738 943 982)	3 983 194 513	(5 879 577 803)	(9 862 772 316)	5

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Final approved budget	Shifting of funds	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash flows from operating activities						
Receipts						
Sale of goods and services	2 519 422 900	(1 026 429 824)	1 492 993 076	954 973 183	592 654 660	5
Transfers and subsidies	921 111 000	938 499 561	(17 388 561)	938 499 561	(17 388 561)	5
Interest income	5 162 384	191 037 276	(185 574 892)	191 037 276	(185 574 892)	5
Other revenue	-	16 420 240	(16 420 240)	16 420 240	(16 420 240)	
Dividends or similar distributions received	39 942	56 602	(16 660)	56 602	(16 660)	5
	3 445 736 226	(1 026 429 824)	2 419 306 402	2 100 896 862	318 319 540	
Payments						
Suppliers and employee costs	(3 064 144 599)	(194 753 122)	(3 258 897 721)	(1 940 708 709)	(1 318 189 012)	5
Finance charges	(194 916 938)	-	(194 916 938)	-	(194 735 934)	5
	(3 259 061 537)	(194 753 122)	(3 453 814 659)	(1 940 708 709)	(1 572 170 637)	
Net cash flows from operating activities	186 674 689	(1 221 182 946)	(1 034 508 257)	160 278 183	(1 194 786 440)	
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment	63 600 000	-	63 600 000	-	63 600 000	5
Decrease (increase) in other non-current assets	(274 810 430)	-	(274 810 430)	-	(274 810 430)	5
Decrease (increase) in non-current investments	(502 456)	-	(502 456)	-	(502 456)	5
Capital assets	(200 574 000)	-	(200 574 000)	(181 440 455)	(19 133 545)	6
Net cash flows from investing activities	(412 286 886)	-	(412 286 886)	(181 440 455)	(230 846 431)	
Cash flows from financing activities						
Increase in consumer deposits	(13 780 000)	-	(13 780 000)	-	(13 780 000)	5
Net increase/(decrease) in cash and cash equivalents	(239 392 197)	(1 221 946)	(1 460 575 143)	(21 162 272)	(1 439 412 871)	5
Cash and cash equivalents at the beginning of the year	(1 032 767 941)	-	(1 032 767 941)	44 171 709	(1 076 939 650)	5
Cash and cash equivalents at the end of the year	(1 272 160 138)	(1 221 182 946)	(2 493 343 084)	23 009 437	(2 516 352 521)	

Matjhabeng Local Municipality

(Registration number FS 184)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Variance of above 10% between the budgeted amount and the actual are due to the following:

- 1 The increase is primarily attributable to improved billing accuracy following the implementation of the updated property valuation roll and intensified revenue enhancement initiatives, resulting in higher-than-anticipated collections.
- 2 Favourable performance of financial assets led to increased dividends compared to the budgeted amounts.
- 3 The variance is due to additional operational grants received from National Treasury that were not anticipated during the budget finalization process.
- 4 The shortfall is mainly due to lower revenue from fines, permits, and rentals, primarily driven by affordability constraints within the community and subdued economic activity.
- 5 Alignment adjustments between mSCOA and GRAP frameworks resulted in discrepancies between the budgeted and actual amounts.
- 6 Delays in capital project implementation, reassessment of asset useful lives, and disposals, resulted in lower actual depreciation than budgeted.
- 7 Participation in the Eskom Debt Relief Programme reduced interest obligations, resulting in actual finance costs being lower than budgeted.
- 8 The loss arose from valuations conducted at year-end in accordance with GRAP standards, which were not anticipated at the time of budget preparation.
- 9 Fair value gains resulted from the revaluation of investment properties to reflect updated market conditions as required by GRAP standards.

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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 Recognized 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 and are rounded to the nearest South African Rand.

1.3 Going concern assumption

The annual financial statements have been prepared on the going concern basis. Notwithstanding the financial challenges faced by the municipality, the provincial government has intervened in terms of Section 139(5)(a) and (c) of the Constitution and imposed a financial recovery plan. Management believes that the implementation of this plan, combined with ongoing support, will enable the municipality to continue as a going concern.

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.

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Significant Accounting Policies

1.4 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 judgment 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.

In the process of applying its accounting policies, and in preparing the annual financial statements, management is required to make various judgments, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the annual financial statements and as well as related disclosures. Use of available information and the application of judgment 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 judgments include:

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

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

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

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realizable value.

Fair value estimation

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

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

Impairment testing

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - 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 wastewater 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.

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Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Employee Benefits Obligation

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 17.

Provision for Impairment of Receivables

On consumer receivables an impairment loss is recognized in surplus and deficit when there is objective evidence that it is impaired.

1.5 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 recognized 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 recognized at cost. Transaction costs are included in the initial measurement.

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

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

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Significant Accounting Policies

1.5 Investment property (continued)

Fair value

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

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

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

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.

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

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

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

1.6 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 recognized 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.

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 recognized 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.

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Significant Accounting Policies

1.6 Property, plant and equipment (continued)

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 derecognized.

Subsequent Measurement:

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

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	2 - 50 years
Transport assets	Straight-line	4 - 15 years
Infrastructure	Straight-line	3 - 100 years
Other movable assets	Straight-line	2 - 20 years
Landfill rehabilitation assets	Straight-line	8 - 20 years

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 annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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.

Depreciation commences when the asset is ready for its intended use and ceases when the asset is derecognized.

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

Items of property, plant and equipment are derecognized 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 derecognized. 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.

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

1.7 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.

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Significant Accounting Policies

1.7 Site restoration and dismantling cost (continued)

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 recognized 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 recognized in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.8 Heritage assets

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.

Recognition

The municipality recognizes 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.

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.

Derecognition

The municipality derecognizes 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 determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset, such difference is recognized in surplus or deficit when the heritage asset is derecognized.

1.9 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.

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.

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Significant Accounting Policies

1.9 Financial instruments (continued)

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.

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

- 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 amortized cost or financial instruments at cost.

Classification

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

Class	Category
Other financial assets	Financial asset measured at fair value
Other receivables	Financial asset measured at amortized cost
Receivables from non-exchange transactions	Financial asset measured at amortized cost
Receivables from exchange transactions	Financial asset measured at amortized cost
Cash and cash equivalents	Financial asset measured at amortized cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortized cost
Consumer deposits	Financial liability measured at amortized cost
Unspent conditional grants	Financial liability measured at amortized cost

Initial recognition

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

The municipality recognizes financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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Significant Accounting Policies

1.9 Financial instruments (continued)

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 amortized cost.

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

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.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

For financial assets and financial liabilities measured at amortized cost or cost, a gain or loss is recognized in surplus or deficit when the financial asset or financial liability is derecognized or impaired, or through the amortization process.

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1.9 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognizes financial assets using trade date accounting.

The municipality derecognizes a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- 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:
 - derecognize the asset; and
 - recognize 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 recognized and derecognized is recognized 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 recognizes 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 recognized at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognized 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 derecognized 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 recognize 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 recognized 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 recognized and the part that is derecognized, 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 recognized. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized is recognized 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 recognize the transferred asset in its entirety and recognize a financial liability for the consideration received. In subsequent periods, the municipality recognizes 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 recognized. 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 recognized a new financial liability.

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Significant Accounting Policies

1.9 Financial instruments (continued)

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 recognized in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.10 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.

Recognition

The municipality recognizes 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 recognized 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 derecognized.

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 recognized 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:

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Significant Accounting Policies

1.10 Statutory receivables (continued)

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

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

An impairment loss recognized 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 recognized, or to reflect the effect of discounting the estimated cash flows.

Any previously recognized 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 recognized at the date the impairment is revised. The amount of any adjustment is recognized in surplus or deficit.

Derecognition

The municipality derecognizes 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:
 - derecognize the receivable; and
 - recognize separately any rights and obligations created or retained in the transfer.

1.11 Tax

Value Added Tax (VAT)

The municipality accounts for VAT on a cash basis. The municipality is liable to account for VAT at a standard rate of 15% effective from 1 April 2018 in terms of section 7(1)(a) of the VAT Act in respect of supply of goods and services, except where the supplies are specifically zero rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

1.12 Inventories

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

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

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Significant Accounting Policies

1.12 Inventories (continued)

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

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

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

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

1.13 Cash and cash equivalents

Cash and cash equivalents comprise bank balances, cash on hand and deposits held at call with banks net of bank overdrafts.

1.14 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.

Identification

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.

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 recognized 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 recognizes a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortization) 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.

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1.14 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 recognized 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.

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1.14 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 recognized 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 recognized 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 recognized. 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 amortization) had no impairment loss been recognized for the asset in prior periods.

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

After a reversal of an impairment loss is recognized, the depreciation (amortization) 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 amortization or depreciation) had no impairment loss been recognized 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.

1.15 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return.

When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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 (amortization).

Carrying amount is the amount at which an asset is recognized 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.

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

Depreciation (Amortization) 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.

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 recognized 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 recognizes a liability only to the extent that is a requirement in the Standards of GRAP.

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

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognized 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 recognized 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 recognized. 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 amortization) had no impairment loss been recognized for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognized 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 recognized, the depreciation (amortization) 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.

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1.16 Employee benefits

Identification

Employee benefits

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

A qualifying insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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1.16 Employee benefits (continued)

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

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not considered in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

When an employee has rendered service to the entity during a reporting period, the entity recognizes the undiscounted amount

of short-term employee benefits expected to be paid in exchange for that service:

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

The expected cost of compensated absences is recognized as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected

cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognizes the expected cost of bonus, incentive and performance-related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

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

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1.16 Employee benefits (continued)

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

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

Other Long term employee benefits

The municipality has an obligation to provide long service benefits to all of its employees. According to the rules of the long service benefit scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long benefits are accounted for through the statement of financial performance.

1.17 Provisions and contingencies

Provisions are recognized 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 recognized when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation.

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 recognized as an interest expense.

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

Provisions are not recognized for future operating deficit.

A Contingent Liability is:

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1.17 Provisions and contingencies (continued)

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence and non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognized because:
 - (i) it is not probable that an outflow of resources embodying economic benefits or services potential will be required to settle the obligation; or
 - (ii) the amount of obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognized. Contingencies are disclosed in note 44.

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 are 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 recognized immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity considers 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 1.14 and 1.15.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognized on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognized in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognized in surplus or deficit; and
 - an increase in the liability is recognized 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 recognized had the asset been carried under the cost model, the excess is recognized 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 recognized 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 recognized 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 recognized in surplus or deficit as a finance cost as it occurs.

1.18 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 unrecognized contractual commitments.

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

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and

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1.18 Commitments (continued)

- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.19 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.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognized 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 recognized 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 recognized only to the extent of the expenses recognized that are recoverable.

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

Provisional estimates of consumption, based on the consumption history, are made on a monthly basis when meter readings have not been performed. The provisional estimates of consumption are recognized as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is raised based on the consumption factor determined. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters are read. These adjustments are recognized as revenue in the invoicing period. Estimates of consumption between meter readings are based on historical information.

1.20 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.

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

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

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1.20 Revenue from non-exchange transactions (continued)

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.

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.

Recognition

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

As the municipality satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognizes 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 recognized by the municipality.

When, as a result of a non-exchange transaction, the municipality recognizes an asset, it also recognizes 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 recognize a liability. Where a liability is required to be recognized 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, recognized 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 recognized as revenue.

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1.20 Revenue from non-exchange transactions (continued)

Taxes

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

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

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

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

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

Fines, penalties and forfeits

Fines are recognized 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.

Public contributions and donations

Revenue from public contributions is recognized when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment when such items of property, plant and equipment are brought into use.

Donations are recognized on a cash receipt basis or where the donation is in a form of property, plant and equipment, when such items of property, plant and equipment are available for use.

1.21 Investment income

Investment income is recognized on a time-proportionate basis using the effective interest method.

1.22 Comparative figures

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

1.23 Unauthorized expenditure

Unauthorized 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.

1.24 Fruitless and wasteful expenditure

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

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

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1.25 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).

1.26 Segment information

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.

A measure of assets and liabilities for each reportable segment has not been disclosed due to the fact that such amounts are not regularly provided to management for decision making purposes.

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.

1.27 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorizations (or equivalent), which is given effect through authorizing 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 cash basis and presented by economic classification linked to performance outcome objectives.

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

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

1.28 Related parties

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

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

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1.28 Related parties (continued)

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.

1.29 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 authorized 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 recognized 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.

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Significant Accounting Policies

1.30 Concessionary loan

Definition

The Eskom Debt Relief Arrangement constitutes a concessionary financial liability, arising when Eskom restructures overdue municipal electricity debt into a long-term, interest-free repayment arrangement. The loan is provided on terms that are significantly more favourable than market-related terms, creating a concessionary component that represents a transfer of resources to the municipality.

This arrangement falls within the scope of GRAP 104: Financial Instruments.

Recognition

The municipality recognizes a concessionary loan under the Eskom Debt Relief Arrangement when it becomes a party to the contractual terms of the agreement and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

The concessionary loan is recognized at fair value on initial recognition. Fair value represents the present value of future contractual cash flows discounted at a market-related interest rate applicable to a similar financial instrument without concessional terms.

The difference between:

- the carrying amount of the original Eskom overdue debt, and
- the fair value of the concessionary loan,

is recognized as non-exchange revenue (debt relief) in surplus or deficit.

Initial measurement

On initial recognition, the concessionary loan is measured at fair value, determined by discounting the agreed repayment amounts using a market-related discount rate reflecting the municipality's credit risk profile.

Where the restructuring results in the extinguishment of part of the liability, the extinguished portion is recognized as debt relief revenue in the Statement of Financial Performance.

Subsequent Measurement

No further measurement adjustments are made to the extinguished portion of the liability, as the obligation has been fully derecognized and no future cash outflows are expected.

The municipality assesses, at each reporting date, whether any conditions attached to the debt relief have been breached. If a breach of conditions results in a portion of the relief becoming repayable, the amount is recognized immediately as a financial liability at amortized cost, with a corresponding charge to surplus or deficit.

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Significant Accounting Policies

1.30 Concessionary loan (continued)

Compliance with all conditions under the Eskom Debt Relief Framework is monitored continuously through internal controls, performance reporting and governance structures.

Compliance and conditionality

The Eskom Debt Relief Arrangement contains conditions and performance obligations, including:

- maintaining current account or the set amount payments to Eskom;
- implementing the revenue enhancement;
- reducing non-technical electricity losses;
- ring-fencing electricity revenue; and
- submitting required compliance reports to Eskom and National Treasury.

At each reporting date, the municipality assesses whether these conditions are met. Where non-compliance indicates that relief may be withdrawn, the municipality reconsiders the measurement of the liability and recognizes any resulting adjustment in surplus or deficit.

Impairment

As a financial liability, concessionary loans are not subject to impairment. However, where contractual terms are modified due to non-compliance or renegotiation, the liability is remeasured, and the adjustment is recognized in surplus or deficit in accordance with GRAP 104.

Derecognition

The municipality derecognizes the relevant portion of the Eskom liability only upon receipt of formal confirmation that the tranche has been written off under the programme. The amount derecognized is recognized as revenue from non-exchange transactions in the Statement of Financial Performance.

Any reinstated amounts arising from non-compliance are recognized immediately as an increase in the Eskom liability in surplus or deficit.

1.31 Unspent Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognized as revenue to the extent that the municipality has complied with any criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognized.

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective in the current financial year and that are relevant to its operations:

GRAP 104 (as revised): Financial Instruments

The revised standard introduces updated principles for the classification, measurement, impairment and disclosure of financial instruments.

The municipality assessed all financial assets and financial liabilities in accordance with the revised requirements and confirmed that:

- Financial assets designated at fair value and receivables measured at amortized cost continue to meet the criteria of the revised GRAP 104, consistent with prior years.

- The municipality's impairment methodology already aligns with the expected credit loss model required by the revised standard, and therefore no material adjustments were required to impairment provisions.

- The revised standard excludes statutory receivables, which continue to be accounted for under GRAP 108.

- No changes to classification, recognition, measurement or derecognition of financial instruments were required.

The adoption of GRAP 104 (Revised) resulted in enhanced disclosure only, with no material impact on the municipality's financial position, financial performance, cash flows or comparative information.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand and advances	9 474	9 474
Bank balances - cashbook	22 039 332	44 128 718
Short-term deposits	960 631	33 517
	23 009 437	44 171 709
ACB mag tape debit facility	2 000 000	2 000 000
Housing guarantee	20 000	20 000
Fleet card	1 000 000	1 000 000
Credit card facility	300 000	300 000

Credit quality cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Cash and cash equivalents pledged as collateral

None of the cash and cash equivalents were pledged as collateral.

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3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
ABSA Primary cheque account Acc no (40-5370-5465)	11 027 139	13 858 574	12 760 185	10 933 647	18 177 102	11 592 434
ABSA Market cheque account Acc no (40-5644-3399)	580 225	640 787	805 560	536 079	(3 710 341)	(867 736)
ABSA Savings account Acc no (90-9461-7107)	1 541	1 469	1 000	1 541	1 469	1 000
ABSA Savings account Acc no (91-0668-4115)	953 916	27 133	114 431 283	953 916	27 133	114 431 283
ABSA Savings account Acc no (91-1114-1338)	1 288	1 173	1 102	1 288	1 173	1 077
ABSA Savings account Acc no (91-0668-4238)	1 449	1 310	1 310	1 449	1 322	1 214
ABSA Savings account Acc no (91-0668-4157)	1 218	1 165	1 165	1 218	1 109	1 018
ABSA Savings account Acc no (91-2351-5666)	1 218	1 102	1 102	1 218	1 109	1 018
Standard Bank Call Acc no (08-883-104-3)	10 569 598	29 661 948	-	10 569 598	29 661 948	-
Total	23 137 592	44 194 661	128 002 707	22 999 954	44 162 024	125 161 308

4. Inventories

Investment property held for sale	2 730 000	2 730 000
Consumable stores	1 145 893	1 787 168
Water for distribution	1 444 344	3 162 721
	5 320 237	7 679 889

Inventories recognised as an expense during the year 7 172 107 5 663 114

Inventory pledged as security

None of the inventory was pledged as security for any financial liability of the municipality.

5. Receivables from exchange transactions

Gross balances		
Electricity	820 875 059	688 761 313
Water	3 639 501 394	3 325 566 243
Sewerage	1 580 647 662	1 397 107 415
Refuse	978 318 495	874 268 850
Rentals	185 202 918	165 313 405
Sundries	228 240 902	200 213 974
Other	5 347 016	5 579 922
Unmetered consumption - Electricity	101 508 491	115 039 399
Unmetered consumption - Water	47 104 926	52 172 443
Less: Non-current consumer receivables (arrangements)	(15 394 335)	(10 853 233)
	7 571 352 528	6 813 169 731

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5. Receivables from exchange transactions (continued)		
Less: Allowance for impairment		
Electricity	(546 526 594)	(454 850 748)
Water	(2 894 580 784)	(2 642 448 295)
Sewerage	(1 217 307 856)	(1 082 171 495)
Refuse	(773 121 327)	(693 649 607)
Rentals	(163 847 655)	(147 936 070)
Sundries	(190 963 308)	(168 898 279)
Other	(4 253 489)	(4 434 426)
Less: Non-current consumer receivables (arrangements)	14 400 477	9 913 983
	(5 776 200 536)	(5 184 474 937)
Net balance		
Electricity	274 348 465	233 910 565
Water	744 920 610	683 117 948
Sewerage	363 339 806	314 935 920
Refuse	205 197 168	180 619 243
Rentals	21 355 263	17 377 335
Sundries	37 277 594	31 315 695
Other	1 093 527	1 145 496
Unmetered consumption - Electricity	101 508 491	115 039 399
Unmetered consumption - Water	47 104 926	52 172 443
Non-current consumer receivables (arrangements)	(993 858)	(939 250)
	1 795 151 992	1 628 694 794
Non-current		
Arrangements	15 394 335	10 853 233
Less: Allowance for impairment -Arrangements	(14 400 477)	(9 913 983)
Total non-current receivables from exchange transactions	993 858	939 250
Total receivables from exchange transactions	1 796 145 850	1 629 634 044
Included in Receivables from exchange transactions is interest charged, as detailed below:		
Electricity	196 539 599	157 300 326
Water	1 096 360 445	932 462 741
Other	2 087 664	2 056 447
Sewerage	476 501 251	398 721 486
Refuse	305 013 035	257 728 130
Sundries	166 718 891	142 787 023
Less: Allowance for impairment	(1 789 607 148)	(1 514 162 645)
	453 613 737	376 893 508
Net balance	453 613 737	376 893 508
Unmetered consumption - Water		
Current (0 -30 days)	47 104 926	52 172 443

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Figures in Rand	2025	2024
5. Receivables from exchange transactions (continued)		
Electricity		
Current (0 -30 days)	68 735 617	104 319 020
31 - 60 days	31 283 683	24 716 707
61 - 90 days	24 776 703	26 463 348
91 + days	696 079 056	533 262 238
Less: Impairment	(546 526 594)	(454 850 748)
	274 348 465	233 910 565
Water		
Current (0 -30 days)	70 019 552	112 451 276
31 - 60 days	60 473 487	62 544 285
61 - 90 days	88 836 472	60 412 559
91 + days	3 420 171 882	3 090 158 122
Less: Impairment	(2 894 580 783)	(2 642 448 294)
	744 920 610	683 117 948
Unmetered consumption - Electricity		
Current (0 -30 days)	101 508 491	115 039 399
Sewerage		
Current (0 -30 days)	27 796 851	27 883 454
31 - 60 days	25 260 656	25 240 350
61 - 90 days	24 802 899	24 708 397
91 + days	1 502 787 256	1 319 275 213
Less: Impairment	(1 217 307 856)	(1 082 171 494)
	363 339 806	314 935 920
Refuse		
Current (0 -30 days)	17 335 991	17 229 961
31 - 60 days	15 486 980	15 498 165
61 - 90 days	15 185 469	15 147 300
91 + days	930 310 054	826 393 424
Less: Impairment	(773 121 326)	(693 649 607)
	205 197 168	180 619 243
Rentals		
Current (0 -30 days)	1 750 147	1 553 576
31 - 60 days	1 697 562	1 546 494
61 - 90 days	1 696 130	1 545 687
91 + days	180 059 079	160 667 648
Less: Impairment	(163 847 655)	(147 936 070)
	21 355 263	17 377 335
Sundries		
Current (0 -30 days)	3 804 807	2 530 939
31 - 60 days	2 601 249	2 499 245
61 - 90 days	2 404 482	3 979 160
91 + days	219 430 381	191 204 647
Less: Impairment	(190 963 325)	(168 898 296)
	37 277 594	31 315 695

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5. Receivables from exchange transactions (continued)

Other

Current (0 -30 days)

25 405

41 459

31 - 60 days

16 606

19 503

61 - 90 days

12 965

20 908

91 + days

5 292 040

5 498 052

Less: Impairment

(4 253 489)

(4 434 426)

1 093 527

1 145 496

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5. Receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	119 639 748	19 329 177
31 - 60 days	102 912 351	107 428 051
61 - 90 days	99 737 656	10 351 899
91 + days	5 769 903 244	5 280 143 805
	<u>6 092 192 999</u>	<u>5 417 252 932</u>
Less: Allowance for impairment	(4 907 920 054)	(4 595 162 871)
	<u>1 184 272 945</u>	<u>822 090 061</u>
Business, Industrial and Commercial		
Current (0 -30 days)	54 196 667	60 913 377
31 - 60 days	21 326 213	19 135 245
61 - 90 days	49 238 979	21 374 283
91 + days	850 201 281	743 545 041
	<u>974 963 140</u>	<u>844 967 946</u>
Less: Allowance for impairment	(573 009 499)	(593 436 346)
	<u>401 953 641</u>	<u>251 531 600</u>
Farms and agriculture		
Current (0 -30 days)	639 096	653 667
31 - 60 days	560 568	410 528
61 - 90 days	473 082	400 417
91 + days	23 724 863	18 821 795
	<u>25 397 609</u>	<u>20 286 407</u>
Less: Allowance for impairment	(20 983 738)	(16 194 944)
	<u>4 413 871</u>	<u>4 091 463</u>
National and provincial government		
Current (0 -30 days)	9 276 565	10 844 101
31 - 60 days	6 632 059	5 032 705
61 - 90 days	5 088 861	6 934 775
91 + days	106 360 507	82 382 980
	<u>127 357 992</u>	<u>105 194 561</u>
Less: Allowance for impairment	(70 110 304)	(57 084 230)
	<u>57 247 688</u>	<u>48 110 331</u>
Indigent		
Current (0 -30 days)	5 716 294	306 783
31 - 60 days	5 389 029	58 221
61 - 90 days	5 113 973	48 888
91 + days	203 939 837	2 429 198
	<u>220 159 133</u>	<u>2 843 090</u>
Less: Allowance for impairment	(219 547 953)	(2 843 090)
	<u>611 180</u>	<u>-</u>

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Figures in Rand	2025	2024
5. Receivables from exchange transactions (continued)		
Total		
Current (0 -30 days)	382 773 837	266 009 685
31 - 60 days	136 820 221	132 064 749
61 - 90 days	157 715 121	132 277 360
91+	6 953 135 874	6 126 383 570
	7 630 445 053	6 656 735 364
Less: Allowance for impairment	(5 776 200 536)	(5 184 474 937)
	1 795 151 992	1 628 694 794
Less: Allowance for impairment		
Total	(5 776 200 536)	(5 184 474 937)
Reconciliation of allowance for impairment		
Balance at beginning of the year	(5 635 998 357)	(5 280 985 045)
Contributions to allowance	(722 542 393)	(547 788 788)
Debt impairment written off against allowance	557 721 462	192 775 477
	(5 800 819 288)	(5 635 998 357)
Consumer debtors pledged as security		
No consumer debtors were pledged as security for overdraft facilities of the municipality.		
Consumer debtors past due but not impaired		
As at 30 June 2025, receivables from exchange transactions of R12 265 347 (2024: R 7 903 882) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
31 - 60 days	7 674 888	4 843 903
61 - 90 days	2 931 966	2 952 860
91 days +	1 658 492	107 119
Consumer debtors impaired		
As of 30 June 2025, receivables from exchange transactions of R7 369 918 080 (2024: R 6 587 163 095) were impaired and provided for.		
The municipality assess whether receivables are impaired at the end of every reporting date, in line with GRAP.		
The following factors were considered in determining the impairment:		
- Aging of the outstanding debt.		
- Whether or not any payment was received during the year.		
- Whether the account is active or inactive.		
- Whether the account is that of an owner or a tenant.		
6. Receivables from non-exchange transactions		
Consumer receivables - Rates	1 295 864 388	1 086 633 261
Availability charges – Electricity	72 577 332	62 124 855
Availability charges – Water	41 724 023	38 362 688
Allowance for impairment – Rates	(871 774 753)	(757 475 760)
Allowance for impairment - Availability charges - Electricity	(49 329 831)	(44 348 779)
Allowance for impairment - Availability charges - Water	(32 051 592)	(27 385 792)
	457 009 567	357 910 473

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6. Receivables from non-exchange transactions (continued)		
Non-current - receivables from non-exchange transactions		
Availability charges - Electricity	25 290 070	23 404 403
Availability charges - Water	7 375 857	7 325 611
Allowance for impairment: Availability charges - Electricity	(17 267 792)	(16 707 591)
Allowance for impairment: Availability charges - Water	(5 676 124)	(5 229 499)
	9 722 011	8 792 924
Interest included in receivables from non-exchange transactions above is as follows:		
Property rates	360 939 417	287 892 557
Availability charges (water and electricity)	25 457 644	21 964 078
	386 397 061	309 856 635
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Property rates	1 295 864 388	1 086 633 261
Less Allowance for impairment: Property rates	(811 723 760)	(708 968 171)
	484 140 628	377 665 090
Total receivables from non-exchange transactions	466 731 578	366 703 397

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6. Receivables from non-exchange transactions (continued)

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.

Determination of transaction amount

Rates are levied in accordance with the Act (MPRA), based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.

The municipality differentiates between various categories of property and owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality, however, does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.

Interest or other charges levied/charged

Interest accrues from 30 days on unpaid accounts. Interest is levied at a rate of prime rate plus 1%.

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

The municipality assess whether statutory receivables are impaired at the end of every reporting date, in line with Grap 108.

The following factors were considered in determining the impairment:

- Aging of the outstanding debt.
- Whether or not any payment was received during the year.
- Whether the account is active or inactive.
- Whether the account is that of an owner or a tenant

Reconciliation of provision for impairment for non-exchange receivables

Opening balance	(1 114 478 917)	(677 315 986)
Provision for impairment	(615 499 076)	(466 634 894)
Amounts written off as uncollectible	69 689 926	29 471 963
	(1 660 288 066)	(1 114 478 917)

Receivables from non-exchange transactions pledged as security

None of the receivables from non-exchange transactions were pledged as security.

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Receivables from non-exchange transactions past due but not impaired

On 30 June 2025, receivables from non-exchange transactions of R3 543 923 (2024: R3 414 438) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

31 - 60 days	2 158 836	2 293 828
61 - 90 days	886 895	741 198
91+ days	498 192	379 412

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6. Receivables from non-exchange transactions (continued)		
Fair value of receivables from non-exchange transactions		
The carrying value of the receivables from non-exchange transactions recorded at amortized cost approximate their fair values.		
Receivables from non-exchange transactions impaired:		
As of 30 June 2025, receivables from non-exchange transactions of R1 424 559 171 (2024: R1 199 714 557) were impaired and provided for.		
7. Other receivables		
Accrued interest	-	322 295
Deposits	-	225 850
Employee loans receivable	-	200 500
Erf sales - SANRAL	1 078 796	1 078 796
Eskom	3 096 193	6 082 888
Maritz attorneys	16 513 652	16 513 652
Market sales	5 738 172	4 042 208
Market sales - sundries	258 046	97 914
Prepayments	1 483 758	1 131 732
Sundry receivables	1 355 886	57 527
Trade receivables - double payments	2 997 289	2 870 480
Traffic fines receivable	5 683 872	4 025 022
Welkom Market	24 521 869	15 193 131
	62 727 533	51 841 995
8. VAT receivable		
VAT Control	124 200 620	77 738 584
VAT Accrual	1 028 826 571	942 494 768
	1 153 027 191	1 020 233 352
2025		
VAT accrual includes output VAT accrual and input VAT accrual amounting to (R2 148 102 903) and R3 176 929 474 respectively.		
2024		
VAT accrual includes output VAT accrual and input VAT accrual amounting to (R2 221 546 053) and R3 164 070 821 respectively.		
9. Other financial assets		
Designated at fair value		
Unlisted shares	568 885	568 885
The unlisted shares consist of 17,238 (2024: 17 238) equity shares at R19.20 each as at 30 June 2025 in Senwes Limited and 26,435 (2024: 26 435) equity shares at R 9 each in Senwesbel Limited.		

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Non-current assets

Designated at fair value

568 885

568 885

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9. Other financial assets (continued)		
Financial assets at fair value		
Fair value hierarchy of financial assets at fair value		
For financial assets recognized at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:		
Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.		
Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).		
Level 3 applies inputs which are not based on observable market data.		
Level 2		
Class 1 (Unlisted shares)	568 885	474 015

Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

Financial assets pledged as collateral

Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities

- -

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10. Investment property

	2025		2024			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation		
				Accumulated depreciation and accumulated impairment		
				Carrying value		
Investment property	2 277 023 460	-	2 277 023 460	2 099 322 887	-	2 099 322 887

Reconciliation of investment property - 2025

	Opening balance	Additions	Fair value adjustments	Closing balance
Investment property	2 099 322 887	32 000 000	145 700 573	2 277 023 460

Reconciliation of investment property - 2024

	Opening balance	Transfers out	Fair value adjustments	Closing balance
Investment property	2 054 238 999	(4 800 000)	49 883 888	2 099 322 887

Fair value of investment properties

145 700 573 49 883 888

Pledged as security

There are no contractual obligations on investment property.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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10. Investment property (continued)

The effective date of the revaluations was 30 June 2025. Fair value determinations were performed by UniqueCo Properties (Pty) Ltd. Mr L Nel, who is a registered Professional Property Valuer with the South African Council for the Property Valuer's Profession (registration number 4464/2) and has the appropriate experience in performing valuations of investment properties, was the valuer used to perform the valuations. The valuation for the land portion was based on adapted comparable sales and on replacement costs for the improvements.

These assumptions are based on current market conditions.

Maintenance of investment property

No amount was incurred for the repairs and maintenance of investment property in the current and previous financial years.

Amounts recognized in surplus or deficit

Rental revenue from investment property

23 860 661

21 914 514

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11. Property, plant and equipment

	2025		2024			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Transport assets	238 466 574	(106 529 311)	131 937 263	235 623 785	(77 009 771)	158 614 014
Infrastructure	8 786 383 037	5 530 573 838)	3 255 809 199	8 619 755 965	5 333 272 511)	3 286 483 454
Community assets	607 402 210	(307 275 324)	300 126 886	603 239 744	(266 050 843)	337 188 901
Other movable assets	73 080 641	(53 790 660)	19 289 981	65 227 895	(45 032 868)	20 195 027
Landfill rehabilitation assets	159 556 298	(116 151 887)	43 404 411	166 367 677	(111 165 896)	55 201 781
Land and buildings	100 832 211	(42 935 736)	57 896 475	100 832 211	(40 786 464)	60 045 747
Total	9 965 720 971	(6 157 256 756)	3 808 464 215	9 791 047 277	(5 873 318 353)	3 917 728 924

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers IN	Transfers OUT	Depreciation	Impairment loss	Closing balance
Transport assets	158 614 014	2 842 790	-	-	-	(29 519 541)	-	131 937 263
Infrastructure	3 286 483 454	166 627 074	-	9 004 742	(9 004 742)	(169 098 708)	(28 202 621)	3 255 809 199
Community assets	337 188 901	4 158 765	-	-	-	(20 719 974)	(20 500 806)	300 126 886
Other movable assets	20 196 027	7 852 647	-	-	-	(8 757 693)	-	19 289 981
Landfill rehabilitation assets	55 201 781	-	(6 811 380)	-	-	(4 985 990)	-	43 404 411
Land and buildings	60 045 747	-	-	-	-	(2 149 272)	-	57 896 475
	3 917 728 924	181 481 276	(6 811 380)	9 004 742	(9 004 742)	(235 231 178)	(48 703 427)	3 808 464 215

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Transfers IN	Transfers OUT	Depreciation	Impairment loss	Closing balance
Transport assets	138 438 839	45 871 550	-	-	(25 696 375)	-	158 614 014
Infrastructure	3 330 787 755	124 455 014	73 422 846	(73 422 846)	(148 159 547)	(788 171)	3 286 483 454
Community	353 891 351	3 883 961	12 318 637	(12 318 637)	(20 586 411)	(275 028)	337 188 901
Other movable assets	23 327 193	4 470 578	-	-	(7 602 744)	-	20 195 027
Landfill rehabilitation assets	52 777 525	14 536 182	-	-	(12 111 926)	-	55 201 781
Land and buildings	63 037 754	-	-	(2 218 777)	(773 230)	(773 230)	60 045 747
	3 962 260 417	193 217 285	85 741 483	(87 960 260)	(214 930 233)	(1 836 429)	3 917 728 924

Pledged as security

None of these assets were pledged as security.

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11. Property, plant and equipment (continued)		
Property, plant and equipment in the process of being constructed was halted during the year		
Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Klippan Pumpstation Upgrade	-	7 330 656
Mmamahabane Stadium	639 599	639 599
Mmamahabane Taxi Rank	-	477 699
Nyakallong Construction of Stormwaters	17 461 171	17 461 171
Nyakallong Taxi Rank	-	377 781
Koppie Alleen Collapsed Sewer	4 879 496	4 879 496
Phomolong Waste Water Treatment Works	766 492	766 492
Replacement of Old Galvanized Steel Pipes with UPVC Pipes	8 413 854	8 413 854
Nyakallong/Allanridge Roads Infrastructure	174 429	174 429
Thabong Community Centre Parking Upgrade	-	220 493
Thabong Taxi Rank	-	2 588 469
Thabong Upgrading and Refurbishment of T8 Sewer Pumpstation	13 570 402	13 570 402
Upgrading of Kutlwanong Outfall Sewer	22 458 201	22 458 201
Upgrading of Seven Electrical Panels	-	167 058
Welkom Landfill Site	18 110 918	18 110 918
Welkom Regional Taxi Rank	-	6 741 313
White Septic Tank Welkom	-	335 631
	86 474 562	104 713 662

These projects have been halted by management awaiting capital budget.

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Installation of Zonal Water Meters	8 364 677	8 179 651
	8 364 677	8 179 651

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Work-in-progress	442 604 298	22 906 283	2 938 708	468 449 289

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11. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Work in progress	288 174 737	29 153 274	2 938 708	320 266 719

2025

Transfers

Projects to the value of R9 004 742 were completed and transferred out of Capital work-in-progress into Infrastructure assets.

2024

Transfers

Projects to the value of R73 422 848 were completed and transferred out of Capital work-in-progress into Infrastructure assets.

Projects to the value of R12 318 637 were completed and transferred out of Capital work-in-progress into Community assets.

Repairs and maintenance per class of asset:

Land and buildings	1 518 764	1 510 297
Infrastructure assets	75 576	85 776
Transport assets	939 653	12 276 446
Other movable assets	622 658	1 694 554
Landfill rehabilitation assets	12 146 764	15 518 330
	15 303 415	31 085 403

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.

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12. Heritage assets

	2025		2024	
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation
Historical buildings	4 747 835	-	4 747 835	4 747 835
Mayoral chains	2 356 514	(26 810)	2 329 704	2 356 514
Total	7 104 349	(26 810)	7 077 539	7 104 349

Reconciliation of heritage assets 2025

Historical buildings	Opening balance	Closing balance
Mayoral chains	4 747 835	4 747 835
	2 329 704	2 329 704
	7 077 539	7 077 539

Reconciliation of heritage assets 2024

Historical buildings	Opening balance	Closing balance
Mayoral chains	4 747 835	4 747 835
	2 329 704	2 329 704
	7 077 539	7 077 539

Pledged as security

None of these assets were pledged as security.

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.

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13. Trade and other payables from exchange transactions		
Accrued 13th cheque	22 929 178	22 398 861
Accrued leave pay	117 075 102	108 024 986
Deferred income - prepaid electricity	3 700 000	3 700 000
Deposits received - halls and facilities	15 175	15 175
Eskom	1 586 493 410	848 602 951
Payments received in advance from consumer receivables	483 421 241	400 848 701
Rental - Hostels and flats	3 399 284	3 430 206
SALGA	16 375 424	18 182 800
Salary third parties	63 647 209	61 769 074
Trade payables	357 378 827	382 094 045
Vaal Central Water Board	6 841 210 884	6 161 839 566
	9 495 645 734	8 010 906 365

14. Concessionary loan

Carrying value

Eskom municipal debt relief	5 250 339 733	5 250 339 733
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National Treasury approved the Municipality's application to participate in the Circular 124 Municipal Debt Relief programme with effect from 1 November 2023. From the effective date, Eskom suppressed the charging of interest on the Interim Debt and will consider writing off the balance at the end of the municipality's 36-month debt relief compliance cycle.

As at the reporting date, the write-off of the qualifying portion of the Eskom debt has not yet materialized. Accordingly, no adjustments have been recognized in the financial statements for the potential write-off. The full liability remains reflected under concessionary loan until such time as confirmation of the write-off is received.

Non-current liabilities

At amortized cost	1 750 113 245	3 500 226 489
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Current liabilities

At amortized cost	3 500 226 488	1 750 113 244
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15. Consumer deposits

Electricity and water	49 038 236	44 795 791
Key deposits	1 907 748	1 594 625
	50 945 984	46 390 416

Guarantees held in lieu of electricity and water deposits amounted to R6 067 965 (2024: R6 067 965).

Deposits are paid by consumers on application for new electricity and water connections. The deposits are repaid when the electricity and water connections are terminated. In cases where consumers default on their accounts, the municipality can utilize the deposit as payment for the outstanding account balance.

Deposits are paid by lessees on application for new rental properties of the municipality.

No interest is paid to consumers on deposits held.

The carrying value of consumer deposits approximates their fair values.

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16. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Infrastructure Grant (MIG)	-	308 583
Municipal Disaster Relief Grant	9 352 072	-
Integrated National Electrification Programme (INEP)	-	2 471 363
Energy Efficiency and Demand side Management Grant (EEDG)	2 549	2 549
Municipal Water Services Infrastructure Grant (MWSIG)	-	4 843 983
Free State Department of Human Settlements	66 972 088	66 972 088
	76 326 709	74 598 566

Movement during the year

Balance at the beginning of the year	74 598 566	118 957 278
Additions during the year	205 422 560	154 346 363
Income recognition during the year	(203 694 417)	(198 705 075)
	76 326 709	74 598 566

The nature and extent of government grants recognized 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 recognized.

See note 28 for reconciliation of grants from National/ Provincial Government.

17. Employee benefit obligations

The amounts recognized in the statement of financial position are as follows:

Carrying value		
Present value of the post-employment medical aid benefit	(440 164 872)	(429 239 885)
Present value of the long service award benefit	(59 834 139)	(63 991 266)
	(499 999 011)	(493 231 151)
Non-current liabilities		
Current liabilities	(477 061 819)	(466 833 241)
	(22 936 193)	(26 397 910)
	(499 998 012)	(493 231 151)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	493 232 149	442 136 593
Net expense recognized in the statement of financial performance	6 766 861	51 095 556
	499 999 010	493 232 149

Net expense recognized in the statement of financial performance are as follows:

Service cost	29 115 490	29 175 269
Interest cost	61 350 443	58 074 325
Actuarial gains and losses from change in financial assumptions	(65 626 828)	(22 381 768)
Expected benefits paid	(18 072 244)	(13 772 270)
	6 766 861	51 095 556

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Figures in Rand	2025	2024
17. Employee benefit obligations (continued)		
Calculation of actuarial gains and losses		
Actuarial (gains) / losses – Long service	(9 365 865)	(1 410 408)
Actuarial (gains) / losses – Medical aid	(56 260 963)	(20 971 360)
	(65 626 828)	(22 381 768)

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17. Employee benefit obligations (continued)		
Key assumptions used		
Assumptions used at the reporting date:		
CPI (Medical aid)	5,96 %	7,06 %
CPI (Long service award)	3,36 %	4,77 %
Discount rate (Medical aid)	12,03 %	13,12 %
Discount rate (Long service award)	8,86 %	10,28 %
Medical aid inflation rate (Medical aid)	7,46 %	8,56 %
Net discount rate (Long service award)	4,31 %	4,26 %
Net discount rate (Medical aid)	4,25 %	4,20 %
Salary increase rate (Long service award)	4,36 %	5,77 %
Continuation percentage	100,00 %	100,00 %

The basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets, is as follows:

Other assumptions

The effect of one percentage increase/decrease in the net discount rate is as follows for the 2025 financial year:

	One percentage point decrease	One percentage point increase
Employer's accrued liability (Long service awards)	R60 997 873	R67 291 251

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17. Employee benefit obligations (continued)

Current Service cost (Long service awards)	R5 106 105	R5 732 864
Interest cost (Long service awards)	R6 056 115	R5 561 534
Employer's accrued liability (Medical aid)	R379 498 015	R489 905 910
Current service cost (Medical aid)	R20 488 310	R27 715 867
Interest cost (Medical aid)	R52 791 391	R58 642 370

Amounts for the current and previous four years are as follows:

	2025	2024	2023	2022	2021
Defined benefit obligation	-R499 999 011	-R493 232 151	-R442 136 59	-R469 220 47	-R429 463 845

Defined contribution plan

The municipality makes provision for post-retirement benefits to all employees and councillors, who belong to different retirement contribution plans which are administered by various pension funds, provident and annuity funds.

These plans are subject to the Pension Fund Act, 1995 (Act No. 24 of 1956) and include defined contribution plans.

The municipality is under no obligation to cover any unfunded benefits. The only obligation of the municipality is to make specific contributions.

The following are the multi-employer funds and are defined contribution plans:

- South African Local Authorities Pension Fund (SALA)
- Free State Municipal Pension Fund (FSMPF)
- Municipal Councillors Pension Fund (MCPF)

Sufficient information was not available to use defined benefit accounting for the fund, and it was accounted for as a defined contribution plan due to the following reasons:

- The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers;
- One set of financial statements is compiled for all the funds not for each participating employer; and
- The same rate of contribution applies to all participating employers, and no regard is paid to differences in membership distribution of the participating employers.

Defined contribution plans

This is in line with the exemption in GRAP 25 paragraph 31 which state that where information is required for proper defined benefit accounting is not available in respect of the multi-employer and state plan; these should be accounted for as defined contribution plans.

The amount recognized as an expense for defined contribution plans is

R6 766 861 R51 095 556

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18. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilized during the year	Discounting	Movement due to change in net discount rate	Closing balance
Environmental rehabilitation	122 982 155	-	-	(9 771 923)	(32 221 308)	80 988 924
Retentions	18 825 773	9 869 611	(3 266 752)	-	-	25 428 632
	141 807 928	9 869 611	(3 266 752)	(9 771 923)	(32 221 308)	106 417 556

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilized during the year	Movement due to change in net discount rate	Closing balance
Environmental rehabilitation	110 327 151	14 536 184	-	(1 881 180)	122 982 155
Retentions	21 253 526	7 621 913	(10 049 666)	-	18 825 773
	131 580 677	22 158 097	(10 049 666)	(1 881 180)	141 807 928

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18. Provisions (continued)

Rehabilitation of landfill sites

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, 2002 (Act No 28 of 2002).

Management has included the best estimated amount as the actual amount is uncertain. The payment of total closure and rehabilitation dates are uncertain.

The provision has been determined by an independent firm of consultants through investigation to determine the best estimated rehabilitation cost for the waste disposal sites at the end of its useful lives.

The municipality has five active landfill sites, as per the asset register:

Landfill	Estimated remaining useful lives
Allanridge	8 years
Henneman	11 years
Odendaalsrus	16 years
Virginia (Transfer Station)	2 years
Welkom	17 years

There were no landfill sites developed, planned, rehabilitated or closed during the current or prior year.

Excess adjustments expensed

In accordance with GRAP 17.27-30 where a reduction in the landfill rehabilitation provision exceeded the carrying amount of the related asset, the excess was recognized in the Statement of Financial Performance.

Change in accounting estimate

During the year management reassessed the remaining useful lives of landfill rehabilitation assets.

The reassessment of useful lives was based on updated engineering assessments and legal closure requirements under National Environmental Management Act (NEMA).

The effect of the change in accounting estimate on the current was a decrease on the carrying amount and depreciation of the sites.

It was identified that the useful lives of Allanridge and Welkom were overstated, both assets had already been fully depreciated while the fixed asset register continued to reflect remaining useful lives.

The reassessment was applied prospectively.

Future provision changes relating to Allanridge and Welkom sites will be expensed directly in the Statement of Financial Performance and no additional depreciation was recognized.

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19. Service charges		
Refuse removal	161 608 227	138 492 620
Sale of electricity	776 099 290	733 560 140
Sale of water	501 314 748	508 592 243
Sewerage and sanitation charges	251 623 913	225 525 473
Less: Income foregone - indigents	(57 991 036)	(19 847 734)
	1 632 655 142	1 586 322 742
<p>The municipality recognizes revenue from services such as electricity and water in the period in which the services are rendered. In instances where meter readings were not available, the municipality has issued bills based on estimated consumption.</p> <p>Estimated revenue for the year amounted to R722 279 230 (2024: R568 894 680), representing approximately 43 % of total service charges. Estimates were derived using:</p> <ul style="list-style-type: none">- Historical customer data (3-month average)- Class-based usage models for new customers and- Adjustments for seasonal variation. <p>Where actual readings became available in subsequent periods, adjustments were processed in line with municipal revenue recognition policy. The municipality endeavours to limit estimated billing to a maximum of three months. No significant revenue reversals occurred due to estimation errors.</p>		
20. Rental of facilities and equipment		
Premises		
Rental of living quarters	23 860 661	21 914 514
Facilities and equipment		
Rental of facilities	326 372	154 104
	24 187 033	22 068 618
21. Fines, Penalties and Forfeits		
Traffic fines	5 760 577	2 464 406
22. Commission received		
Market agents	18 961 474	18 362 226
Policy administration fees	747 075	701 377
	19 708 549	19 063 603
23. Availability charges		
Electricity	46 121 339	42 601 508
Water	7 319 726	6 721 605
	53 441 065	49 323 113

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Figures in Rand	2025	2024
24. Other income		
Application fees - land usage	109 955	317 932
Cemetery and burial	1 964 217	1 695 331
Clearance certificates	482 712	478 440
Connection fees	256 030	131 318
Disconnection fees	5 938 221	1 295 477
Fire services	474 063	879 587
Registration fees	381 715	539 376
Sundry income	4 552 639	3 133 840
Tender documents	4 609	345 430
Training	3 033 213	1 742 906
	17 197 374	10 559 637
25. Investment revenue		
Dividend revenue		
Unlisted shares - Local	56 602	49 223
Interest received		
Bank and investments	5 592 435	5 835 806
Interest charged on consumer receivables	526 373 750	456 066 511
Provisions	9 771 922	1 881 180
	541 738 107	463 783 497
	541 794 709	463 832 720

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Figures in Rand	2025	2024
26. Property rates		
Rates received		
Commercial	173 303 159	155 178 150
Residential	198 726 712	188 705 149
Small holdings and farms	27 463 960	26 413 332
State	112 479 860	106 003 372
	511 973 691	476 300 003
Valuations		
Residential	20 747 113 127 19 105 372 339	
Commercial	6 119 278 000	5 072 707 000
State	4 050 478 320	2 439 318 000
Small holdings and farms	7 302 037 003	7 305 868 000
	38 218 906 450	33 923 265 339

Valuations on land and buildings are performed every four years in line with the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA). The last general valuation came into effect on 1 July 2021. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A firm was appointed perform the general valuation and the new valuation roll was implemented on 1 July 2021 for the financial period 2022 to 2027.

Rates are levied in accordance with the Act (MPRA), as an amount in the rands based on the market value of all rateable property contained in the municipality's valuation roll and supplementary valuation roll.

As allowed in the Act (MPRA), the municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality, however, does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis.

The first R75,000 of the valuation of residential property is exempted from property rates. Interest shall accrue 30 days from date of account on unpaid accounts. Interest is levied at a rate of prime plus 1%.

27. Interest from non-exchange revenue

Interest - Property rates	84 755 836	72 142 015
Interest - Availability charges	3 020 413	3 528 186
Eskom municipal debt relief	-	347 338 131
	87 776 249	423 008 332

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28. Government grants & subsidies		
Operating grants		
Equitable share	733 077 000	685 410 000
Expanded Public Works Program (EPWP)	1 460 000	2 774 000
Municipal Disaster Relief Grant	647 928	-
Finance Management Grant (FMG)	3 000 000	3 099 998
Sector Education and Training Authority (SETA)	1 698 203	1 610 058
	739 883 131	692 894 056
Capital grants		
Integrated National Electrification Program Grant (INEP)	34 847 286	21 628 637
Municipal Infrastructure Grant (MIG)	139 073 001	151 546 417
Water Services Infrastructure Grant (WSIG)	22 968 000	18 656 017
	196 888 287	191 831 071
	936 771 418	884 725 127
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	203 694 419	199 315 127
Unconditional grants received	725 772 000	665 403 000
	929 466 419	864 718 127
Equitable Share		
Current-year receipts as per Government Gazette	733 077 000	685 410 000
Transferred to revenue	(725 772 000)	(665 403 000)
Amount withheld from equitable share	(7 305 000)	(20 007 000)
	-	-
Equitable Share withheld		
Withheld equitable share amounting to R7 305 000 was due to the rejected roll over of Municipal Infrastructure Grant (MIG), Integrated National Electrification Program (INEP) and Water Service Infrastructure Grant (WSIG) for 2023/2024 financial period as follows:		
Municipal Infrastructure Service Grant	R308 583	
Water Infrastructure Service Grant	R4 843 984	
Integrated National Electrification Program	R854 073	
An amount of R1 298 360 in relation to the INEP was improperly withheld in the 2024/2025 financial year, this as it was previously withheld in the 2023/2024 financial year. The amount is due to the municipality and has been disclosed as receivable.		
Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	308 583	33 778 639
Current-year receipts as per Government Gazette	139 514 000	142 914 000
Grants forfeited	-	(9 559 000)
Adjusted budget as per Government Gazette	(441 000)	-
Conditions met - transferred to revenue	(139 073 000)	(151 546 417)
Offset the unspent grant against Equitable Share	(308 583)	(15 278 639)
	-	308 583

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Figures in Rand	2025	2024
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28. Government grants & subsidies (continued)

This grant is used to supplement municipal capital budget to eradicate backlogs in municipal infrastructure utilized in providing basic services for the benefit of poor households.

Repayment arrangement of Unspent Conditional Grants

Repayment of MIG relates to the 2023/2024 unspent conditional grant, which was rejected due to a portion of the roll over application having been rolled over in the previous financial year. The rejected roll over amounted to R308 583 as per roll over letter from National Treasury. The rejected rollover was withheld from the 2023/2024 equitable share.

Finance Management Grant (FMG)

Current-year receipts	3 000 000	3 100 000
Conditions met - transferred to revenue	(3 000 000)	(3 100 000)
	-	-

The purpose of this grant is to promote and support reforms to financial management and the implementation of MFMA.

Municipal Disaster Relief Grant

Current-year receipts	10 000 000	-
Conditions met - transferred to revenue	(647 928)	-
	9 352 072	-

Conditions still to be met - remain liabilities (see note 16).

Integrated National Electrification Programme (INEP)

Balance unspent at beginning of year	2 471 359	1 297 525
Current-year receipts	33 230 000	30 000 000
Conditions met - transferred to revenue	(34 847 286)	(21 628 641)
Forfeited grant	-	(5 900 000)
Rejected rollover	(854 073)	(1 297 525)
	-	2 471 359

The repayment of INEP relates to the 2022/2023 unspent conditional grant, which was rejected due to a portion of the roll over application having been rolled over in the previous financial year, this amounted to R1 297 525. The rejected roll over was withheld from the 2023/2024 equitable share.

Expanded Public Works Programme (EPWP)

Current-year receipts	1 460 000	3 456 000
Conditions met - transferred to revenue	(1 460 000)	(2 774 000)
Forfeited grant	-	(682 000)
	-	-

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Figures in Rand 2025 2024

28. Government grants & subsidies (continued)

The purpose of this grant is to subsidize municipalities to expand work creation efforts through the use of labour-intensive delivery methods in identified focus areas.

Energy Efficiency and Demand Side Management Program (EEDG)

Balance unspent at beginning of year 2 549 2 549

The purpose of this grant is to assist the municipalities to reduce their energy consumption through deployment of electricity and other energy saving measures.

Water Services Infrastructure Grant (WSIG)

Balance unspent at beginning of year	4 843 983	16 906 474
Current-year receipts	22 968 000	20 000 000
Conditions met - transferred to revenue	(22 968 000)	(18 656 016)
Forfeited grant	-	(10 000 000)
Withheld equitable share	(4 843 983)	(3 406 475)
	-	4 843 983

The purpose of this grant is to address water and sanitation challenges that occurred with the aging infrastructure.

Repayment arrangement of Unspent Conditional Grants

The repayment of WSIG relates to the 2023/2024 unspent conditional grant, which was rejected due to a portion of the roll over application having been rolled over in the previous financial year. The total amount of the rejected roll over was R4 843 983, this was withheld from the 2024/2025 E equitable share.

Sector Education and Training Authority (SETA)

Current-year receipts	1 698 203	1 610 816
Conditions met - transferred to revenue	(1 698 203)	(1 610 816)
	-	-

The purpose of this grant is to do skills development among employees and improve the auditing skills of the municipality. This is a Mandatory grant that only gets paid once the SETA required documents are submitted, therefore MLM met the conditions as the tranches were paid for the current year.

Free State Provincial Department of Human Settlements

Balance unspent at beginning of year 66 972 088 66 972 088

Expedition of title deed restoration programme in the Free State

The transferred funds will be utilized solely and strictly for the purpose of resolving disputes amongst erf owners and rectification transfers as a result of implementing the dispute resolution outcome.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 10 of 2010), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

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Figures in Rand	2025	2024
29. Public contributions and donations		
Public contributions and donations	32 000 000	-

During the financial year, the Matjhabeng Local Municipality received a donation of farms valued at R32 000 000 from the Free State Department of Human Settlements.

In accordance with section 14 of the Municipal Finance Management Act (Act No. 56 of 2003) and applicable reporting standards, the donated farms have been recognized as Investment Property at fair value on the date of transfer.

The donation was made to support human settlement development initiatives within the jurisdiction of the Municipality.

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Figures in Rand	2025	2024
30. Employee related costs		
Salaries	541 421 135	507 714 734
13th Cheque	43 418 238	41 072 280
Bargaining council levy	295 786	286 958
Employee benefit (medical aid)	41 168 538	38 807 291
Group life insurance	4 074 799	3 609 935
Housing allowances	4 962 786	4 831 807
Leave pay provision charge	25 891 387	46 617 408
Medical aid	61 919 013	59 706 857
Other allowances	31 242 060	23 961 824
Other long term employee benefits	61 350 443	60 144 449
Overtime payments	55 937 511	41 915 636
Pension	90 191 992	87 724 741
SDL	8 522 169	7 696 887
Shift allowance	38 921 333	35 692 886
Standby allowance	19 420 559	16 711 324
Transport allowance	69 284 188	62 736 456
UIF	4 271 538	4 246 848
	1 102 293 475	1 043 478 321

Directors Remuneration

30 June 2025	Basic Salary	Car and other allowances	Contributions to Medical and Pension Funds	Backpay / leave payout	Total
Adv LMR Ngoqo - Municipal Manager	480 881	160 507	31 517	269 253	942 158
CT Panyani - Acting Municipal Manager	832 989	260 299	149 423	-	1 242 711
CT Panyani - Chief Financial Officer	397 517	71 657	84 522	-	553 696
LB Williams - Acting Chief Financial Officer	645 755	235 188	163 069	-	1 044 012
TB Makofane - Director Strategic Support Services	566 446	-	84 812	1 661 404	2 312 662
SI Naniso - Acting Director Strategic Support Services	75 362	29 145	19 078	-	123 585
DP Olyn - Acting Director Strategic Support Services	446 339	5 798	159 249	115 802	727 188
JZ Ntsabo - Director Infrastructure	1 050 582	368 365	225 195	-	1 644 142
LS Williams Van Wyk - Director Community Services	935 573	182 264	260 603	-	1 378 440
TB Mnisi - Acting Director Community Services	72 474	26 835	13 980	-	113 289
Dr S Ramphoma - Director LED and Planning	962 943	307 376	186 907	-	1 457 226
Dr V Adonis - Director Corporate Services	1 290 296	96 000	260 418	-	1 646 714
MG Moletsane - Acting Director Human Settlements and Town Planning	287 282	-	109 046	81 094	477 422
	8 044 439	1 743 434	1 747 819	2 127 553	13 663 245

30 June 2024	Basic Salary	Car and other allowances	Contributions to Medical and Pension Funds	Backpay/leave payout	Total
Adv Ngoqo LMR - Municipal Manager	1 924 066	16 789	85 473	-	2 026 328
Panyani TC - Chief Financial Officer	1 350 582	4 784	272 378	-	1 627 744
Makofane TB - Director Strategic	195 459	-	9 031	-	204 490

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Figures in Rand				2025	2024
30. Employee related costs (continued)					
SI Naniso - Acting Director Strategic Support Services	866 994	309 221	226 445	-	1 402 660
DP Olyn - Acting Director Strategic Support Services	216 648	77 305	56 442	-	350 395
JZ Ntsabo - Director Infrastructure	612 839	210 000	131 360	-	954 199
MAE Pobe - Acting Director Infrastructure	239 512	77 305	54 214	-	371 031
LS Williams Van Wyk - Director Community Services	809 961	180 000	257 153	-	1 247 114
TB Mnisi - Acting Director Community Services	644 210	268 348	140 346	64 421	1 117 325
Dr S Ramphoma - Director LED and Planning	964 023	317 213	185 847	-	1 467 083
Dr V Adonis - Director Corporate Services	1 380 049	-	233 024	1 996	1 615 069
MMG Mothekhe - Director Human Settlements and Town Planning	922 737	-	251 574	286 902	1 461 213
MG Moletsane - Acting Director Human Settlements and Town Planning	767 772	-	283 452	211 995	1 263 219
	10 894 852	1 460 965	2 186 739	565 314	15 107 870

31. Remuneration of councillors

Executive Mayor and Councillors	38 747 032	37 982 260
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In-kind benefits

The Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has the use of separate Council owned vehicles for official duties, one full time driver and a bodyguard.

The Speaker has the use of separate Council owned vehicles for official duties and one part time driver.

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Figures in Rand	2025	2024			
31. Remuneration of councillors (continued)					
Details of remuneration for the year ended 30 June 2025					
Name of councillor	Annual remuneration	Car allowance	Cellphone allowance	Contributions to SDL, medical aid and pension funds	Total
HS Badenhorst	287 429	91 366	47 004	3 859	429 658
MJ Badenhorst	287 429	91 366	47 004	3 859	429 658
GP Botha	378 795	-	47 004	4 042	429 841
PF Botha	252 232	91 366	47 004	38 698	429 300
Buti MP	900 720	-	47 004	9 261	956 985
C Claassen Malherbe	287 429	91 366	47 004	3 859	429 658
E Dansey	297 337	-	37 882	3 178	338 397
MA Dithebe	356 516	-	47 004	21 272	424 792
JM Du Plessis	287 429	91 366	47 004	3 859	429 658
A Dyantyi	287 429	91 366	47 004	3 859	429 658
ZA Fandaleki	284 929	91 366	47 004	4 050	427 349
C Hanisi	361 515	-	47 004	21 322	429 841
AB Helepi	351 958	-	47 004	30 371	429 333
S Hess	353 599	-	47 004	28 731	429 334
EJ Jacobs	287 429	91 366	47 004	3 859	429 658
BL Jama	287 429	91 366	47 004	3 859	429 658
WH Janse van Rensburg	355 461	23 334	47 004	3 995	429 794
T Kalipa	270 149	91 366	47 004	21 139	429 658
TD Khalipha	1 199 610	-	47 004	36 128	1 282 742
MA Khepeng	353 298	-	47 004	29 029	429 331
LE Khetsi	268 306	91 366	47 004	22 480	429 156
ML Lesenyeho	622 488	216 785	47 004	69 392	955 669
TW Letlhake	261 608	113 828	47 004	29 308	451 748
SV Letsele Sethabi	353 298	-	47 004	29 029	429 331
TM Macingwane	195 012	61 845	34 352	15 720	306 929
ME Mahlaku	378 795	-	47 004	4 042	429 841
LJ Maile	287 429	91 366	47 004	3 859	429 658
PE Maile	378 795	-	47 004	4 042	429 841
CL Makaliane	270 149	91 366	47 004	21 139	429 658
SD Manese	361 515	-	47 004	21 322	429 841
II Maruping	378 795	-	47 004	4 042	429 841
XN Masina	622 488	216 785	47 004	69 392	955 669
TE Moalosi	378 795	-	47 004	4 042	429 841
LA Mohapi	270 149	91 366	47 004	21 139	429 658
KV Moipatle	666 655	216 785	47 004	26 108	956 552
HA Mokhomo	730 377	218 476	47 004	70 471	1 066 328
SM Mokhothu	378 795	-	47 004	4 042	429 841
M Molefi	252 232	91 366	47 004	38 698	429 300
IP Molula	337 223	-	47 004	45 128	429 355
DB Montoeli	287 429	91 366	47 004	3 859	429 658
RH Moopela	287 429	91 366	47 004	3 859	429 658
ZS Moshoeu	634 596	216 785	47 004	69 513	967 898
TJ Mosia	268 306	91 366	47 004	22 600	429 276
SH Motlatsi	268 306	91 366	47 004	22 600	429 276
MA Mphikeleli	268 306	91 366	47 004	22 600	429 276
IP Mphore	378 795	-	47 004	4 042	429 841
J Nel	378 795	-	47 004	4 042	429 841
NP Nkone	287 429	91 366	47 004	3 859	429 658
ME Nqeobo	287 429	91 366	47 004	3 859	429 658
TD Nthuba	287 429	91 366	47 004	3 859	429 658
KM Ntoni	270 149	91 366	47 004	21 139	429 658

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Figures in Rand			2025	2024	
31. Remuneration of councillors (continued)					
EP Phiri	378 795	-	47 004	4 042	429 841
SA Pienaar	381 549	-	48 678	4 079	434 306
LN Presente	287 429	91 366	47 004	3 859	429 658
HS Pretorius	287 429	91 366	47 004	3 859	429 658
MC Radebe	666 655	228 791	47 004	26 108	968 558
ML Radebe	622 488	216 785	47 004	69 392	955 669
SJ Ramalefane	622 488	220 188	47 004	69 392	959 072
PT Ramatisa	252 232	91 366	47 004	38 698	429 300
MJ Rantso	353 298	-	47 004	29 029	429 331
IS Scheurkogel	9 166	-	-	104	9 270
A Schoeman	287 429	91 366	47 004	3 859	429 658
LI Seane	108 145	-	12 652	1 162	121 959
MA Sithole	287 429	91 366	47 004	3 859	429 658
V Sotenjwa	270 149	91 366	47 004	21 139	429 658
R Steyn	268 306	91 366	47 004	22 600	429 276
RB Stofile	943 483	-	47 004	27 358	1 017 845
SDM Taljaard	9 166	-	-	104	9 270
RD Tau	378 795	-	47 004	4 042	429 841
TJ Thelingoane	619 831	217 419	47 004	51 738	935 992
KR Tlake	666 655	222 791	47 004	26 108	962 558
SE Tshabangu	287 429	91 366	47 004	3 859	429 658
SE Tsuinke	378 795	-	47 004	4 042	429 841
MJ Twala	4 166	-	-	54	4 220
MS Van Rooyen	287 429	91 366	47 004	3 859	429 658
NE Xaba Monjovo	622 488	216 785	47 004	69 392	955 669
	28 306 648	5 622 460	3 376 840	1 459 192	38 765 140

Details of remuneration for the year ended 30 June 2024

Name of councillor	Annual remuneration	Car allowance	Cellphone allowance	Contributions to SDL, medical aid and pension funds	Total
HS Badenhorst	279 192	88 021	53 208	3 800	424 221
MJ Badenhorst	279 192	88 021	53 208	3 800	424 221
GP Botha	367 213	-	53 208	3 976	424 397
PF Botha	244 695	88 021	53 208	37 953	423 877
MP Buti	870 274	-	53 208	9 007	932 489
C Claasen Malherbe	279 192	88 021	53 208	3 800	424 221
MA Dithebe	196 585	-	27 033	10 838	234 456
JM Du Plessis	279 192	88 021	53 208	3 800	424 221
A Dyantyi	279 192	88 021	53 208	3 800	424 221
ZA Fandaleki	276 996	-	36 792	4 592	318 380
C Hanisi	352 812	-	53 208	21 285	427 305
AB Helepi	358 573	-	53 208	12 616	424 397
S Hess	343 403	-	53 208	27 302	423 913
EJ Jacobs	279 192	88 021	53 208	3 800	424 221
BL Jama	279 192	88 021	53 208	3 800	424 221
WH Janse Van Rensburg	367 213	-	53 208	3 976	424 397
T Kalipa	261 912	88 021	53 208	21 080	424 221
TD Khalipha	1 143 085	-	53 208	29 188	1 225 481
MA Khepeng	367 213	-	53 208	3 976	424 397
LE Khetsi	260 856	88 021	53 208	21 649	423 734
ML Lesenyeho	601 934	208 604	53 208	67 476	931 222
TW Letlhake	247 902	88 021	53 208	37 953	427 084
SV Letsele Setlhabi	356 915	-	53 208	14 068	424 191
ME Mahlaku	367 213	-	53 208	3 976	424 397

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Figures in Rand			2025	2024	
31. Remuneration of councillors (continued)					
LJ Maile	279 192	88 021	53 208	3 976	424 397
PE Maile	367 213	-	53 208	3 976	424 397
CL Makaliane	261 912	88 021	53 208	21 080	424 221
AJ Manenye	42 659	14 220	6 800	1 597	65 276
SD Manese	349 933	-	53 208	21 256	424 397
II Maruping	367 213	-	53 208	3 976	424 397
XN Masina	601 934	208 604	53 208	67 476	931 222
TE Moalosi	367 213	-	53 208	3 976	424 397
LA Mohapi	261 912	88 021	53 208	21 080	424 221
KV Moipatle	644 390	208 604	53 208	25 870	932 072
HA Mokhomo	795 783	-	53 208	82 355	931 346
SM Mokhothu	367 213	-	53 208	3 976	424 397
M Molefi	244 695	88 021	53 208	37 953	423 877
IP Molula	338 178	-	53 208	32 776	424 162
DB Montoeli	279 192	88 021	53 208	3 800	424 221
RH Moopela	279 192	88 021	53 208	3 800	424 221
ZS Moshoeu	601 934	208 604	53 208	67 476	931 222
TJ Mosia	260 856	88 021	53 208	21 769	423 854
SH Motlatsi	345 073	22 140	53 208	3 932	424 353
MA Mphikeleli	260 769	88 021	53 208	21 855	423 853
IP Mphore	367 213	-	53 208	3 976	424 397
J Nel	367 213	-	53 208	3 976	424 397
GNP Nkone	300 792	66 421	53 208	3 843	424 264
ME Nqeobo	279 192	88 021	53 208	3 800	424 221
PV Nthuba	279 192	88 021	53 208	3 800	424 221
KM Ntoni	261 912	88 021	53 208	21 080	424 221
EP Phiri	367 213	-	53 208	3 976	424 397
LN Presente	279 192	88 021	53 208	3 800	424 221
HS Pretorius	279 192	88 021	53 208	3 800	424 221
MC Radebe	661 240	191 754	53 208	25 903	932 105
ML Radebe	601 934	208 604	53 208	67 476	931 222
SJ Ramalefane	601 934	208 604	53 208	67 476	931 222
PT Ramatisa	253 247	88 021	53 208	29 572	424 048
MJ Rantso	342 649	-	53 208	28 049	423 906
IS Scheurkogel	367 213	-	53 208	3 976	424 397
A Schoeman	279 192	88 021	53 208	3 800	424 221
LI Seane	367 213	-	53 208	3 976	424 397
AM Sithole	279 192	88 021	53 208	3 822	424 243
V Sotenjwa	261 912	88 021	53 208	21 080	424 221
R Steyn	277 965	73 800	53 208	18 966	423 939
RB Stofile	911 013	-	53 208	27 095	991 316
SDM Taljaard	261 912	88 021	53 208	21 080	424 221
RD Tau	367 213	-	53 208	3 976	424 397
TJ Thelingoane	687 034	135 819	53 208	36 339	912 400
KR Tlake	678 090	208 604	53 208	26 207	966 109
SE Tshabangu	279 192	88 021	53 208	3 800	424 221
SE Tsuinke	367 213	-	53 208	3 976	424 397
MJ Twala	161 988	-	26 175	1 778	189 941
MS Van Rooyen	279 192	88 021	53 208	3 800	424 221
NE Xaba Monjovo	607 426	208 604	53 208	64 122	933 360
	27 930 669	4 901 637	3 821 360	1 329 786	37 983 452

32. Depreciation and amortisation

Property, plant and equipment	235 234 978	214 930 233
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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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33. Impairment loss

Property, plant and equipment	48 658 806	1 836 429
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The main classes of assets affected by impairment losses are as follows:

Infrastructure	48 658 806	788 171
Transport assets	-	275 028
Land and buildings	-	773 230
	48 658 806	1 836 429

In terms of GRAP 21 – Impairment of Non-cash-generating Assets, the municipality assessed whether there were indicators of impairment on its fire station assets following severe storm damage during the 2025 financial year.

Welkom Fire Station

Carrying amount: R3 049 483

Recoverable service amount (RSA): R4 507 881 (based on technical refurbishment cost estimate)

No impairment loss is recognized as the RSA is greater than the carrying amount.

Virginia Fire Station

Carrying amount: R938 302

Recoverable service amount (RSA): R3 575 041 (based on technical refurbishment cost estimate) No

impairment loss is recognized as the RSA is greater than the carrying amount.

Asset	Carrying Amount	Recoverable Service Amount	Impairment Loss
Welkom Fire Station	3 049 483	4 507 881	-
Virginia Fire Station	938 302	3 575 041	-
	3 987 785	8 082 922	-

No impairment losses were recognized for fire station assets during the year ended 30 June 2025, as the recoverable service amounts exceeded the carrying amounts.

34. Finance charges

Trade and other payables	147 452 943	242 872 235
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35. Debt impairment

Contributions to debt impairment provision	1 338 041 469	1 014 423 682
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Figures in Rand	2025	2024
36. Bulk purchases		
Electricity	863 096 998	736 691 001
Water	787 526 217	737 971 863
	1 650 623 215	1 474 662 864

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
36. Bulk purchases (continued)		
Electricity losses		
Units purchased (Kw/H)	387 431 587	390 223 707
Units sold (Kw/H)	(287 265 512)	(282 126 214)
Total loss	100 166 075	108 097 493
Rand value of loss:		
Non-technical losses	223 144 013	204 066 688
Percentage Loss:		
Non-technical losses	26 %	28 %

Electricity Losses

During the financial year ended 30 June 2025, the Municipality incurred electricity distribution losses estimated at approximately 26% (2024: 28%) of total electricity purchased. These estimates are based on reconciliations between bulk electricity purchases, metered consumption, and technical loss assessments, and are considered reasonable and supportable in accordance with GRAP 3.

Key Contributing Factors

- Aging and overloaded distribution infrastructure, resulting in technical losses.
- Faulty and bypassed meters, increasing reliance on estimated billing and leading to non-technical losses.
- Illegal connections and tampering within informal settlements and high-demand areas.
- Limited operational capacity for regular inspections, monitoring, and preventative maintenance.
- Historical constraints in metering and consumption monitoring systems

Financial Impact

These losses contributed to non-revenue electricity consumption, adversely impacting the Municipality's ability to fully recover the costs of bulk electricity purchases. Nevertheless, management has maintained sufficient reconciliations and supporting evidence to substantiate the estimates disclosed.

Corrective Measures and Mitigation

To address and reduce electricity distribution losses, the Municipality has initiated a structured intervention programme which includes:

- Phased rollout of smart pre-paid meters to improve billing accuracy, prevent bypassing, and minimize reliance on estimates
- Network infrastructure upgrades and replacement of outdated transformers, conductors, and substations to reduce technical losses.
- Enhanced monitoring and control systems using smart grid technologies and consumption analytics.
- Community awareness programmes combined with targeted anti-tampering enforcement initiatives.
- Strengthening operational capacity through additional technical teams for inspections, maintenance, and enforcement.

Management's Outlook

Management is confident that these initiatives, particularly the installation of smart metering systems and network upgrades, will materially reduce electricity distribution losses over the medium term. The applied estimates remain reasonable, verifiable, and compliant with GRAP disclosure requirements.

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Figures in Rand	2025	2024
36. Bulk purchases (continued)		
Water losses		
Units purchased (Kl)	50 379 744	51 283 660
Units sold (Kl)	(18 178 563)	(22 253 631)
Total	32 201 181	29 030 029
Rand value of loss:		
Non-technical losses	500 070 128	417 742 117
Percentage Loss:		
Non-technical losses	64 %	57 %

Nature and Extent of Losses

During the financial year ended 30 June 2025, the Municipality incurred water distribution losses estimated at approximately 64% (2024: 57%) of total water purchased. This is derived from reconciliations between bulk water purchases, metered consumption, and operational data and are considered reasonable and supportable in accordance with GRAP 3.

Key Contributing Factors

- Aging and deteriorating infrastructure, resulting in physical losses through leaks and pipe bursts.
- Faulty and stuck meters, necessitating limited reliance on estimated billing.
- Human resource constraints affecting comprehensive meter reading coverage.
- Historical operational inefficiencies in preventative maintenance and monitoring systems.

Financial Impact

These losses contributed to non-revenue water and adversely impacted the Municipality's ability to recover the full cost of bulk water purchases. Despite this, management has maintained sufficient supporting documentation to substantiate the estimates applied.

Corrective Measures and Mitigation

To address these historical challenges, the Municipality has adopted a structured intervention plan which includes:

- Phased installation of smart meters to enhance billing accuracy and reduce reliance on estimates.
- Targeted rehabilitation and replacement of aged water infrastructure, aligned with the Infrastructure Renewal Plan.
- Capacity-building measures to strengthen meter reading, leak detection, and preventative maintenance capabilities.
- Enhanced consumption monitoring and data analytics to improve reporting accuracy and control.

Management's Outlook

Management is confident that these corrective actions, particularly the deployment of smart metering technology and infrastructure upgrades, will materially reduce water distribution losses in future reporting periods. Accordingly, the applied estimates remain reasonable, supportable, and compliant with GRAP.

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Figures in Rand	2025	2024
37. Contracted services		
Professional services	40 264 558	48 060 514
Outsourced services	497 528	6 012 583
Meter reading services	2 378 286	4 446 613
Legal services	32 966 112	21 073 794
Security services	42 459 074	42 152 116
	118 565 558	121 745 620
Contractors		
Bore Waterhole Drilling	-	843 377
Maintenance of Buildings and Facilities	460 000	206 300
Sewerage Services	19 781 213	594 130
<p>Contracted services are mandated services in terms of the Local Government: Municipal Structures Act, Act 117 of 1998, a municipal by-law or the Integrated Development Plan (IDP) that the municipality is expected to have the capacity and expertise to deliver, but are being Outsourced instead.</p>		
38. General expenses		
Advertising	7 389 784	11 142 695
Assets expensed	838 294	338 022
Audit fees	8 603 254	13 545 680
Bank charges	5 442 052	5 750 763
Cleaning	-	1 154 791
Commission paid	11 665 812	6 186 806
Community development and training	927 860	2 847 850
Consumables	71 739 285	35 684 656
Electricity	8 895 205	5 953 525
Entertainment	431 904	364 325
Fines and penalties	1 391 890	2 690 999
Fuel and oil	29 417 666	30 522 235
Insurance	283 627	6 646 315
Inventory written off	-	2 070 000
Medical expenses	2 579 765	-
Motor vehicle expenses	12 427 099	6 932 234
Other expenses	13 532 049	11 045 888
Royalties and license fees	15 843 911	8 535 971
Staff welfare	2 892 971	1 650 828
Subscriptions and membership fees	10 168 640	10 736 947
Telephone and fax	23 307 120	28 611 692
Training	-	744 953
Travelling costs	3 093 262	2 660 994
Uniforms	21 498 212	19 257 493
Ward committee members' remuneration	4 093 000	4 131 000
	256 462 662	219 206 662
39. Repairs and maintenance		
Repairs and maintenance	15 303 415	32 434 802

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Figures in Rand	2025	2024
40. Fair value adjustments		
Investment property (Fair value model)	145 700 573	49 773 887
Other financial assets		
• Other financial assets (Designated as at FV through P&L)	-	94 869
	145 700 573	49 868 756

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41. Financial instruments disclosure			
Categories of financial instruments			
2025			
Financial assets			
	At fair value	At amortized cost	Total
Cash and cash equivalents	-	23 009 437	23 009 437
Other financial assets	568 885	-	568 885
Other receivables	-	55 559 903	55 559 903
Receivables from exchange transactions	-	1 795 175 329	1 795 175 329
Receivables from non-exchange transactions	-	33 607 935	33 607 935
	568 885	1 907 352 604	1 907 921 489
Financial liabilities			
		At amortized cost	Total
Consumer deposits		50 945 984	50 945 984
Trade and other payables from exchange transactions		8 785 098 296	8 785 098 296
Concessionary loan		5 250 339 733	5 250 339 733
		14 086 384 013	14 086 384 013
2024			
Financial assets			
	At fair value	At amortized cost	Total
Cash and cash equivalents	-	44 171 709	44 171 709
Other financial assets	568 885	-	568 885
Other receivables	-	46 484 741	46 484 741
Receivables from exchange transactions	-	1 628 782 519	1 628 782 519
Receivables from non-exchange transactions	-	29 405 077	29 405 077
	568 885	1 748 844 046	1 749 412 931
Financial liabilities			
		At amortized cost	Total
Consumer deposits		46 390 416	46 390 416
Trade and other payables from exchange transactions		7 392 551 736	7 392 551 736
Concessionary loan		5 250 339 733	5 250 339 733
		12 689 281 885	12 689 281 885

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42. Commitments		
Authorized capital expenditure		
Already contracted for and provided for		
• Infrastructure	281 567 624	337 518 197
Total capital commitments		
Already contracted for and provided for	281 567 624	337 518 197
Total commitments		
Total commitments		
Authorized capital expenditure	281 567 624	337 518 197

This committed expenditure relates to infrastructure projects and will be financed by funds internally generated and grants received.

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43. Contingencies

Contingent liabilities

Several claims are in the process against the municipality, a register containing all the detail is available at the municipal offices and the nature and amount of the different litigations are as follows:

Nature of litigation	Possible Rand	Possible Rand	Number of	Number of
	value of claim 2025	value of claim 2024	litigations 2025	litigations 2024
Civil litigations	135 009 339	134 900 000	3	3
Claims for services rendered	2 206 113 108	1 409 001 820	110	119
Public liability claim	872 500	872 500	3	3
	2 341 994 947	1 544 774 320	116	125

Civil Litigation

Summons was issued against the Municipality by various plaintiffs for outstanding rates & taxes, monies owed and compliances in terms of the Deed of Cession.

Claims for Services Rendered

Various summons has been issued against the Municipality by plaintiffs for services that they rendered for the Municipality which are in dispute.

Public Liability Claim

These are claims that are made for injuries sustained as a result of accidents that occur on property that is open or accessible to the public.

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43. Contingencies (continued)

Contingent assets

Several claims are in the process on behalf of the municipality, a register containing all the detail is available at the municipal offices and the nature and amount of the different litigations are as follows:

Claims for services rendered

Relating to various claims from third parties for services rendered, such as providing water and electricity, property rates etc.

Nature of litigations	Possible Rand	Possible Rand	Number of litigations 2025	Number of litigations 2024
	value of claim 2025	value of claim 2024		
Claims for services rendered	6 500 000	1 500 000	3	2

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44. Risk management

Financial risk management

This note presents information about the municipality's exposure to each of the financial risks below and the municipality's objectives, policies and processes for measuring and managing financial risks. The Council has overall responsibility for the establishment and oversight of the municipality's risk management framework.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2025	Up to 1 year	1 - 5 years	> 5 years	Over 5 years
Non-derivative financial liabilities				
Payables from exchange transactions	8 785 098 296	-	-	-
Concessionary loan	3 500 226 488	1 750 113 245	-	-
At 30 June 2024	Up to 1 year	1 - 5 years	> 5 years	Over 5 years
Non-derivative financial liabilities				
Payables from exchange transactions	7 392 551 736	-	-	-
Concessionary loan	1 750 113 245	3 500 226 488	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Other financial assets	568 885	568 885
Other receivables	55 559 903	46 484 741
Receivables from non-exchange transactions	33 607 935	29 405 077
Receivables from exchange transactions	1 795 175 329	1 628 782 519
Cash and cash equivalents	23 009 437	44 171 709

45. Related parties

Relationships

Accounting Officers

Refer to accounting officers' report note

Members of key management

Refer to note 30

Members of council

Refer to note 31

During the financial year, there were no members of key management with related party transactions.

Key management and councillors receive and pay for services on the same terms and conditions as other rate payers, these transactions are recorded at arm's length.

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46. Prior period errors

During the preparation of the Annual Financial Statements for the year ended 30 June 2025, the municipality identified prior period errors relating to:

- the incorrect measurement of R110 000 in Investment Property.
- a R33 508 416 correction in Property, plant and equipment due to errors in the measurement of the cost in opening balance and the adjustment of accumulated depreciation.
- a R8 895 454 adjustment in Payables from exchange transactions to address the incorrect amount of R18 825 773 to Provisions and a R27 721 226 correction leave accruals.
- Receivables from non-exchange transactions and Receivables from exchange transactions were corrected by R49 159 694 and R56 232 705, respectively, due to errors in the provision for Debt Impairment amounting to R49 721 162.
- R75 670 201 was classified from Interest income exchange to Interest income non-exchange due to the nature of the transactions.
- Employee related cost amounting to R 70 705 640 was restated due to errors in the measurement of leave accruals.
- an R1 213 400 correction was made to Depreciation due to errors on the measurement of assets.
- Contracted services amounting to R800 430 and Repairs and maintenance amounting to R1 349 398 were incorrectly classified as General expenses of R 2 149 828.
- Commitments were restated to reflect necessary corrections amounting to R 24 000 000.
- The prior period errors did not affect Cash and cash equivalents or previously reported cash flows from operating, investing or financing activities. Accordingly, no restatement of cash flow line items was required

Statement of financial position

2024

	Note	As previously reported	Adjustment 2024	Restated
Investment property	10	2 099 212 887	110 000	2 099 322 887
Property, plant and equipment	11	3 951 237 340	(33 508 416)	3 917 728 924
Payables from exchange transactions	13	8 002 010 911	8 895 454	8 010 906 365
Provisions	18	122 982 155	18 825 773	141 807 928
Receivables from non-exchange transactions	6	407 070 167	(49 159 694)	357 910 473
Receivables from exchange transactions	5	1 684 927 499	(56 232 705)	1 628 694 794
Accumulated Deficit		(4 705 600 077)	(111 269 008)	(4 816 869 085)
		11 561 840 882	(116 746 778)	11 445 094 104

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Figures in Rand	2025	2024			
46. Prior period errors (continued)					
Statement of financial performance					
2024					
	Note	As previously reported	Adjustment 2024	Restated	
Interest income	25	539 453 698	(75 670 201)	463 783 497	
Depreciation	32	(213 716 833)	(1 213 400)	(214 930 233)	
Interest income on non-exchange	27	-	75 670 201	75 670 201	
Employee related costs	30	(972 772 682)	(70 705 640)	(1 043 478 322)	
Contracted services	37	(122 588 997)	(800 430)	(123 389 427)	
General expenditure	38	(221 385 177)	2 149 828	(219 235 349)	
Repairs and maintenance	39	(31 085 404)	(1 349 398)	(32 434 802)	
Debt impairment and write-off	35	(964 702 520)	(49 721 162)	(1 014 423 682)	
Deficit for the year		(273 686 576)	(121 640 202)	(395 326 778)	
		(2 260 484 491)	(243 280 405)	(2 503 764 896)	
Disclosure			As previously reported	Adjustment 2024	Restated
Commitments	42	313 518 197	24 000 000	337 518 239	
Cash Flow Statement			As previously reported	Adjustment 2024	Restated
Cash receipts from taxes, levies and fines		528 087 522	(168 718 298)	359 369 224	
Sale of goods and services		473 244 416	270 510 664	743 755 080	
Interest income		5 835 806	54 105 701	59 941 507	
Other receipts		35 310 655	(20 971 447)	11 339 208	
Employee costs		(947 517 859)	(14 872 337)	(962 390 196)	
Suppliers		(923 288 368)	(35 599 641)	(958 888 009)	
Finance Cost		-	(4 597 844)	(4 597 844)	
Purchase of property, plant and equipment		(90 605 528)	(85 856 798)	(176 462 326)	

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Notes to the Annual Financial Statements

47. Going concern

The annual financial statements have been prepared on the going concern basis, as management has assessed Matjhabeng Local Municipality's ("the Municipality") ability to continue operating for the foreseeable future. In conducting this assessment, management considered both financial and operational indicators indicate the existence of a material uncertainty that may cast significant doubt on the Municipality's ability to continue as a going concern. These indicators, as at 30 June 2025, are summarized below.

The Municipality remains in a net liability position, with the following indicators noted:

- The Municipality incurred a deficit of R871 618 930 (2024: R395 326 777).
- Total liabilities exceeded total assets by R5 879 577 803 (2024: (R4 872 311 538)).
- A portion of the deficit arises from non-cash items which, although impacting reported performance, did not result in immediate cash outflows.

Based on current assets and current liabilities reflected in the Statement of Financial Position, management calculated the following liquidity ratios:

- Current ratio: 0.38:1 – current assets cover only 38% of current liabilities.
- Acid test ratio: 0.38:1 – quick assets cover only 38% of current liabilities.
- Cash ratio: 0.0022:1 – cash and cash equivalents can cover only 0.022% of current liabilities if they became immediately due.
- Creditors' days: Approximately 62 days, excluding bulk services creditors.

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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47. Going concern (continued)

Additional adverse indicators considered in the assessment include:

- Unauthorized expenditure amounting to R946 317 474 (2024: R1 048 403 955) resulting from overspending of the approved budget.
- Long-outstanding bulk accounts owed to:
 - Eskom: R1 586 717 577 (2024: R848 602 951) (excluding Debt Relief portion totalling R5 250 339 733)
 - Vaal Central Water: R6 841 210 884 (2024: R5 841 839 566)
- An increase in the debt impairment charge from R964 702 520 from the year to R1 313 471 990 in the current year.
- Repairs and maintenance expenditure of R15 303 415 (2024: R32 463 489), which remains below National Treasury's norms and standards.

Despite the above conditions, management is satisfied that the Municipality will continue to operate and meet its statutory obligations for the foreseeable future. This assessment is supported by actions undertaken, funding streams available, and significant interventions already in place:

- The Municipality retains the constitutional and legislative power to levy property rates and service charges, ensuring a continued revenue base.
- Acquisition of new fleet during the current financial year is expected to improve service delivery, thereby positively influencing revenue collection.
- Successful implementation of revenue enhancement initiatives, including Operation Patala, which focuses on the systematic recovery of arrear consumer accounts.
- The Municipality will continue to receive significant DORA grant allocations in the 2025/26 financial year, including:
 - Equitable Share: R777 731 000
 - MIG: R146 480 000
 - LGFMG: R3 000 000
 - INEPG: R14 246 000
 - EPWPIG: R1 687 000
- National Treasury approved the Municipality's participation in the Municipal Debt Relief Programme, effective 1 November 2023. Under this arrangement:
 - Eskom has suspended the charging of interest on the interim debt balance.
 - A third of the ring-fenced debt will be considered for annual write-off over a 36-month compliance period, potentially resulting in the write-off of R5 250 339 733.
 - The Municipality remains committed to full compliance with the programme's conditions and adopted resolutions to honour the payment arrangement
- Working capital management has shown improvement through the consistent payment of third-party obligations and the gradual stabilization of cash flows.

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47. Going concern (continued)

- Council has resolved that the Municipal Manager may conclude lease and servitude agreements on its behalf. These arrangements are expected to generate recurring property-related revenue, strengthen cash inflows, and broaden the revenue base.
- In terms of Section 139(5)(a) and (c) of the Constitution, the Municipality is under the Financial Recovery Plan (FRP), which became effective 1 November 2025. The FRP provides a structured, legally enforceable framework to restore financial sustainability through expenditure control, revenue optimization, cash-flow stabilization, and institutional reforms. Management is of the view that the implementation of this plan, together with ongoing oversight and support from the Provincial Treasury and National Treasury, will materially improve the Municipality's financial position over the medium term.

After considering all known conditions, uncertainties, mitigating actions, and the implementation of the FRP, management is satisfied that the going concern assumption remains appropriate. The Municipality is expected to continue operating and meeting its obligations for at least the next 12 months, and therefore the annual financial statements have been prepared on a going concern basis.

48. Events after the reporting date

At the time of preparing and submitting the annual financial statements, the following adjusting events were identified:

During a Council meeting held on 28 August 2025, Council resolved to approve the write-off of the following amounts:

1. Municipal debt - R92 522 499
2. Indigent debt - R643 147 060

Write-off of Unauthorized, Irregular, Fruitless and Wasteful Expenditure write-off

During the Council sitting of 2 December 2025, Council resolved to write-off the following amounts:

1. Unauthorized expenditure: R1 440 674 967
2. Irregular expenditure: R1 045 827 162
3. Fruitless and wasteful expenditure: R 390 766 115

Although these resolutions were taken after the reporting period, they provide new information about conditions that existed on 30 June 2025.

The following non-adjusting events were identified:

During the Council sitting of 2 December 2025, Council resolved to authorize an amount of R909 546 408 of Unauthorized expenditure incurred in the 2024/2025 financial year.

The resolution is a decision taken after the reporting period and does not provide new information about conditions that existed on 30 June 2025.

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49. Unauthorized expenditure as at 30 June 2025		
Opening balance as previously reported	2 473 103 466	2 492 276 125
Add: Unauthorized expenditure	946 317 474	1 048 403 955
Less: Amount written off	(1 440 674 967)	-
Less: Amount authorized	(1 048 403 955)	(1 067 576 614)
Closing balance	930 342 018	2 473 103 466

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	909 546 408	159 778 348
Cash	36 771 066	888 625 606
	946 317 474	1 048 403 954

Unauthorized expenditure relates to the overspending of the approved budget.

Details of investigations performed

Upon the conclusion of investigations, in its sitting of 30 January 2025 Council resolved to authorize Unauthorized expenditure.

In its Council sitting of 4 December 2025, Council resolved to write-off R1 440 674 967 of Unauthorized expenditure.

Investigations are still in progress regarding the remaining cases Unauthorized expenditure incurred

50. Fruitless and wasteful expenditure

Opening balance	239 024 031	339 841 917
Fruitless and wasteful expenditure	151 742 084	239 024 031
Less: Amount written off by council	(390 766 115)	(339 841 917)
Closing balance	-	239 024 031

Fruitless and wasteful expenditure includes interest levied for late payment of creditors.

Details of investigations performed

The fruitless and wasteful expenditure was investigated during the financial period by the Municipal Public Accounts Committee and determined to be irrecoverable and no criminal or disciplinary actions were taken.

In its sittings of 2 December 2024 and 4 December 2025, Council resolved to write off R239 024 031 and R151 742 084, respectively, in relation to Fruitless and Wasteful Expenditure incurred in the 2024 and 2025 financial years.

These decisions followed an assessment in terms of the applicable legislative and regulatory framework, which concluded that the amount is irrecoverable and that no further economic benefit will flow to the municipality.

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51. Irregular expenditure		
Opening balance	1 953 200 782	1 829 444 788
Add: Irregular expenditure	95 826 102	61 112 599
Add: Irregular Expenditure identified during the audit	-	62 643 395
Less: Amount written off by Council	(1 045 827 162)	-
Closing balance	1 003 199 722	1 953 200 782

Particulars of irregular expenditure as follows:

Non-compliance with the MFMA & Supply Chain Management regulations	95 826 102	123 755 994
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Details of investigations performed

Irregular expenditure is being investigated during the financial period by Section 32 Committee in order to comply with Section 32(2) and (4) of the MFMA.

During its sitting of 2 December 2025, Council resolved to write-off amounts of Irregular expenditure amounting to R1 045 827 162 which comprises of amounts incurred from the 2016/2017 to the 2023/2024 financial years.

Investigations are still in progress regarding the remaining cases Irregular expenditure incurred

52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organized local government (SALGA)

Opening balance	18 182 801	16 649 657
Current year subscription fee	10 868 895	10 533 144
Amount paid - current year	(12 675 071)	(9 000 000)
	16 376 625	18 182 801

Being the subscription fee to the South African Local Government Association (SALGA).

Audit fees

Opening balance	2 179 094	1 311 681
Current year audit fees	13 586 304	12 379 166
Interest charged	193 930	307 988
Amount paid - current year	(544 301)	(10 508 797)
Amount paid - previous years	(3 121 192)	(1 310 944)
	12 293 835	2 179 094

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52. Accumulated surplus (continued)		
PAYE, UIF and SDL		
Opening balance	19 443 492	18 693 743
Current year payroll deductions and council contributions	179 254 062	152 529 910
Amount paid - current year	(163 472 490)	(151 780 161)
Amount paid - previous years	(19 443 492)	-
	15 781 572	19 443 492

Pension and Medical Aid Deductions

Opening balance	(22 266 456)	(34 972 656)
Current year payroll deductions and council contributions	258 052 675	146 921 227
Amount paid - current year	(192 751 819)	(134 215 027)
Amount paid - previous years	(21 000 861)	-
	22 033 539	(22 266 456)

Councillors' arrear consumer accounts

The following councillors had arrear accounts outstanding for more than 90 days:

30 June 2025	Total
AB Helepi	117 343
MA Khepeng	3 568
HA Mokhomo	69 393
NE Xaba Monjovo	5 254
IP Mphore	2 479
PV Nthuba	31 361
PT Ramatisa	3 171
LJ Rantso	91 907
SE Tshabangu	5 605
WJ Van Rensburg	21 446
	351 527
30 June 2024	Total
MP Buti	10 969
AB Helepi	109 833
WH Janse Van Rensburg	9 092
T Kalipa	5 663
MA Khepeng	9 253
ME Mahlaku	60 098
XN Masina	31 967
HA Mokhomo	112 197
IP Mphore	6 831
PV Nthuba	23 284
MJ Rantso	97 775
SE Tshabangu	75 177
NE Xaba Monjovo	7 841
	559 980

Where councillors have entered into repayment arrangements, compliance is monitored in accordance with the municipality's Credit Control Collection Policy.

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52. Accumulated surplus (continued)

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 deviate from official procurement process in certain circumstances, provided the reasons for any deviations are recorded, reported to Council.

30 June 2025

	Emergency
July 2024	4 365 153
August 2024	3 990 616
September 2024	3 478 261
December 2024	2 722 163
	14 556 193

30 June 2024

	Emergency
August 2023	1 946 381
September 2023	2 124 878
October 2023	869 565
November 2023	1 352 566
December 2023	2 349 062
January 2024	2 436 054
February 2024	869 565
March 2024	3 705 652
April 2024	3 673 736
May 2024	3 889 828
June 2024	7 960 815
	31 178 102

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53. Segment information

General information

Identification of segments

1. Basis of Segmentation

In accordance with GRAP 18 - Segment reporting, the municipality's activities are reported per service delivery function. Segmentation is aligned to the municipality's organizational structure and integrated development plan priorities. Revenue and expenditure are allocated to segment to the extent that they are directly attributable or reasonably apportioned.

The main functional segments of Matjhabeng Local Municipality are:

- Governance and administration
- Community and public safety
- Economic and environmental services
- Trading services

2. Measurement Basis

- Segment revenue includes service charges, grants and other income directly attributable to a function.
- Segment expenditure includes employee costs, bulk purchases, depreciation and other costs incurred in the provision of services.
- Inter-segment transfers are eliminated on consolidation.

3. Segment report

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54. Segment information (continued)

2025

Revenue	Community and public safety	Trading services	Economic and environmental services	Other	Governance and administration	Total
External revenue from non-exchange transactions	-	53 441 065	-	-	1 485 962 426	1 539 946 751
External revenue from exchange transactions	-	84 755 836	154 229	246 884	3 298 814	1 693 802 675
Interest from non-exchange transactions	-	1 669 787 786	-	-	23 860 661	87 776 249
Interest revenue	-	521 193 469	-	-	20 544 637	541 738 107
Actuarial gains	-	-	-	66 626 828	-	66 626 828
Fair value adjustments	-	-	-	145 700 573	-	145 700 573
Gain on disposal of assets and liabilities	-	-	-	25 409 928	-	25 409 928
Total segment revenue	-	2 329 178 156	154 229	236 9884 213	1 533 686 538	4 100 003 136
Expenditure						
Total segment expenditure	-	(2 095 476 724)	(68 799 215)	(4 341 123)	(1 033 614 783)	(3 202 233 869)
Impairment loss	-	-	-	(48 658 806)	-	(48 658 806)
Depreciation and amortization	-	(146 599 960)	(50 357 685)	-	(38 277 333)	(235 234 979)
Interest expenses	-	-	-	-	(147 452 943)	(147 452 943)
Debt impairment	-	(1 068 230 843)	-	-	(269 810 626)	(1 338 041 469)
Total segment expenditure	-	(3 310 307 528)	(119 156 900)	(52 999 929)	(1 489 155 684)	4 971 622 066
Total segmental deficit	-	(119 004 696)	(119 004 636)	(183 984 285)	44 530 854	(871 618 930)

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	Community and public safety	Trading services	Economic and environmental services	Other	Governance and administration	Total
Assets						
Non-current assets	349 932 856	1 696 816 035	3 713 200 785	8 842 337	335 057 954	6 103 849 968
Current assets	(640 141 108)	(647 972 578)	-	7 080 259	4 777 279 384	3 496 245 957
Total segment assets	(290 208 253)	1 048 843 458	3 713 200 785	15 922 596	5 112 337 339	9 600 095 925
Liabilities						
Non-current liabilities		(1 750 113 245)			(583 479 375)	(2 333 592 620)
Current liabilities		(3 546 967 273)			(9 599 113 836)	(13 146 081 109)
Total segment liabilities		(5 297 080 518)			(10 182 593 211)	(15 479 673 729)

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Notes to the Annual Financial Statements

Figures in Rand

2024

	Community and public safety	Trading services	Economic and environmental services	Other	Governance and administration	Total
Revenue						
External revenue from non-exchange transactions	353 064 402	49 323 113	-	-	1 361 025 131	1 412 812 649
External revenue from exchange transactions	5 199 596	1 571 235 326	13 494	266 320	43 776 347	1 638 063 822
Interest income from non-exchange transactions	(50 212 638)	-	-	-	72 142 015	423 008 332
Interest revenue	-	449 508 625	-	-	82 513 553	463 783 497
Actuarial gains	-	-	-	22 381 768	-	22 381 768
Fair value adjustments	-	-	-	49 773 887	-	49 868 756
Total segment revenue	308 051 360	2 070 067 063	13 494	72 421 975	1 559 270 065	4 009 823 956
Expenditure						
Total segment expenditure	(310 646 677)	(1 658 363 190)	(55 230 731)	(3 055 429)	(903 886 997)	(2 944 514 502)
Depreciation and amortization	(197 233 484)	(14 330 702)	-	-	(3 366 047)	(214 930 233)
Interest expense	-	-	-	-	(242 872 235)	(242 872 235)
Debt impairment	-	(875 124 948)	-	-	(139 298 734)	(1 001 092 203)
Impairment loss	-	-	-	(1 836 429)	-	(1 836 429)
Total segment expenditure	(507 880 161)	(2 547 818 840)	(55 230 731)	(4 891 858)	(1 289 424 012)	(4 390 007 694)
Total segmental (deficit)	(199 828 801)	(477 751 777)	(55 217 237)	(2 789 109)	299 873 834	(381 995 298)

Matjhabeng Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand

	Community and public safety	Trading services	Economic and environmental services	Other	Governance and administration	Total
Assets						
Non-current assets	185 943 861	1 791 379 228	3 713 200 785	8 842 337	337 343 124	6 034 629 827
Current assets	(596 848 502)	(591 529 854)	-	7 080 259 2	4 291 827 309 3	110 332 792
Total segment assets	(410 904 641)	1 199 852 375	3 713 200 785	15 922 596 3	4 626 891 506 9	144 962 619
Liabilities						
Non-current liabilities	-	-	-	(3 466 196 985)	(642 670 673)	(4 108 867 658)
Current liabilities	-	(42 498 340)	-	4 740 797 008	(14 606 705 169)	(9 908 406 501)
Total segment liabilities	-	(42 498 340)	-	(1 274 600 023)	(15 249 375 842)	(14 017 274 158)

Matjhabeng Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
54. Cash generated from operations		
Deficit	(987 745 248)	(381 995 298)
Adjustments for:		
Depreciation and amortization	235 234 978	214 930 233
Loss on sale of assets and liabilities	(25 409 928)	-
Fair value adjustments	(145 700 573)	(49 868 756)
Impairment loss	48 658 806	1 836 429
Debt impairment	1 454 167 967	1 001 092 233
Employee benefit obligations - current service cost	29 115 490	29 175 269
Employee benefit obligations – finance cost	61 350 443	58 074 325
Non-cash donations and other in-kind benefits	(32 000 000)	-
Provision raises/increased - finance cost	(9 771 922)	(1 881 180)
Actuarial gains/losses	(65 626 828)	(22 381 768)
Other non-cash items		(347 338 131)
Changes in working capital:		
Inventories	2 359 652	(2 838 444)
Other receivables	(10 885 538)	(19 381 203)
Consumer debtors	(1 345 180 662)	(1 576 794 944)
Other receivables from non-exchange transactions	(374 543 597)	(238 929 298)
Trade and other payables from exchange transactions	1 484 739 369	1 245 511 547
VAT	(161 306 040)	(51 991 791)
Unspent conditional grants and receipts	1 728 143	44 358 709
Consumer deposits	4 555 568	2 912 263
Employee benefit obligation - expected payments	(3 461 717)	13 717 324
	160 278 183	94 944 610

55. Gain on landfill rehabilitation provision

In line with GRAP 17.27–30, where a reduction in the landfill rehabilitation provision exceeded the carrying amount of the related landfill rehabilitation asset, the excess was recognized directly in the Statement of Financial Performance.

Description of the asset

Reduction in landfill rehabilitation provision	29 520 136	-
Less: Applied against carrying amount of asset	(4 110 208)	-
Excess recognized in Statement of Financial Performance	25 409 928	-

