



MOPANI DISTRICT MUNICIPALITY

Annual Report 2024 – 25



Local Municipalities



Greater Letaba Municipality



Greater Giyani Municipality



Maruleng Municipality



Ba-Phalaborwa Municipality



Greater Tzaneen Municipality

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LIST OF ABBREVIATIONS/ACRONYMS

| | | | |
|----------------|--|-----------------|---|
| AGSA | Auditor- General South Africa | SOEs | State Owned Entities |
| APR | Annual Performance Report | SMME | Small, Medium and Micro Enterprises |
| AR | Annual Report | SONA | State of the Nation Address |
| BCOM | Bachelor of Commerce | SPLUMA | Spatial Planning and Land Use Management Act |
| BPM | Ba-Phalaborwa Municipality | Stats SA | Statistics South Africa |
| CFO | Chief Financial Officer | WSP | Water Service Provider |
| Cllr | Councilors | SDBIP | Service Delivery and Budget Implementation Plan |
| CoGHSTA | Cooperative Governance, Human Settlement and Traditional affairs | | |
| CIP | Comprehensive Infrastructure Plan | | |
| DWA | Department of Water Affairs | | |
| DWS | Department of Water and Sanitation | | |
| ESKOM | Electricity Supply Commission | | |
| EPWP | Expanded Public Works Programme | | |
| GIS | Geographic Information System | | |
| GIAMA | Government-wide Immoveable Asset Management Act | | |
| GLM | Greater Letaba Municipality | | |
| GRAP | Generally Recognised Accounting Practice | | |
| GTM | Greater Tzaneen Municipality | | |
| GGM | Greater Giyani Municipality | | |
| HOD | Head of Department | | |
| DRP | Disaster Recovery Plan | | |
| IDP | Integrated Development Plan | | |
| LGSETA. | Local Government Sector Education and Training Authority | | |
| KPI | Key Performance Indicators | | |
| KNP | Kruger National Park | | |
| LED | Local Economic Development | | |
| MFMA | Municipal Finance Management Act | | |
| MLM | Maruleng Local Municipality | | |
| MOU | Memorandum of Understanding | | |
| MPAC | Municipal Public Accounts Committee | | |
| MDM | Mopani District Municipality | | |
| MMC | Member of Mayoral Committee | | |
| MM | Municipal Manager | | |
| MIG | Municipal Infrastructure Grants | | |
| MSA | Municipal Systems Act 2000 | | |
| NDP | National Development Plan | | |
| OHS | Occupational Health and Safety Act | | |
| ICT | Information Communication and Technology | | |
| RDP | Reconstruction and Development Programme | | |
| SALGA | South African Local Government Association | | |
| SCM | Supply Chain Management | | |
| SDF | Spatial Development Framework | | |



CHAPTER – 1:

FOREWORD FROM THE EXECUTIVE MAYOR - CLLR PULE JOSIAH SHAYI

2024 – 25

CHAPTER 1: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD



It is my singular honour and privilege to present the Annual Performance Report for the financial year 2024/25. This Annual Performance Report helps us to account to the people of this District on the performance level achieved against the targets which we have agreed to through the IDP and SDBIP.

We reflect on the past year, while acknowledging the achievements and challenges that have defined the performance of the Fifth Council in the period under review. As we take forward the work in the context of our programme of building better communities together with our people, there are areas where we have met the targets, but there are also areas of under-performance.

This Annual Performance Report is a true reflection of the journey travelled thus far, reflecting in particular on the work carried out during the 2024/25 financial year. We have again, for the third year running spend 100% of the Municipal Infrastructure Grant. Working with our people we have recorded massive progress in some of our major infrastructure projects, advancing our efforts around water provision.

We continue to support and promote the economic sectors in the district in order to grow the economy, focusing in the main on agriculture, mining, tourism and manufacturing. Our vision remains that of being the food basket of Southern Africa and the tourism destination of choice.

We have continued with the Pop-up Market campaigns in partnership with the Small Enterprise Development Agency (seda). In the main, through mall activations, the campaign seeks to assist our SMMEs and cooperatives to take their services and products closer to where people are. We worked with the provincial government and other state-owned agencies to support SMMEs at exhibition expos such as the Durban Indaba, the Africa Free Trade Show, Marula Festival, and the Rand Easter Show. We have exceeded the target of work opportunities created through the Expanded Public Works Programme (EPWP).

We have been working tirelessly to address the qualification areas with specific focus on compliance with regulations, and tightening our internal control measures. Council remains unrelenting around the implementation of consequence management, and to that extent we have able to hold accountable officials who transgressed. We have been monitoring the implementation of the audit action plan at the level of council. We are recording progress in dealing with water losses.

We have also made strides in capturing our boreholes through the Geographic Information System (GIS). The biggest challenge is still around revenue collection, an issue which we must still pay special attention to, including through the review of the service level agreements with the locals. And much effort will be made in enforcing the implementation of the credit control policy.

We have a responsibility as a democratic local government to promote democracy and sound governance. We still have a stable council with functional committees, and continue to engage with all stakeholders within the IGR framework. And we continue to create platforms for unmediated communication with our people through the imbizo programs, which in the main help us to strengthen our continued interaction with the people of the district.

As we reflect on the journey of the past year, we acknowledge the breakthroughs made but also take collective responsibility for the shortcomings. We remain steadfast to the cause of building a future where everyone will have access to basic services. We also wish to take this opportunity to register our profound gratitude to our people for the continued support. Let's continue to build better communities together.



CLLR R. SHAYI
EXECUTIVE MAYOR

COMPONENT B: EXECUTIVE SUMMARY MUNICIPAL MANAGER'S OVERVIEW



Section 46 (1) and (2) of the Local Government: Municipal Systems Act, No. 32 of 2000 requires municipalities to prepare for each year a performance report reflecting, the performance of the municipality and each service provider during the financial year. The annual performance report must reflect a comparison of performance with targets set for the year under review and performances in the previous financial year.

Section 121 (2) (c) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 further states that the annual performance report should form part of the municipality's annual report. Mopani District Municipality's 2024/25 Annual Report has been prepared in line with the provisions of the Municipal Systems Act , No. 32 of 2000 and the Municipal Finance Management Act, No 56 of 2003.

The 2024/25 Approved Service Delivery and Budget Implementation Plan was approved by the Executive Mayor, Cllr. PJ Shai on the 30th of June 2024 and it captured the performance targets of the municipality for the year under review. The 2024/25 reviewed SDBIP gave effect to the 2024/25 Integrated Development Plan's objectives and performance targets and the tabled Budget of the municipality into an implementable quarterly performance monitoring tool that was used to measure the performance of the municipality throughout the year.

The SDBP was adjusted during March 2025, after considering section 72 report and budget adjustment and it was submitted to council for approval. Council noted the adjustments on the SDBIP through a council resolution. The municipality had anticipated utilizing the 10% of MIG for repairs and maintenance of wastewater treatment plants. The 10% MIG was allocated in the 2024/25 budget adjustments. On the basis that the approval was not obtained on time from Water Services for the implementation of 10% MIG allocation, the municipality decided to readjust and allocate the funds to other spending MIG projects and the SDBIP was re-adjusted and noted by council on the 30th of June 2025. The 2024/25 Annual Performance Report was compiled using the approved June adjusted Service Delivery and Budget Implementation Plan.

Different mechanisms were employed to monitor and assess the achievement of general key indicators, performance targets that are consistent with development priorities, objectives and strategies as set out in the IDP. It is therefore imperative to reflect on improvements made to service delivery performance, achievements and challenges which will subsequently determine the corrective actions taken to improve performance in the 2025/26 financial year.

Municipal Transformation & Organizational Development

The municipality operated with a total of seven (8) functional departments, namely, Water Services, Technical Services, Budget & Treasury, Planning and Development, Community Services, Corporate & Shared Services, Office of the Executive Mayor and Office of the Municipal Manager. The IDP was approved within the legislated timeframe and public participation was conducted in all five local municipalities and conducted concurrently with those of the locals. Mopani District Municipality complied in terms of municipal reporting for the year under review & quarterly reports were compiled and adopted by council. For 2024/25 the municipality functioned with full complement of senior managers.

The municipality has a total of eight disciplinary cases in the year under review, and six cases were finalised. Individual Performance Assessments for senior managers were conducted in April 2025, and all senior managers were fully effective. The Chief Financial Officer was not assessed due to being on precautionary suspension. The assessment will be completed upon conclusion of the disciplinary case. Internal audit findings and AG findings were not fully implemented by year end. The municipality approved the staff regulation policy and cascaded the performance to all levels of the municipality.

(ii) Basic Service Delivery

In fulfilling its constitutional mandate, it was imperative that the municipality align its services with the IDP indicators and council priorities. The municipal strategic objectives were reviewed in such a way that they are in line with the IDP analysis phase. Proposed programs, projects and IDP Key Performance Indicators are in line with the municipal strategic objectives as outlined in the table of strategic guidelines of the IDP document.

Municipal Infrastructure Implementation plan was developed and approved by council before the start of the financial year. Monthly MIG reports were compiled and submitted to CoGHSTA through Municipal Infrastructure system and spent **100%** MIG allocation. The municipality managed to give access to water to 10 835 Households in Mopani District which improved the lives of the people in Mopani. The municipality did not achieve the target for grading of roads due to constant breakdowns of graders.

(iii) Local Economic Development

The third key performance area for the municipality is Local Economic Development which mandate the municipality to promote economic growth within the district. Growing the economy is government's utmost priority. The municipality contributed to growing the economy by creating **1016** job opportunities within the district through municipal capital projects and EPWP. The municipality supported **103** SMME' s to market their products and assist to exhibits their product. The municipality was able to bring all the local municipalities together though LED forums and Local Trade shows. Through Local Economic Development forum, the municipality was able

to give the Local Enterprises a referral and support in terms of training and development of business plans which will assist them in acquiring funding.

(iv) Municipal Financial Viability

The municipality adopted the 2024/25 budget in May 2024 as per legislation and the adjustment of the budget was approved on the 28 February 2025 subsequent to the mid- year reporting and it was also adjusted during May 2025 due to the non-spending of 10% for MIG as a result of approval not granted by Department of Water and Sanitation. The budget was allocated to other performing MIG projects. Supply Chain Management Committees were appointed and functional throughout the financial year and bids were evaluated and adjudicated. The municipality managed to spend 100% on EPWP, FMG and MIG budget. For the year under review, the municipality managed to submit the Annual Financial Statements on the 31 August 2024. The municipality received a Qualified audit opinion. The underperformance in the fourth KPA was due to poor revenue collection (local municipalities not transferring as per the WSP agreement) and long outstanding debts owed to Department of Water and Sanitation and Lepelle Northern Water.

Invoices not paid within the 30 days period as required.

The municipality should, as a corrective and improvement measure, enter into agreements with the local municipalities, Property, Plant and Equipment, Receivables from exchange transactions, Payable on long outstanding debts. The Municipality is working towards having a credible and funded budget with realistic and proper financial projections that are achievable. Preparation of quarterly financial statements must be prioritised to ensure that the municipality is ready for audit, and that monthly reconciliations are conducted consistently.

(v) Spatial

For Spatial Rationale KPA, the municipality managed to continuously hold meetings to allow the municipal Tribunal to adjudicate land use applications within Mopani areas. The appointment of service providers for township establishments was concluded in the year under review and Council was able to approve the SDF in May 2025.

(vi) Good Governance & Public Participation

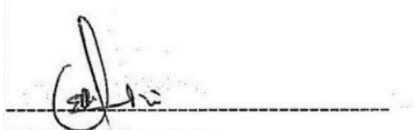
All governance structures, namely, Council, Mayoral Committee, Section 80, MPAC and Audit committee were fully functional during the year under review. The Municipality had a functional Audit Committee for 2024/25 financial year. The Risk Management Committee has been constituted, and risk assessment was conducted and culminated in the development of the risk register. The IDP representation forum were held as per the approved IDP/Budget/PMS process plan. Various mandatory structures such as Local Labour Forum, Municipal Public Accounts Committee and Portfolio committees were functional in the year under review. Municipal resolutions were not fully implemented (Audit Committee & Portfolio Committee). As a corrective measure in the

new financial year, all municipal resolutions will be standing items in all management meetings and portfolio committee meetings for proper monitoring and tracking of progress.

Key challenges for the 2024/25 Financial year

Despite the achievements alluded above, there were challenges, cutting across the key performance areas that had impacted negatively on service delivery in the year under review. The challenges amongst others include the following:

- Local Municipalities failing to pay over the water services collection to MDM as per Service Level Agreement.
- The municipality has not achieved some of the SDBIP planned targets.
- Failure to appoint service providers timeously.
- Internal Audit and General findings not fully addressed.
- Failure to pay service provider within 30 days period

A handwritten signature in black ink, appearing to be 'TJ Mogano', is written over a horizontal dashed line.

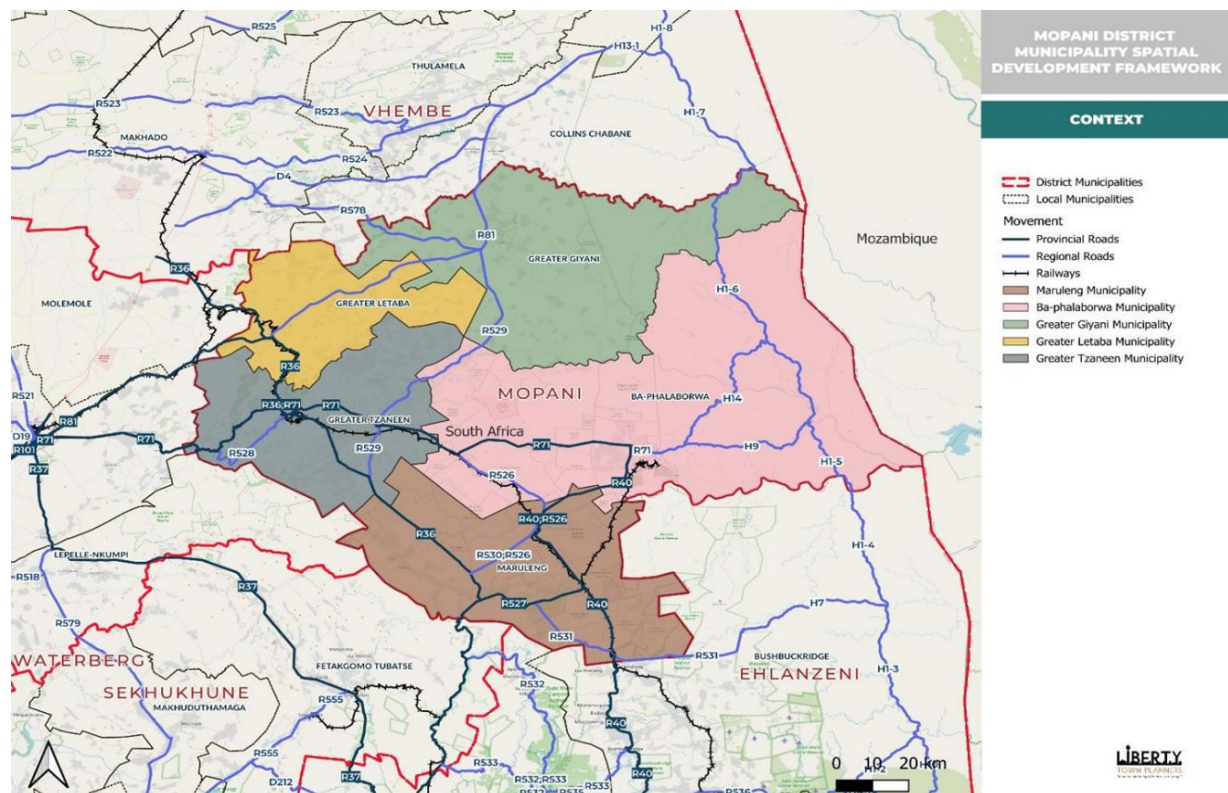
Mr TJ Mogano

MUNICIPAL MANAGER

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Locality and Geo-graphic location of Mopani District Municipality

Mopani District Municipality is classified as a Category C municipality, possessing both executive and legislative authority over an area that includes five local municipalities, as outlined in the Municipal Demarcation Act 27 of 1998. The local municipalities included are Greater Letaba, Greater Giyani, Greater Tzaneen, Ba-Phalaborwa, and Maruleng. Located in the north-eastern region of Limpopo Province, Mopani District Municipality is approximately 70 km and 50 km from Polokwane, the main city of the province, accessible via provincial roads R81 and R71, respectively. The municipality shares its eastern border with Mozambique, its northern border with Vhembe District Municipality, its southern border with Mpumalanga Province through Ehlanzeni District Municipality, its western border with Capricorn District Municipality, and its south-western border with Sekhukhune District Municipality.



The powers and functions of the Mopani District Municipality, tabled in terms of sections 83 and 84 of the Municipal Structures Act, 1998, the Limpopo Provincial Notice No. 309 of 2000, Government Gazette No. 615 of 1st October 2000 and Notice no 356, Gaz. No. 1195 of 14th October 2005, are as follows:

- a) Integrated Development Planning for the district municipality, including a framework for integrated development plans for the local municipalities within the area of the district municipality, taking into account the integrated developments plan on those local municipalities.
- b) Bulk supply of water that affects a significant proportion of municipalities in the district.
- c) Bulk supply of electricity that affects a significant proportion of municipalities in the district.
- d) Bulk sewerage purification works and main sewage disposal that affects a significant proportion of the municipalities in the district.
- e) Solid waste disposal sites serving the area of the district municipality as a whole.
- f) Municipal roads which form integral part of a road transport system for the area of the district municipality.
- g) Regulation of passenger transport services.
- h) Municipal Airport serving the area of the district municipality as a whole.
- i) Municipal Health Services serving the area of the district municipality as a whole.
- j) Fire Fighting services serving the area of the district municipality as a whole.
- k) The establishment conducts and control of fresh produce markets and abattoirs serving the area of the district municipality as a whole.
- l) The establishment conduct and control of cemeteries and crematoria serving the area of the district municipality as a whole.
- m) Promotion of local Tourism for the area of the district municipality as a whole.
- n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.
- o) The receipt, allocation and if applicable, the distribution of grants made to the district municipality
- p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.
- q) Disaster Management services, including water and sanitation services, are not yet listed; however, their services are effective.

It should be noted that the division of powers and functions between the district municipality and local municipalities were adjusted by the MEC for Local Government and Housing in terms of sections 16 and 85 of the Municipal Structures Act, 1998 and published in the Provincial Gazette No. 878, dated 07 March 2003.

The following District municipal powers and functions were thus transferred to Local Municipalities:

- Solid waste disposal;
- Municipal roads which form an integral part of a road transport system of the municipal area;
- The establishment, conduct and control of cemeteries and crematoria serving the municipal area;

- Promotion of local tourism for the municipal area;
- Municipal works relating to any of the above functions or any other functions assigned to the local municipality.
- NB: The District has not yet taken over on the Municipal Airports function. Study has been commissioned.

Mopani district municipality demographic profile

Distribution of population by broad age groups

| Province, district & local municipality | CENSUS 2021 | | | | | CENSUS 2022 | | | | |
|---|-------------|-----------|-----------|-----------|---------|-------------|-----------|-----------|-----------|---------|
| | 0-4 | 5-14 | 15-34 | 35-59 | 60+ | 0-4 | 5-14 | 15-34 | 35-59 | 60+ |
| Limpopo | 680 163 | 1 154 849 | 1 960 627 | 1 141 866 | 467 363 | 753 127 | 1 326 140 | 2 143 807 | 1 677 700 | 671 671 |
| Mopani | 138 761 | 230 755 | 402 713 | 233 365 | 86 914 | 167 865 | 287 883 | 434 142 | 351 797 | 131 127 |
| Greater Giyani | 31 976 | 57 324 | 88 866 | 6 031 | 18 789 | 40 294 | 71 796 | 98 776 | 75 700 | 30 271 |
| Greater Letaba | 27 302 | 46 554 | 78 262 | 41 853 | 19 961 | 33 483 | 58 047 | 79 109 | 62 705 | 27 692 |
| Greater Tzaneen | 47 963 | 76 171 | 143 850 | 89 867 | 31 772 | 56 274 | 94 078 | 151 866 | 129 839 | 46 147 |
| Ba-Phalaborwa | 19 436 | 30 138 | 56 471 | 35 468 | 9 123 | 21 994 | 37 941 | 64 102 | 50 158 | 14 407 |
| Maruleng | 12 082 | 20 567 | 35 263 | 20 147 | 7 268 | 15 820 | 26 021 | 40 288 | 33 394 | 12 611 |

Limpopo's total population grew substantially in all age range, with the 15–34 group rising from 1,960,627 to 2,143,807 and the 35–59 group from 1,141,866 to 1,677,700, confirming a strongly labour-active population. There is also a growing older cohort (60+ from 467,363 to 671,671). Mopani District Municipality follows this pattern where children with ages 0–4 grew from 138,761 to 167,865 and those 5–14 years grew from 230,755 to 287,883, while the 15–34 group increased from 402,713 to 434,142 and 35–59 from 233,365 to 351,797, indicating both population growth and gradual ageing. The 60+ population in Mopani increased from 86,914 to 131,127, which will increase demand for health and social care services.

All five local municipalities show growth across age groups, but at different scales. Greater Tzaneen is the largest and most rapidly expanding, with the 15–34 group rising from 143,850 to 151,866 and 35–59 from 89,867 to 129,839, confirming its role as the district's main economic and service hub. Greater Giyani and Greater Letaba also experienced notable increases across all ages, especially in 5–14 and 15–34 age range which points to sustained demand for schools, post-school education and entry-level jobs.

Population growth trends 2011-2022

| Province, district & local municipality | CENSUS 2011 | | | | CENSUS 2022 | | | | Growth Rate |
|---|------------------|-----------|-----------|-----------|------------------|-----------|-----------|-----------|-------------|
| | Total population | | | | Total population | | | | |
| | Male | Female | Total | Sex Ratio | Male | Female | Toal | Sex Ratio | |
| Limpopo | 2524 136 | 2 880 732 | 5 404 868 | 87,6 | 3 099 416 | 3 473 304 | 6 572 721 | 89,2 | 1,9 |
| Mopani | 501 581 | 590 926 | 1 092 507 | 84,9 | 634 524 | 738 349 | 1 372 873 | 85,9 | 2,2 |
| Greater Giyani | 107 606 | 135 380 | 242 986 | 79,5 | 143 873 | 172 968 | 316 841 | 83,2 | 2,6 |
| Greater Letaba | 95 823 | 118 109 | 213 932 | 81,1 | 117 818 | 143 220 | 261 038 | 82,3 | 1,9 |
| Greater Tzaneen | 181 316 | 208 307 | 389 623 | 87,0 | 223 101 | 255 152 | 478 254 | 87,4 | 2,0 |
| Ba-Phalaborwa | 73 017 | 77 620 | 150 637 | 94,1 | 90 254 | 98 348 | 188 603 | 91,8 | 2,2 |
| Maruleng | 43 819 | 51 519 | 95 328 | 85,1 | 59 477 | 68 660 | 128 137 | 86,6 | 2,9 |

Between the 2011 and 2022 censuses, the population of Limpopo Province increased from 5,404,868 to 6,572,721, marking an average annual growth rate of 1.9%. The male population rose from 2,524,136 to 3,099,416, while the female population increased from 2,880,732 to 3,473,304, resulting in a slight improvement in the sex ratio from 87.6 to 89.2 males for every 100 females. In the Mopani District, the population growth rate was higher at 2.2%, rising from 1,092,507 to 1,372,873. This growth was influenced by local municipalities such as Maruleng, which grew by 2.9% to reach 128,137 residents, and Greater Giyani, which experienced a 2.6% increase to 316,841. Greater Tzaneen had the largest population increase, reaching a total of 478,254. The sex ratios in these areas continued to show a prevalence of females, with Ba-Phalaborwa being the highest at 94.1 to 91.8, likely due to mining activities, and Greater Giyani being the lowest at 79.5 to 83.2, indicating patterns of male out-migration in rural areas alongside natural population growth.

Mopani District Municipality key statistics

| Name | Census 2022 | Census 2011 |
|--------------------------------------|-------------|-------------|
| Total Population | 1 372 873 | 1 092 507 |
| Young children (0-14 years) | 33,2% | 33,8% |
| Working age population (15-64 years) | 60,4% | 60,5% |
| Elderly (65+ years) | 6,4% | 5,7% |
| Dependency ratio | 65,5 | 65,3 |
| Sex ratio | 85,9 | 84,9 |
| No schooling (20+ years) | 18,9% | 21,2% |
| Higher education (20+ years) | 8,2% | 7,9% |
| Number of households | 358 153 | 296 314 |
| Average household size | 3,8 | 3,7 |
| Formal dwellings | 95,7% | 92,2% |

Mopani District's demographic profile shows population growth and gradual social improvement between the 2011 and 2022 Census. The total population increased from 1,092,507 to 1,372,873, with the number of households increasing from 296,314 to 358,153 and a slight rise in average household size from 3.7 to 3.8. Children aged 0–14 represent approximately a third of the population (33.2%), while the elderly population increased from 5.7% to 6.4%.

Moreover, the working-age population (15-64 years) remains steady at around 60.4% in 2022 compared to 60.5% in 2011, indicating little change in the labor force proportion. However, the dependency ratio, which measures the non-working population reliant on the working-age group, has slightly increased from 65.3% to 65.6%. This shift suggests a marginally heavier economic burden on the active workforce, highlighting potential challenges in social service provision and economic support mechanisms. Educational attainment further complicates this scenario. Only 8.2% of residents aged 20 and above have attained higher education, a minimal increase from 7.9% in 2011. This persistently low rate of tertiary education may constrain skilled labor availability, limiting economic diversification and upward mobility within the district

In terms of sex ratio Census 2022 shows that for every 100 women in Mopani district there are 85,9 men. The district has a high population of women than men. The situation may be attributed to the low levels of education and wealth in these communities, which have been made worse by males leaving to find work elsewhere. While there is a similar ratio of males to females in Ba-Phalaborwa, there are more males than females in working age groups. That is ascribed to young women who are unprepared for dirty and difficult professions and young men working in the mining industry in the Phalaborwa and Gravelotte mines.

Mopani household and dwelling profile

| Province, district and local municipality | Households | | | | Type of main dwelling | | | | | | | |
|---|------------------|--------------------|------------------|-------------------|-----------------------|----------------------|-------------------|-------|-----------------|----------------------|-------------------|-------|
| | Census 2011 | | Census 2022 | | Census 2011 | | | | Census 2022 | | | |
| | Total households | Average households | Total households | Average household | Formal dwelling | Traditional dwelling | Informal dwelling | Other | Formal dwelling | Traditional dwelling | Informal dwelling | Other |
| Limpopo | 1 418 085 | 3,8 | 1 811 565 | 3,6 | 1 272 954 | 63 974 | 73 712 | 7 445 | 1 715 069 | 40 391 | 49 298 | 6 807 |
| Mopani | 296 314 | 3,7 | 358 153 | 3,8 | 273 242 | 15 003 | 6 628 | 1 441 | 342 857 | 10 596 | 3 418 | 1 282 |
| Greater Giyani | 63 193 | 3,8 | 79 735 | 4,0 | 55 593 | 5 939 | 1 483 | 177 | 73 776 | 5 093 | 726 | 140 |
| Greater Letaba | 58 612 | 3,6 | 65 220 | 4,0 | 53 830 | 2 447 | 1 955 | 381 | 61 580 | 2 436 | 1 130 | 74 |
| Greater Tzaneen | 108 705 | 3,6 | 129 579 | 3,7 | 100 495 | 4 823 | 2 747 | 640 | 125 867 | 1 784 | 1 267 | 660 |
| Ba-Phalaborwa | 41 114 | 3,7 | 51 651 | 3,7 | 39 634 | 1 149 | 213 | 118 | 50 653 | 741 | 132 | 124 |
| Maruleng | 24 689 | 3,9 | 31 968 | 4,0 | 23 690 | 644 | 231 | 124 | 30 982 | 541 | 162 | 284 |

Mopani's household and dwelling profile indicates improvement in housing conditions. Between Census 2011 and Census 2022, the total number of households in the district increased from 296,314 to 358,153, while the average household size slightly rose from 3.7 to 3.8, suggesting that more households are being established even as extended family living continues to be prevalent. At the provincial level, Limpopo's total households grew from 1,418,085 to 1,811,565, accompanied by a decline in average household size from 3.8 to 3.6. This trend indicates a gradual shift towards smaller, nuclear families. However, Mopani exhibits a slight variation from this trend: while household numbers

increased, the average household size also rose, indicating ongoing pressure on dwelling space as families grow within their existing homes.

In terms of dwelling quality, there is a notable shift toward more formal housing in Mopani. The number of formal dwellings rose from 273,242 to 342,857, while both traditional and informal dwellings saw a decrease in both absolute and relative terms. Traditional dwellings decreased from 15,003 to 10,596, and informal dwellings dropped from 6,628 to 3,418, highlighting progress in replacing less stable structures with more durable options, though “other” types of dwellings remain marginal.

All five local municipalities experienced growth in household numbers along with modest increases in household size, with Greater Giyani and Maruleng now averaging 4.0 persons per household. Each municipality saw an increase in formal dwellings for example, Greater Tzaneen rose from 100,495 to 125,867 and Ba-Phalaborwa from 39,634 to 50,653 while traditional and informal units either declined or stabilized at low levels. This trend reflects successful targeted human settlement and subsidy programs that have enhanced the structural quality of housing, although the rising number of households and larger household sizes indicate a continued need for new units and basic services.

Attendance at an educational institution (5-24 yr) based on Census 2022

| Province, district and local municipality | CENSUS 2011 | | CENSUS 2022 | |
|---|------------------|--------------------------------|------------------|--------------------------------|
| | Total Population | School attendance (5-24 years) | Total Population | School attendance (5-24 years) |
| Limpopo | 5 404 868 | 1 837 198 | 6 572 721 | 1 850 035 |
| Mopani | 1 093 507 | 375 730 | 1 372 873 | 389 683 |
| Greater Giyani | 242 986 | 93 445 | 316 841 | 99 474 |
| Greater Letaba | 213 932 | 77 593 | 261 038 | 76 245 |
| Greater Tzaneen | 389 623 | 124 076 | 478 254 | 124 420 |
| Ba-Phalaborwa | 150 637 | 47 542 | 188 603 | 54 740 |
| Maruleng | 95 328 | 33 075 | 128 137 | 34 803 |

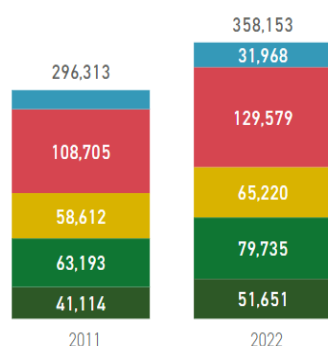
The education profile of Mopani District indicates that, although both the total population and the number of learners have increased, school attendance has not kept up with demographic growth. Between the 2011 and 2022 censuses, the district population rose from 1,092,507 to 1,372,873, while school attendance among individuals aged 5 to 24 rose only slightly from 375,730 to 389,683. This pattern mirrors that of the Limpopo province, where the increase in learner numbers has been behind the overall population growth. Within the district, areas such as Greater Giyani, Greater Tzaneen, Ba-Phalaborwa, and Maruleng have experienced higher numbers of learners in conjunction with population growth, indicating a growing demand for education infrastructure and post-school opportunities.

In contrast, Greater Letaba's population grew from 213,932 to 261,038; however, school attendance declined from 77,593 to 76,245, suggesting potential challenges related to dropout rates, progression, or access. Overall, these trends show that, while the youth population in Mopani is growing, not all young individuals are staying in or entering educational pathways. This underscores the importance of prioritizing learner retention, transitions to secondary and post-school education, and establishing stronger connections between education, skills development, and employment in future planning.



Total households

● Ba-Phalaborwa ● Greater Giyani ● Greater Letaba ● Greater Tzaneen ● Maruleng



2022

The bar chart above shows the number of total households across five different municipalities, which are Ba-Phalaborwa, Greater Giyani, Greater Letaba, Greater Tzaneen, and Maruleng within the Mopani District for the years 2011 and 2022.

- The total number of households across these areas increased from 296,313 in 2011 to 358,153 in 2022.
- In both years, Greater Tzaneen and Greater Giyani had the highest number of households among the five municipalities.
- All five municipalities experienced an increase in the number of households between 2011 and 2022.

Spatial rational

| Overview of Neighborhoods within <i>Mopani District Municipality</i> | | |
|--|-----------------|-------------------|
| Settlement Type | Households | Population |
| Towns & Townships | | |
| LIM331: Greater Giyani | 79,735 | 316 841 |
| LIM332: Greater Letaba | 65,220 | 261 038 |
| LIM333: Greater Tzaneen | 129,579 | 478 254 |
| LIM334: Ba-Phalaborwa | 51,651 | 188 602 |
| LIM335: Maruleng | 31,968 | 128 137 |
| Sub-Total | 358,153. | 1,372,873. |

| Overview of Neighborhoods within <i>Mopani District Municipality</i> | | | | |
|--|---------|-------------------|-----------|-------|
| Overview of Housing and settlement patterns | | | | |
| Municipality | Total | Rural settlements | Non-urban | Urban |
| Greater Giyani | 100. 0% | 85.7% | 0.9% | 13.4% |
| Greater Letaba LM | 100. 0% | 92.8% | 5.1% | 2.1% |
| Greater Tzaneen LM | 100. 0% | 86.6% | 6.4% | 7.0% |
| Ba-Phalaborwa LM | 100. 0% | 87.0% | 4.3% | 8.7% |

Neighborhood patterns in Mopani District reveal that a significant number of households and residents are situated in a few main urban centres, although the overall settlement remains largely rural. The towns and townships within the five local municipalities account for 358,153 households and a total population of 1,372,873, with Greater Tzaneen being the largest area, comprising 129,579 households and 478,254 individuals, followed by Greater Giyani, Greater Letaba, Ba-Phalaborwa, and Maruleng.

Despite this urban concentration, data on settlement types indicate that all four municipalities are primarily rural, with rural and non-urban areas making up over 85% of the settlement footprint in each case, and urban classifications being relatively low (for example, 13.4% in Greater Giyani and 8.7% in Ba-Phalaborwa). This illustrates a spatial structure where dispersed rural settlements are prevalent, despite the clustering of economic activity and higher-order services in a few towns, emphasizing the need for the Integrated Development Plan (IDP) to effectively balance investments between rural service access and enhancing the operation of these urban growth areas.

Housing and settlement patterns reflect both stability and spatial challenges. The majority of residents live in formal dwellings (95.7% in 2022, up from 92% in 2011), implying relative improvements in housing infrastructure. Nonetheless, the pronounced rural residency (81%) versus urban (14%) and farm-based populations (5%) points to a predominantly different spatial distribution. The average population density of 23 people per hectare indicates a sparsely populated environment with extensive land availability per capita. However, this abundance of land does not translate straightforwardly into economic opportunity, as extensive residential land use competes with land needed for economic development. Consequently, land shortages limit the district's potential for industrial and commercial expansion despite apparently vast land resources

The settlement pattern data indicates that all four municipalities are primarily rural, with only minor portions classified as urban. In Greater Giyani, 85.7% of settlements are rural, while only 13.4% are urban, highlighting a largely dispersed, village-based geography with a modest urban area. Greater Letaba is the most rural, with 92.8% of settlements in rural areas, and only 2.1% urban and 5.1% non-urban, suggesting significant travel distances to higher-order services and a strong reliance on smaller service points. Greater Tzaneen, although 86.6% rural, has a greater combined share of non-urban and urban areas (13.4%), reflecting its status as the district's main economic and administrative center, characterized by more consolidated townships and peri-urban growth. Ba-Phalaborwa exhibits 87.0% rural, 8.7% urban, and 4.3%

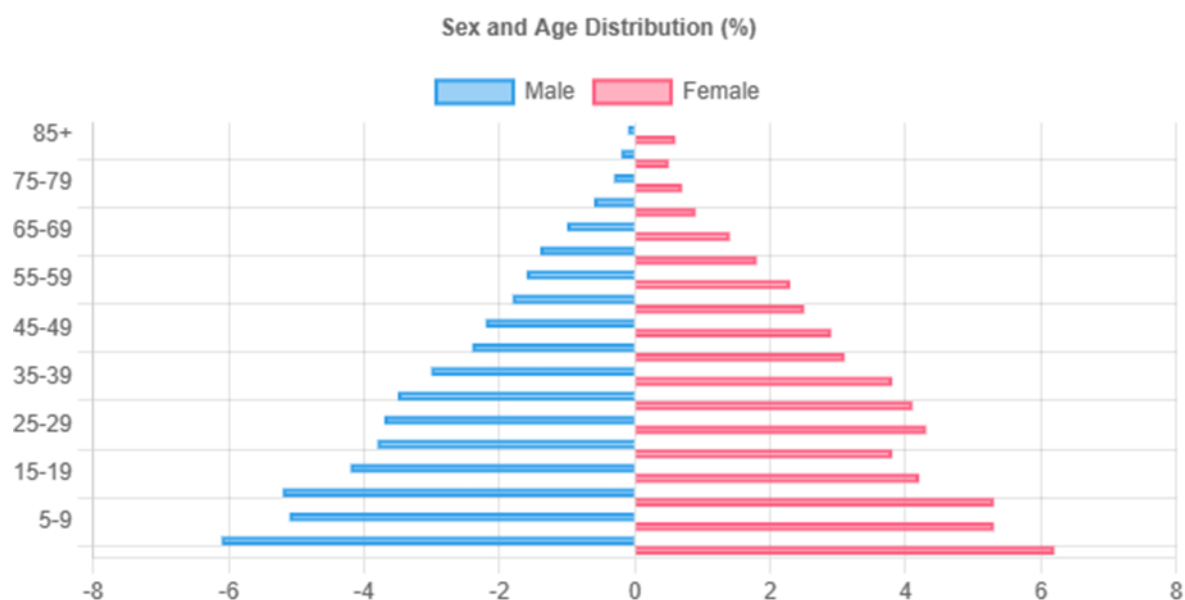
non-urban settlements, indicating a mining-related town encircled by extensive rural areas. Overall, this pattern illustrates “dispersed rural urbanization,” where most individuals reside in scattered rural settlements, yet economic activities and higher-level services are concentrated in a few small urban centers.

Mopani District Municipality Informal Settlements

| Municipality | Information settlements |
|-------------------------------------|--|
| Greater Tzaneen Municipality | Mokgolobotho, Mapolankeng, Burgers Dorp extension, Pulaneng, Gavaza Extension, Mbambamecisi, Mohlabla Cross, Kuwaiti, Nkambako |
| Greater Letaba Municipality | Kgapane, Mokgoba |
| Greater Giyani Municipality | Tsakani, Ma Two Rooms, Hluphekani, Dumping site, Agriculture settlement |
| Maruleng Municipality | Plastic View, Bango Mokoena, Jongkmanspruit |
| Ba-Phalaborwa Municipality | None! |

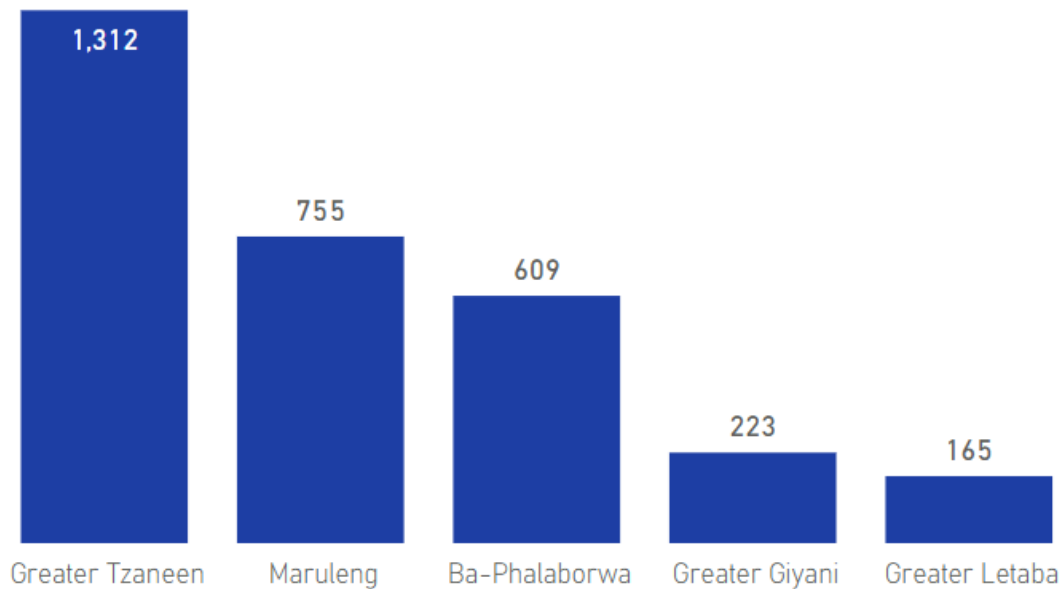
The distribution of informal settlements in Mopani's local municipalities shows a notable uneven pattern with significant spatial and planning considerations. Greater Tzaneen has the largest concentration, containing several informal settlements such as Mokgolobotho, Mapolankeng, Burgersdorp Extension, Pulaneng, Gavaza Extension, Mbambamecisi, Mohlabla Cross, Kuwaiti, and Nkambako. This indicates considerable pressure around this main economic and service hub and highlights considerable rural-to-urban and intra-district migration. Greater Giyani and Maruleng also have multiple informal settlements, including Tsakani, Ma Two Rooms, Hluphekani, Dumping Site, and Agriculture Settlement in Giyani; and Plastic View, Bango Mokoena, and Jongkmanspruit in Maruleng. This suggests that these towns serve as secondary pull centers where formal housing and bulk services have not kept up with demand. In contrast, Greater Letaba has only two documented informal settlements (Kgapane and Mokgoba), and Ba-Phalaborwa reports none. This may indicate more effective formal township planning and enforcement, or it could suggest that informal occupation is less visible or categorized differently. Overall, this pattern illustrates that informality is concentrated around key growth nodes rather than being evenly distributed across the district, emphasizing the need for the IDP and human settlements programs to focus on upgrading and regularizing areas in Greater Tzaneen, Giyani, and Maruleng, integrating informal areas into bulk infrastructure planning, and addressing the socio-economic factors (employment, access to services, and land availability) that continue to draw low-income households into these settlements.

Mopani District Age structure



The average male to female ratio in Mopani District Municipality as a whole is 46% to 54% resulting in a sex ratio of 85.9 and the tendencies or trends are still prevalent. The age and gender structure is by and large influenced by levels of fertility, mortality and migration. These factors are also influenced by socio-economic circumstances such as education, level of affluence (income) and location. In almost all local municipalities, there are more females than males. This is most significant in Greater Giyani and Greater Letaba municipalities which are primarily rural/ non-urban in nature. The scenario could be attributed to low levels of education and affluence in these municipalities, exacerbated by men seeking jobs elsewhere. Ba-Phalaborwa has comparable balance in numbers between females and males, however with more males than females at working age categories. That is ascribed to young men employed in the mining sector at Phalaborwa and Gravelotte. The Kruger National Park also has more males than females and that could be attributed to more men ready for field rangers' jobs than women.

Total number of establishments



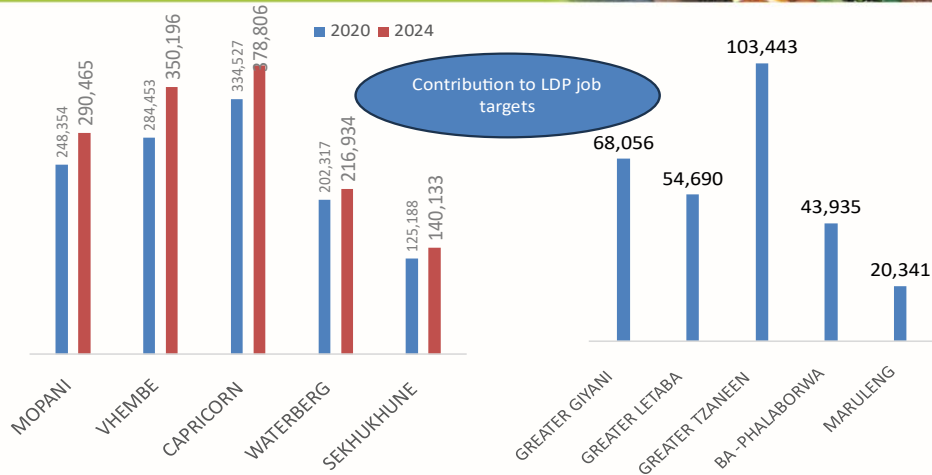
The total number of establishments in Mopani District is 3064, The municipality with the highest number of establishments is in greater Tzaneen Municipality with 1,312 establishments, this explains why most of the people in the district are concentrated in Greater Tzaneen. This is followed by Maruleng Municipality with a total of 755 establishments. Ba-phalaborwa with 605, Greater Giyani 223 and Greater Letaba 165 establishments: These are the top 5 industries by number of employment first is Manufacturing, secondly is Wholesale and retail trade, thirdly is Agriculture, forestry and fisheries, fourthly is Professional, scientific and technical, and lastly is Administration and support.

Source: MDM IDP 2024/25 and MDM IDP Unit

Local economic development

The Mopani boasts remarkably on tourist attraction landmarks. The enchanting and breathtaking sceneries have become a standard characteristic of the district. The district is also home to the: world-renowned Rain Queen, Kruger National Park, giant baobabs, nutritional Mopani worms' tropical paradise of Tzaneen, wildlife haven of Ba-Phalaborwa and Maruleng. Kruger National Park being part of Ba-Phalaborwa and Greater Giyani Municipalities, Mopani District is part of the Great Limpopo Transfrontier Park, which embraces South Africa, Mozambique and Zimbabwe. The key economic sectors in Mopani include Mining, Agriculture, Government, Community services, Tourism, wholesale and retail

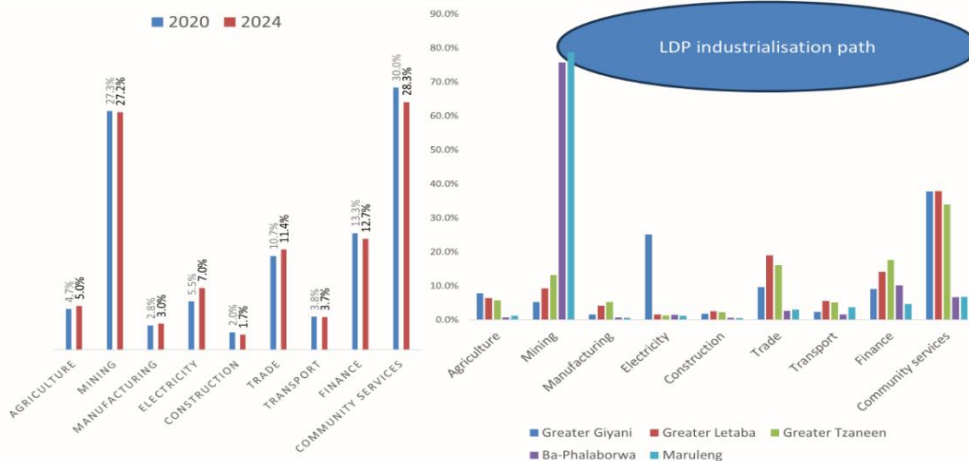
TOTAL EMPLOYMENT



23

In recent years the analysis of the economic structure between 2020 and 2024 shows a slight sectoral shift, although the economy remains heavily dependent on a few key sectors. In 2024, the largest contributors were Community Services (27.6%) and Mining (27.5%), closely followed by the Finance sector (13.3%). Over the four-year period, the largest proportional growth was observed in the Electricity and Trade sectors, both increasing their contribution by 1.3 percentage points to reach 7.0% and 11.4 %, respectively. Conversely, sectors like Community Services and Construction experienced minor proportional declines, dropping by 0.7 and 0.3 percentage points, indicating a minor restructuring towards utilities and commercial services.

ECONOMIC STRUCTURE



26

The IDP Industrialisation Path, reveals a highly differentiated economic structure among the local municipalities. Ba-Phalaborwa exhibits a clear specialization, with the Mining sector contributing over 75% to its local economy. In contrast, the remaining four municipalities are primarily service-based economies, with Community Services being the largest sector, contributing approximately 30% to 38% of their respective local structures. Furthermore, Greater Tzaneen demonstrates a more diversified structure among the non-mining-specialized municipalities, showing notable contributions from both Agriculture (9.6%) and Trade (17.8%).

Income from employment determines the overall living standards of people and also the household's affordability levels. These levels should be taken into account when setting service level targets. The majority of people in the district (at least 81%) live in rural areas and most of these rural residents are poor. Income in rural areas is constrained by the rural economy that is unable to provide people with remunerative jobs or self-employment opportunities. A notable percentage of people in the district has no income. It should, however, be taken into account that these figures reflect the total population and not only the potentially economically active portion of the population. Economically inactive people, such as, children and pensioners, are also included.

According to the Treasury SA Spatial Economic Tax data source the median income in Mopani District Municipality for 2024 reveals a mixed presentation of monthly and annual figures, the Total Median Income is regarded as R11,942, a figure that is very low and suggests a median monthly income for the entire population, including those in the informal sector or unemployed. The male Median Income is R655,042, and the Female Median Income is R545,036 while the formal, tax-registered sector exhibits a substantial gender pay gap where men earn approximately 20% more than women, the total median income figure points to a much broader crisis of low overall wages or widespread reliance on informal work or unemployment across the wider local municipality population.

Mopani is also endowed with natural resources such as marula fruits which produce many products in the processing value chain. The name Mopani is loud enough to indicate our wealth in mopani worms, the most nutritious food which is good for health. The provincial economic development study of 2000, identified tourism, agriculture, mining and trade and manufacturing as sectors with a potential for growth in the Mopani district. Agriculture is one sector that yields much products, excelling in tomatoes that are exported throughout the world. Other sectors in Mopani are the red and white meat production. Mopani also boasts of the pool of cost-effective labour to work in labour intensive programmes such as agriculture and EPWP. The challenge may be skilling them for better production. The Mopani District also enjoys the beneficiation economic programmes of Kruger National Park where citizens get jobs to conquer poverty. The district also has comparative advantages in agriculture, manufacturing and trade. Hereunder is an analysis of the district economy.

Source: MDM IDP 2024/25 and MDM IDP Unit

1.2. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The supply of essential and other forms of infrastructure services to the populace is crucial for the achievement of local economic growth. According to the SDF, each service being analysed in this part is localized and has the ability to advance socioeconomic development (as per LED). A person's quality of life and socio-economic development are both influenced by the availability of water, sanitary facilities, energy, housing, roads and public transportation, and telecommunications, all of which are examined in infrastructure analysis. It is still difficult to provide enough municipal infrastructure throughout the area.

Mopani district is a Water Services Authority (WSA), and all its Local Municipalities have Water Service Provision (WSP) Agreements in place. MDM lies within and is benefitting from the following water catchment areas: Groot Letaba for GLM & GTM, Olifant for MLM & BPM and Klein Letaba for Giyani. Low rainfall is a defining characteristic of the Mopani district, especially in its lower-lying regions, such as Greater Giyani and Ba-Phalaborwa. As a result, there are insufficient water resources, which leads to severe water shortages and ongoing drought conditions. As a result, there is intense competition among the various water users, including forestry, mining, and agriculture. Water use for home purposes therefore becomes crucial. Letaba River watershed and all of its tributaries, including the Groot Letaba and Klein Letaba rivers as well as the Lepelle/Olifant river.

Source: MDM IDP 2024/25

Access to basic services:

The success of local economic development is tied to the provision of basic and other types of infrastructure services to the people. All services under analysis in this section are located in a specific locality (as per SDF) and have potential to boost socio-economic development (as per LED). Infrastructure analysis focuses on the status quo regarding water supply, sanitation facilities, energy, housing provision, roads and public transport, waste management and telecommunications – all of which underpin socio-economic development and determine a people's quality of life. The provision of adequate municipal infrastructure remains a challenge throughout the district. The table below depicts of levels of water, sanitation services and electricity backlog per municipality

| Province, district and local municipality | MIF Category | Governments transfers and subsidies as a % of total revenue | Source of water for household use | | | | Toilet facilities | | | | | | Energy for cooking | | | | | |
|---|--------------|--|-----------------------------------|---------|-----------------------------|---------|-----------------------|-----------|---------|-------------------------------|-----------|--------|--------------------|--------|---------|-------------|---------|---------|
| | | | 2011 | | 2022 | | 2011 | | | 2022 | | | 2011 | | | 2022 | | |
| | | | Regional/local water scheme | Other | Regional/local water scheme | Other | Flush toilet/chemical | Other | None | Flush toilet/ Chemical toilet | Other | None | Electricity | Gas | Other | Electricity | Gas | Other |
| Limpopo | | | 889 449 | 528 636 | 1 059 262 | 752 303 | 309 905 | 1 006 146 | 102 033 | 637 164 | 1 131 144 | 43 257 | 708 913 | 21 956 | 684 806 | 892 812 | 327 080 | 588 684 |
| Mopani | C2 | 84,1% | 167 631 | 128 683 | 197 756 | 160 398 | 53 954 | 205 294 | 37 066 | 103 613 | 242 165 | 12 375 | 119 539 | 2 758 | 173 372 | 156 985 | 49 400 | 150 997 |
| LIM331: Greater Giyani | B4 | 74,9% | 38 545 | 24 649 | 43 173 | 36 562 | 7 868 | 42 891 | 12 434 | 19 345 | 56 919 | 3 471 | 14 736 | 287 | 48 041 | 20 009 | 9 675 | 49 908 |
| LIM332: Greater Letaba | B4 | 88,6% | 36 185 | 22 427 | 39 549 | 25 672 | 5 980 | 46 335 | 6 298 | 13 051 | 50 050 | 2 119 | 18 192 | 370 | 39 933 | 22 642 | 7 744 | 34 696 |

The housing backlog in Mopani District is significant and is a contributing factor to the broader provincial housing issue. The Mopani District has a specific backlog of 24,802 units, making up 25.7% of the total provincial backlog. In addition to the overall housing demand, three priority areas need immediate strategic attention:

- Sub-standard Housing Eradication: There is a pressing need to improve housing conditions, with a focus on 17,456 mud houses and 18,213 shacks.
- Informal Settlement Formalization: The aim is to start two Township Establishments to formalize settlements, targeting 2,500 sites under the Informal Settlement Upgrading Programme (ISUPG).
- Asbestos Roof Removal: There is a significant health and safety issue, with a backlog of 4,891 houses that require the removal of asbestos roofs.

| Access to water | | Source: Census 2022 | |
|---------------------------------------|--|---------------------|-------|
| Name | | Frequency | % |
| Piped (tap) water inside the dwelling | | 98 911 | 27,6% |
| Piped (tap) water inside the yard | | 92 994 | 26,0% |
| Piped (tap) water on community stand | | 84 857 | 23,7% |
| No access to piped water | | 81 390 | 22,7% |

Access to water in Mopani District presents a varied situation, characterized by a good distribution of infrastructure but inconsistent service levels and ongoing vulnerabilities. Just over half of households have piped water on their premises: 27.6% (98,911 households) have a tap inside their dwelling, and an additional 26.0% (92,994 households) have a tap in their yard, which typically allows for more reliable and convenient use. Meanwhile, 23.7% (84,857 households) depend on a community standpipe, requiring them to travel for water and face potential issues such as queuing, time costs, and increased risk of interruptions or breakdowns.

A notable 22.7% of households equivalent to 81,390 lack access to piped water entirely, relying instead on boreholes, rivers, streams, rainwater harvesting, tanker deliveries, or other informal sources that may be unsafe or unreliable. This distribution suggests that while most households are nominally connected to formal water infrastructure, almost half do not have a private connection on their property, and nearly a quarter are completely outside the piped system. For the Integrated Development Plan (IDP), this highlights the importance of prioritizing the extension of yard and in-house connections, upgrading aging reticulation systems, and addressing the needs of those without piped water, particularly in remote rural areas, while also enhancing the reliability and quality of water for those who currently rely on communal standpipes.

| LIST OF WASTEWATER WORKS AND THE AREAS THEY SERVE | | | | | | | |
|---|-----------------------------|----------|------------|-----------|-------------------|-----|-----------------|
| No. | Name of the treatment works | Owned by | Managed by | Capacity | Projected upgrade | LM | Towns Servicing |
| 1 | Giyani Sewage | MDM | MDM | 4,5 M1/d | 17.0 M1/d | GGM | GIYANI |
| 2 | Phalaborwa Sewage | MDM | MDM | 8,0 M1/d | 12.0 M1/d | BPM | PHALABORWA |
| 3 | Lulekani Sewage | MDM | MDM | 3.6 M1/d | 10.0 M1/d | BPM | LULEKANI |
| 4 | Namakgale Sewage | MDM | MDM | 6.3 M1/d | 12.0 M1/d | BPM | NAMAKGALE |
| 5 | Nkowankowa Sewage | MDM | MDM | 8.0 M1/d | 12.5 M1/d | GTM | NKOWANKOWA |
| 6 | Tzaneen Sewage | MDM | MDM | 8.0 M1/d | 12.0 M1/d | GTM | TZANEEN |
| 7 | Lenyenye Sewage | MDM | MDM | 1.5 M1/d | 6.0 M1/d | GTM | LENYENYE |
| 8 | Kgapane Sewage | MDM | MDM | 4.5 M1/d | 8.0 M1/d | GLM | POLITSI KGAPANE |
| 9 | Sekgosense Sewage | MDM | MDM | 1.5 M1/d | NEW | GLM | SENWAMOGOPE |
| 10 | Kampersrus Sewage | MDM | MDM | 2. 0 M1/d | NEW | MLM | KAMPERSERUS/NEW |
| 11 | Hoedspruit Sewage | DPW | DPW | 4.5 M1/d | 6.0 M1/d | MLM | HOEDSPRUIT |

The water backlog is mainly due to:

- Relatively low dam levels particularly Middle Letaba
- Unauthorised / illegal connections
- High water demands
- Ageing infrastructure

Over and above implementing water restrictions and water demand management and conservation, Mopani District is implementing infrastructure projects which are aimed at reducing the water and sanitation backlogs. Boreholes and water tankers are employed as short-term measures to ensure water supply to communities pending completion of the Infrastructure projects

| Access to sanitation | | Source: Census 2022 | |
|----------------------|-----------|---------------------|--|
| Name | Frequency | % | |
| Flush toilet | 103 613 | 28,9% | |
| Chemical toilet | 6 600 | 1,8% | |
| Pit toilet | 223 759 | 62,5% | |
| Bucket toilet | 6 261 | 1,7% | |
| Other | 5 545 | 1,5% | |
| None | 12 375 | 3,5% | |

Sanitation access in Mopani District primarily relies on on-site, low-level technologies, with a limited percentage of households using full flush systems. According to Census 2022, only 28.9% of households (103,613) have access to a flush toilet, while the majority 62.5%, or 223,759 households depend on pit toilets, which can present health and environmental risks if not constructed and maintained properly. Additionally, 1.8% use chemical toilets and 1.7% use bucket toilets, indicating that many households remain reliant on interim or emergency solutions rather than sustainable and dignified services.

The “other” category represents 1.5% (5,545 households), while 3.5% of households 12,375 in total report having no sanitation facility at all, reflecting ongoing areas of significant service deprivation. While the percentage of households without access is relatively small, the quality and safety of sanitation services for most households do not meet basic standards, with nearly two-thirds still using pit systems. For the IDP, these findings highlight the need to prioritize sanitation improvement, reduce the use of bucket and unsafe pit toilets, enhance sludge management, and address the needs of the “none” group as an urgent priority within broader water and sanitation initiatives.

| Energy for lightning | | Source: Census 2022 |
|------------------------|-----------|---------------------|
| Name | Frequency | % |
| Electricity from mains | 156985 | 43.8 |
| Gas | 49400 | 13.8 |
| Paraffin | 514 | 0.1 |
| Wood | 149728 | 41.8 |
| Coal | 198 | 0.1 |
| Animal dung | 21 | 0 |
| Solar | 141 | 0 |
| Other | 394 | 0.1 |
| None | 771 | 0.2 |

Household energy use for lighting in Mopani District shows a mixed pattern of partial access to the grid and ongoing reliance on traditional fuels. Electricity from the mains is the primary source for 43.8% of households (156,985), while a similar proportion, 41.8% (149,728 households), continues to depend on wood for lighting. This suggests the possibility of wood being used for multiple purposes, such as cooking and lighting, or may indicate issues related to reporting where wood serves as the main household fuel. Gas is used by 13.8% (49,400 households), which signifies that a considerable number of households are opting for non-grid, market-based alternatives, whereas paraffin, coal, and other sources are utilized by only about 0.1% of households, reflecting their limited role.

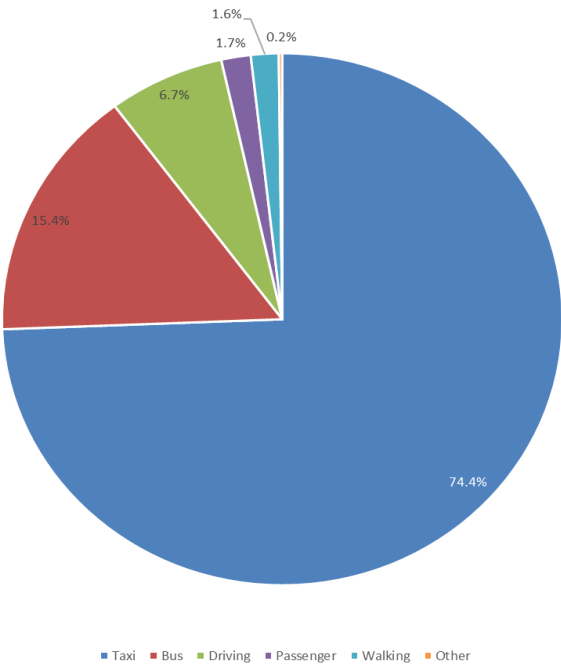
A very small number of households use solar (141 households) or animal dung (21 households), and only 0.2% (771 households) report having no energy source for lighting, suggesting that outright exclusion is relatively low but still present. In summary, the situation illustrates that the district has not yet reached universal or predominant grid-based lighting. While grid electricity and gas together make up the majority, the significant proportion of households using wood indicates a level of energy poverty, exposure to indoor

air pollution, and pressure on local vegetation. This situation underscores the importance of enhancing access to safe and affordable electricity, promoting cleaner off-grid solutions like solar, and integrating energy efficiency and environmental management strategies to reduce dependency on wood.

Overview of transportation services in mopani district municipality

The District consists of two hundred and thirty-two (232) Law Enforcement officers, and six(06) Road Safety officers whilst the local municipalities have 48 traffic officers which gives the total of 286. The District consist of seven (8) National Rods; R81 Munnik – Giyani, R71 Veekraal – Tzaneen –Phalaborwa, R36 Mooketsi – Tunnel Plaza, R40 P/borwa – Klaserie, R529 Giyani – Letsitele, R578 Giyani – Elim, R527 Hoedspruit – Tunnel Plaza and R 531 Snake park – Klaserie

The District is sharing boundaries with one province ; which is Mpumalanga. We are at an exit and entry for neighbouring countries such Mozambique and Swaziland.



The main modes of transport operating in Mopani are taxis, buses, private cars, light delivery vehicles and bicycles. The graph below will show modal split as per Stats SA (2022). The dominant modes of transport are taxis (74%) and buses (15%). The Newly negotiated bus service contracts which commenced in April 2025 are as indicated below:

| Bus Operator | Municipalities serviced | Contract name | Contracted routes | Contracted buses |
|---|---|---------------|-------------------|------------------|
| GNT-Giyani | Greater Giyani municipality | Mopani 1 | 19 | 18 |
| GNT-Hoedspruit | Maruleng municipality | Mopani 2 | 62 | 55 |
| Mopani Three Transport Pty Ltd (GNT Tzaneen, GNT Phalaborwa, Risaba and Mathole bus service (Tzaneen, Letaba and Phalaborwa)) | Greater Tzaneen, Greater Letaba and Phalaborwa municipalities | Mopani 3 | 59 | 72 |
| TOTAL | | | 140 | 145 |

Road safety analysis in Mopani District highlights several high-risk locations and systemic challenges across the municipal area. In Ba-Phalaborwa, a key accident hotspot is the R71 at the Ga-Sealoane crossing, while in Greater Tzaneen major risk points include the R81 at the Giyani–Rivala junction, the R578 between Giyani and Elim, and the R71 through Magoebaskloof. Greater Letaba faces frequent incidents along the R36 at Politsi and the R81 between Lebaka and Sekgopo, and in Maruleng the R40 near Mica is identified as a critical hazardous stretch. These corridors are important regional routes carrying high traffic volumes, which intensifies exposure to crashes.

Accidents typically occur from late Friday to early Monday and on public holidays, especially between 18:00 and 05:00, reflecting a combination of weekend travel, social activities and night-time driving risks. Contributing factors include speeding, loss of vehicle control, inadequate following distances, pedestrians and animals on the roadway, reckless driving and sideswipe incidents, as well as head-on collisions linked to unsafe overtaking. Driver fatigue, drunk driving, violations of road traffic signs and unsafe entry onto busy roads further compound the probability and severity of crashes along these routes.

Beyond specific hotspots, broader road safety and law-enforcement challenges affect the entire district. There has been an increase in illegal minibus taxi operators, which fuels conflict within the public transport sector and undermines orderly route management. Overloaded vehicles contribute to the deterioration of road surfaces, while narrow roads and limited upgrading exacerbate congestion and collision risks. Stray animals on unfenced road verges present additional hazards, particularly at night. Taxi-related conflicts arising from non-compliance with operating licences, together with the illegal transport of workers such as farm labourers due to inadequate subsidised bus routes, illustrate how regulatory gaps, infrastructure constraints and economic pressures intersect to weaken road safety. These issues point to the need for integrated interventions that combine stricter enforcement, targeted infrastructure upgrades, public transport regulation and community awareness campaigns.

Overview of environmental management analysis in mopani district municipality

Climate change

In the Mopani district, most of the rainfall occurs during the summer, accounting for 85% of total precipitation. The district has already created a climate change vulnerability assessment and response plan.

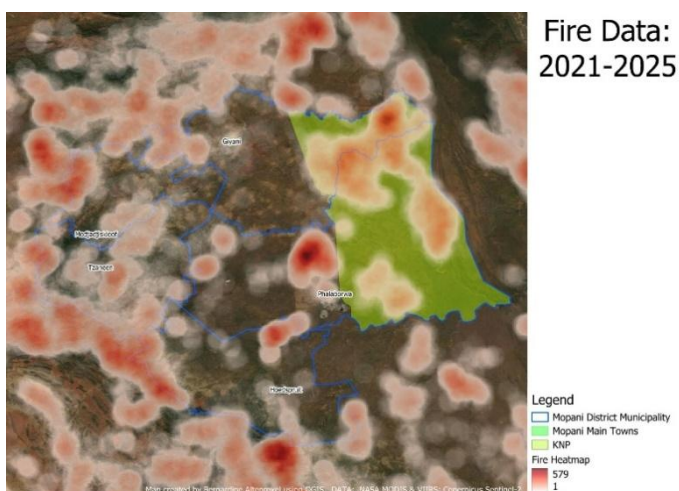
Geomorphology and geology

Mopani District's geomorphology features a mix of landscapes, including the mountainous Great Escarpment along the western boundary, as well as plains and lowlands with varying relief. Several mining operations are currently taking place near BPM, and the geological conditions in Mopani District are suitable for minerals such as copper.

Priority Environmental Challenges Identified in Mopani District Municipality

- Water pollution
- Alien invasive plants and animals
- Soil erosion
- Air pollution
- Deforestation
- Informal settlements
- Veld and forest fires
- Illegal dumping
- Floods

The Mopani district predominantly consists of a savanna biome, which covers 68% of the area, while grassland makes up 16% and forest biome constitutes 10%. The Haenertsberg and Modjadji focus region is considered to have the largest endangered landscapes, and the Wolkberg area is recognized as an important biodiversity hotspot. The Woodbush granite grassland is classified as a critically endangered biome within the district. Several protected areas, both state-owned and private, contribute to tourism development in the area, including Kruger National Park, Letaba Ranch, Lekgalameetse, Hans Merensky, Man'ombe, and Modjadji.



Wildfires are a regular occurrence in the Mopani District during the dry season, which spans late winter and early spring. The municipality most susceptible to fires in the Mopani District is Greater Tzaneen Municipality, followed by Ba-Phalaborwa, Greater Giyani Municipality, Maruleng Local Municipality (Hoedspruit), and finally Greater Letaba Municipality (Modjadiskloof).

Disaster management

In the 2024/2025 financial year, a risk assessment was conducted at all local municipalities within the Mopani District. Using a spreadsheet tool that calculated hazard, vulnerability, and capacity, an overall risk rating and priority were determined. Based on these results, individual layers were created in Geographic Information Systems (GIS) for each hazard in each local municipality. Areas of significant overlap were identified, particularly for hazards with high or extremely high scores. Generalized hazards that affect the entire municipality were also considered in the analysis, including drought, flooding, and diseases.

Municipal transformation and organisational development

An institutional analysis is conducted to address institutional flaws and ensure that current institutional capacities are considered in municipal development strategies. The Mopani District Municipality was established in 2000 in accordance with the Municipal Structures Act of 1998 (Act No. 117 of 1998). Below are the structures of the council, and the district's municipal offices are located at the Giyani government complex in the Greater Giyani Municipality. The Structures of Council is illustrated below:

| STRUCTURES | MALES | FEMALES | DISABLED | YOUTH | T/LEADERS |
|-------------------------------------|-------|---------|----------|-------|-----------|
| Council | 31 | 22 | 0 | 10 | 0 |
| Mayoral Committee + Executive Mayor | 4 | 7 | 0 | 0 | 0 |
| Municipal Public Accounts Committee | 4 | 1 | 0 | 0 | 0 |
| Audit Commttee | 3 | 1 | 0 | 0 | 0 |

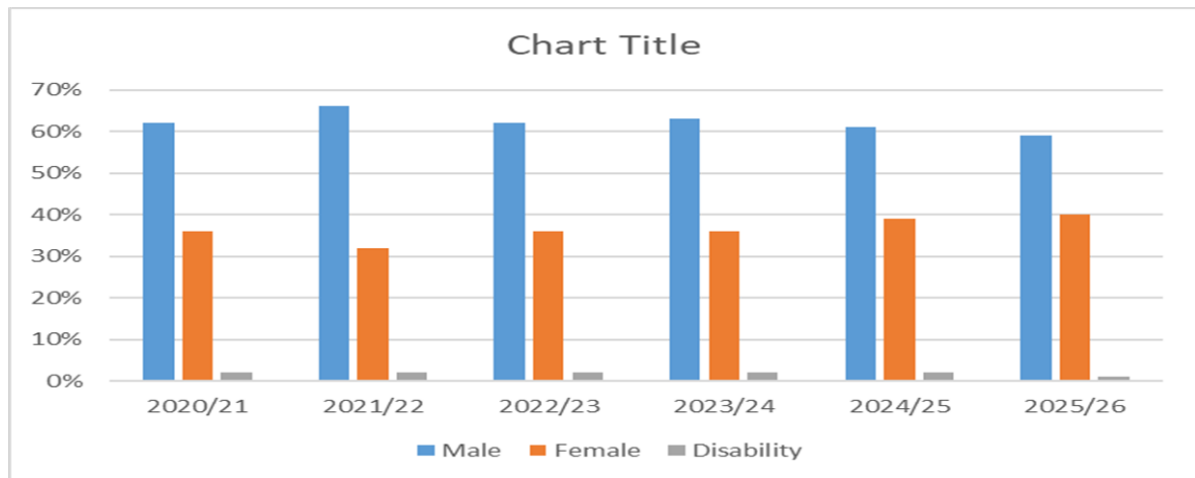
| | | | | | | |
|--|--|-------------|-----|-----|-----|-----|
| Ethics Committee | | 2 | 4 | 0 | 1 | 0 |
| Portfolio Committees | Economic Development, Housing & Spatial Planning | 5 | 0 | 0 | 3 | 0 |
| | Finance | 4 | 3 | 0 | 2 | 0 |
| | Governance & Shared Services | 2 | 4 | 0 | 1 | 0 |
| | Water Services | 3 | 3 | 0 | 1 | 0 |
| | Infrastructure Development | 3 | 3 | 0 | 1 | 0 |
| | Community Development | 2 | 4 | 0 | 2 | 0 |
| | Sport, Recreation, arts & Culture | 4 | 2 | 0 | 0 | 0 |
| | Agriculture & Environment Management | 6 | 0 | 0 | 2 | 0 |
| | Public Transport & Roads | 3 | 3 | 0 | 1 | 0 |
| Representation of Inns in the district council | | MDM | GGM | GLM | GTM | BPM |
| | Councillors | 31 | 7 | 7 | 11 | 4 |
| | Traditional Leaders | 0 10 10 7 5 | | | | |

Vacancy rate per directorate as per approved structure

| DIRECTORATE/OFFICE | APPROVED POST | FILLED POST | VACANT | VACANCY RATE % |
|-------------------------------|---------------|-------------|------------|----------------|
| Office of the speaker | 2 | 2 | 0 | 0% |
| Office of the chief whip | 1 | 1 | 0 | 0% |
| Office of the executive mayor | 5 | 5 | 0 | 0% |
| Municipal manager's office | 32 | 27 | 04 | 1% |
| Technical services | 37 | 32 | 5 | 13% |
| Development planning | 12 | 11 | 1 | 8% |
| Community services | 227 | 192 | 33 | 14% |
| Budget and treasury | 48 | 34 | 14 | 29% |
| Corporate shared services | 80 | 61 | 20 | 25% |
| Water and sanitation | 550 | 359 | 191 | 34% |
| TOTAL | 995 | 724 | 271 | 27% |

The table above reveals a significant overall vacancy challenge, with 271 total vacant posts across the organization, equating to a 27% overall vacancy rate out of 995 approved posts. While the core leadership offices (Speaker, Chief Whip, Executive Mayor) are fully staffed (0% vacancy rate), the high rate is overwhelmingly driven by the Water and sanitation directorate, which has 191 vacancies, representing 34% of its approved posts (550). Other areas facing substantial understaffing include Budget and treasury (29% vacancy rate with 14 vacancies) and Corporate shared services (25% vacancy rate with 20 vacancies), suggesting that capacity issues are most critical in the areas of major service delivery and financial/administrative support, while other large directorates like Community services maintain a lower, but still significant, 14% vacancy rate.

Gender and Disability Profile



| Year | 2020/2021 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|------------|-----------|---------|---------|---------|---------|---------|
| Male | 62% | 66% | 62% | 63% | 61% | 59% |
| Female | 36% | 32% | 36% | 36% | 39% | 40% |
| Disability | 2% | 2% | 2% | 2% | 2% | 2% |

The analysis of workforce representation from 2020/21 to 2025/26 indicates a notable trend towards gender disparity, while the representation of people with disabilities remains significantly low. Throughout the six years, male representation steadily declined from 62% to 59%, corresponding with a consistent rise in female representation from 36% to 40%, resulting in gender balance by 2025/26. In contrast, the inclusion of people with disabilities remained unchanged at 2% for the first five years before dropping to 1% in the final year, highlighting a decline in disability inclusion efforts and an inability to meet or sustain even minimal inclusion targets.

| POSITIONS | MDM | BPM | GGM | GLM | GTM | MLM |
|--|--------|--------|--------|--------|--------|--------|
| Municipal Manager | Filled | Filled | Filled | Filled | Filled | Vacant |
| Chief Financial Officer | Filled | Vacant | Filled | Filled | Filled | Filled |
| Technical/Infrastructure Director | Filled | Filled | Filled | Filled | Filled | Filled |
| Director Planning & Development | Filled | Filled | Filled | Filled | Filled | Filled |
| Director Community Services | Filled | Filled | Filled | Filled | Filled | Filled |
| Director Corporate Services | Filled | Vacant | Filled | Filled | Filled | Filled |

The table above shows that there are vacant positions in top management, including one vacant CFO and one Director of Corporate Services position in BPM, and one vacant Municipal Manager position in MLM.

AUDIT OUTCOMES FOR THE PAST FIVE YEARS

| 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|------------|------------|-----------|-----------|-----------|
| DISCLAIMER | DISCLAIMER | QUALIFIED | QUALIFIED | QUALIFIED |

Financial viability

The administration of finance faces several key challenges, despite some areas of strength. Revenue management is largely dependent on limited own sources such as water and sewer charges, fire services, and health services, with most revenue being collected on behalf of the District Municipality. While the municipality is addressing internal control deficiencies in Asset management, the data required to mitigate these issues is still being developed. In Budgeting and reporting, the municipality has developed a funding plan and cost containment measures, though the overall budget is unfunded. Furthermore, while the Supply chain management unit is well-capacitated to implement the demand management plan, improvement is needed to ensure accurate specifications in user deliverables. Finally, the current financial health is severely impacted by high dependency on conditional grants, which is a threat to the unit's effective functioning, compounded by a lack of proper record management systems hindering efficiency and leading to unfavorable audit outcomes.

Revenue enhancement strategy and billing

a) Ba-Phalaborwa municipality

The municipality has an approved Revenue Enhancement Strategy that is used as a basis for revenue collection. The municipality is billing households for waste, sanitation, electricity and property rates

b) Greater Tzaneen

A revenue enhancement program, aimed at supporting Greater Tzaneen Municipality, focussing on revenue generated and lost pertaining to electricity such high electricity losses was adopted. Greater Tzaneen Municipality does monthly charges for rates, electricity, water, sewer, refuse and other charges based on approved tariffs and actual usage to owner and consumer accounts through the Sebata EMS debtors and financial system

c) Maruleng Local Municipality

The municipality has a revenue enhancement strategy to address revenue collection with regards to rates and services. This strategy enables the municipality to collect own revenue. The municipality has an effective billing system. This system enables the municipality to generate its income.

d) Greater Giyani Municipality

The municipality has a revenue enhancement strategy. The municipality is in the process of data

cleansing to ensure that customers are billed correctly. The municipality is billing households for waste, sanitation and property rates

e) Greater Letaba Municipality

The municipality has developed the revenue enhancement strategy to assist the municipality to effectively generate income. The municipality has an effective billing system which enables the municipality to collect revenue.

Source: MDM IDP 2024/25

1.3. FINANCIAL HEALTH OVERVIEW

FINANCIAL POSITION

| Financial Overview – 2024/25 | | | |
|-----------------------------------|--------------------|--------------------|--------------------|
| | | | R'000 |
| Details | Original Budget | Adjustment Budget | Actual |
| Income | | | |
| Grants | 1 928 430 | 1 880 432 | 2 244 313 |
| Taxes, Levies & Tariffs | | | |
| Service charges | 306 839 | 365 727 | 223 864 |
| Investment revenue | 18 000 | 18 000 | 29 311 |
| Public contribution and donations | - | - | 1 748 |
| Interests received | 73 416 | 73 416 | 124 674 |
| Other Income | 2 000 | 2 000 | 4 615 |
| Other none-exchange Income | | | 1 750 |
| Total income | 2 328 685 | 2 339 575 | 2 671 226 |
| Less Expenditure | (1 678 982) | (1 890 806) | (2 875 603) |

| Operating Ratios 2024/25 | |
|--------------------------|--------|
| Detail | % |
| Employee Cost | 26.73% |
| Repairs & Maintenance | 6.5% |
| Finance Charges | 1% |
| T1.4.3 | |

The debt impairment amount was excluded when calculating the ratios, as it was qualified in the audit

| Total Capital Expenditure 2022/23– 2024/25 | | | |
|--|---------|---------|---------|
| | | | R'000 |
| Detail | 2022/23 | 2023/24 | 2024/25 |
| Original budget | 560 763 | 450 742 | 513 833 |
| Adjustment budget | 549 360 | 485 242 | 489 430 |
| Actual | 608 367 | 906 943 | 625 927 |
| T1.4.4 | | | |

1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

1.4.1. ORGANISATIONAL DEVELOPMENT PERFORMANCE

The total approved posts of the municipality are 995 for which 696 posts were filled during the year under review and 299 posts remained vacant. The water services directorate has the highest vacancies at 331 due to the increasing number of retirements, death cases and resignations. For the period under review, a total of 46 employees have been terminated from the system. The total number of Councilors for the municipality is 53. The Organogram review was conducted in May for 2024/25 Financial year.

1.5. AUDITOR-GENERAL REPORT AUDITOR-GENERAL REPORT 2024/25

The municipality has received a Qualified audit opinion from the Auditor General South Africa. The basis for qualified opinion was due to the following

Property, plant and equipment

1. The conditions of property, plant and equipment were not adequately reviewed at the end of the reporting date in accordance with GRAP 17, Property, plant and equipment. As a result, some items of property, plant and equipment were found to be in poor condition and a conditional assessment was performed to determine the current state, remaining useful life, and recoverable amount of the affected assets, however it was not performed in accordance with the requirement of GRAP 21, Impairment of non-cash-generating assets. Consequently, I was unable to determine the impact on the net carrying amount of property, plant and equipment stated at RIO 1 10 571 791 (2024: R9 710 502 659) in note 8 to the financial statements as it was impracticable to do so. Additionally, there is a resultant impact on accumulated surplus.

Inventory consumed and bulk purchases

2. The municipality did not maintain adequate internal control systems for recording and accounting for Inventory consumed in accordance with GRAP 1, Presentation of financial statements. I identified differences amounting to R46 244 326 between the annual financial statements and the inventories note. Consequently, inventory consumed stated at R455 544 233 in note 32 to the financial statements is overstated by the same amount.

Receivables from exchange transactions

3. The municipality did not maintain adequate internal control systems for reporting and accounting for receivables from exchange transactions. I identified unexplained differences amounting to RI 763 294 229 (2024: R2 471 206 600) between note 4 and its sub-notes and unexplained differences of RI 704 847 501 between the general ledger and the financial statements. Additionally, I identified differences on the gross amount of the Ba-Phalaborwa receivable amounting to R44 067 638 (2024: RI 15 825 935) between note 4 and the supporting documents. Consequently, receivables from exchange transactions stated at RI 941 515 223 (2024: R2 592 065 314) in note 4 to the financial

statements are misstated by the same amounts.

4. The municipality did not accurately calculate the provision for impairment for Ba-Phalaborwa loan accounts in accordance with GRAP 104, Financial instruments. I identified differences amounting to R38 243 170 between impairment provision amount in the financial statements of the municipality and underlying records. Consequently, receivables from exchange transactions relating to Ba-Phalaborwa municipality stated at R2 094 896 in note 4.1 was overstated by the same amount. Additionally, there is a resultant impact on accumulated surplus.

Revenue from exchange transactions

5. The municipality did not maintain adequate internal control systems for recording and accounting for Revenue from exchange transactions in accordance with GRAP 1, Presentation of financial statements. I identified differences emanating from sales of water amounting to R44 943 341 and sewage and sanitation charges amounting to R63 229 712 between the municipality's financial statements and underlying records from the local municipalities. Additionally, I was unable to obtain sufficient appropriate audit evidence for incomplete billing relating to revenue from sale of water as debtors were identified for which service charges from sales of water were not billed and recorded. I was unable to determine the full extent of the error as it was impractical to do so. Consequently, I could not determine whether any adjustments to the revenue from exchange transactions stated at R 223 864 906 in note 18 to the financial statements and related receivable from exchange transactions, stated at R1 45 794 871 in note 4.2 to the financial statements were necessary. This also has an impact on the surplus for the period and on the accumulated surplus.
6. The municipality did not maintain adequate internal control systems for reporting and accounting for revenue from exchange transactions. I was unable to obtain sufficient appropriate audit evidence for revenue from sale of water and sewerage and sanitation charges due to the status of record keeping. I identified unexplained differences in corresponding figures amounting to R51 152 821 between financial statements of the municipality and underlying records. I was unable to confirm the revenue by alternative means. I was unable to determine whether any adjustment to revenue from exchange transactions stated at R1 95 962 703 in note 18 of the financial statements were necessary.

Debt Impairment

7. The municipality did not maintain adequate internal control systems for recording and accounting for debt impairment in accordance with GRAP 1, Presentation of financial statements. I identified differences amounting to R760 395 276 (2024: R2 180 712 862) between the financial statements and note 4. Consequently, debt impairment disclosed in note 31 is overstated. This also has an impact on the surplus for the period and on the accumulated surplus.

Distribution losses

8. The municipality did not accurately measure water inventory consumed in accordance with the requirements of GRAP 1, Presentation of financial statements and section 125(2)(d) of the MFMA.

This was due to unreliable, non-functional meters at key points of the water value chain, together with broader operational factors such as ageing and incomplete infrastructure and weak billing processes. These conditions contributed to water distribution losses being misstated and remaining above the 30% norm for two consecutive years. I was unable to determine the full extent of the misstatement as it was impractical to do so. Consequently, I could not determine whether any adjustments to the water distribution losses stated at RI 35 840 378 (2024: R126 531 581) in note 32 to the financial statements were necessary.

Cash flow from operating activities

9. Receipts from sales of goods and services was incorrectly calculated as it included other impairment differences, which constitutes a departure from GRAP 2, Statement of Cash Flows. Consequently, receipts from sales of goods and services were understated by RI 13 426 591 (2024: R99 897 501) in the financial statements.

Unauthorised expenditure

10. The municipality did not maintain adequate internal control systems for reporting and accounting for unauthorised expenditure. I identified differences amounting to R907 299 096 between unauthorised expenditure per the register and the supporting records. Consequently, unauthorised expenditure stated at RI 417 1 1 1 635 in note 49 to the financial statements are overstated by the same amount.

Unauthorised, irregular and fruitless and wasteful expenditure

11. I identified unauthorised, irregular and fruitless and wasteful expenditure amounting to R777 077 402, R141 613 871, R351 532 978 respectively which was written off without proper investigations. Consequently, the Unauthorised, fruitless and wasteful and irregular expenditure stated at RI 417 1 1 1 635, R181 050 970 and RI 238 822 294 in notes 49, 51 and 50 respectively, were understated by the same amount.

Commitments

12. The municipality did not maintain adequate internal control systems for recording and accounting for commitments in accordance with GRAP 1, Presentation of financial statements. I identified differences amounting to R49 209 712 (2024: R715 089 205) were identified between commitments as per the commitments register and the supporting records. In addition, sufficient and appropriate audit evidence could not be obtained to confirm existence of some of the capital commitments as some commitments had been raised on expired contracts. Consequently, commitments stated at R932 161 895 (2024: R966 891 403) in note 42 to the financial statements are overstated by the same amount.

Payables from exchange transactions

13. The municipality did not account for VAT output accrued in accordance with GRAP 104, financial

instruments. I was unable to confirm whether VAT output accrued amounts arising from the impairment of receivables were correctly calculated and disclosed in the financial statements. I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the VAT output accrued amount stated at R279 379 439 (2024: 270 422 247) in note 12 to the financial statements.

14. Accrued interest on historic debt payable to Lepelle Northern Water in the next 12 months was not correctly classified as a current liability, in accordance with GRAP 1, Presentation of financial statements. Consequently, long-term liabilities stated at R564 383 119 in note 12 to the financial statements were overstated by R41 555 666.

Prior-year adjustments

15. I was unable to obtain sufficient appropriate audit evidence for the adjustments to prior period amounts of inventory, property, plant and equipment, receivables from exchange transactions and accumulated surplus, as the supporting information was not provided. I was unable to confirm these adjustments by alternative means. Additionally, I identified material differences of R238 505 152 in intangible assets stated at R241 525 122 and R236 930 916 in employee benefit obligation (current portion) stated at R9 930 583. Consequently, I was unable to determine whether any adjustments relating to the prior-year adjustments disclosed in note 45 to the financial statements was necessary.

Current assets

16. In addition to the individually material uncorrected misstatement on receivables from exchange transactions, total current assets were materially misstated by R41 963 516 due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:

- Cash and cash equivalents stated at R1 68 068 056 was overstated by R4 541 859.
- Receivables from exchange transactions stated at R1 918 315 223 was overstated by R11 374 918.
- Receivables from exchange transaction arising from Vhembe District municipality stated at R57 353 850 was overstated by R 22 553 849.

In addition, I was unable to obtain sufficient appropriate audit evidence and to confirm the following item by alternative means:

- Receivables from non-exchange transactions of R26 242 727 as included in the disclosed balance of R1 74 465 482.

The municipality received a qualified audit opinion on the predetermined objectives. The reason for qualification was due to inaccurate reporting and that adequate supporting evidence was not provided for auditing.

The 2024/25 Auditor General report will be provided for in Chapter 6 of this report.

1.6. STATUTORY ANNUAL REPORT PROCESS

| | 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 2024 |
| 2 | Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting). | |
| 3 | Finalise 4 th quarter Report for previous financial year | |
| 4 | Submit draft Annual Report to Internal Audit and Auditor-General | |
| 5 | Municipal entities submit draft annual reports to MM | |
| 6 | Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant) | August 2024 |
| 8 | Mayor tables the unaudited Annual Report | |
| 9 | Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General. | |
| 10 | Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase | September – October 2024 |
| 11 | Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data | |
| 12 | Municipalities receive and start to address the Auditor General's comments | January 2025 |
| 13 | Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report | |
| 14 | Audited Annual Report is made public and representation is invited | |
| 15 | Oversight Committee assesses Annual Report | |
| 16 | Council adopts Oversight report | March 2025 |
| 17 | Oversight report is made public | |
| 18 | Oversight report is submitted to relevant provincial councils | |
| 19 | Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input. | April 2025 |
| T 1.7.1 | | |

The annual report process:

The above timeframes are legislated. It is of great importance to distinguish between the Annual Performance Report (APR) and the Annual Report (AR). The content of the Annual Performance Report is the actual achieved in relation to targets set in the Service Delivery Budget and Implementation Plan (SDBIP) as approved for year under review. This report, together with the Annual Financial Statements are submitted to the Auditor-General by the 31 August each year. Then comes the compilation of the Annual Report.

The Annual Report content will assist municipal councilors, municipalities, municipal entities, residents,

oversight institutions and other users of Annual Reports with information and progress made on service delivery. The report must align with the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP), and in year reports. The Annual Report is tabled before the Council on the 31st of January and after consideration by the MPAC, the MPAC will report to council by the 31st of March. These reports should be used as a decision-making tool by the municipalities.

Every municipality and municipal entity must prepare an annual performance report which must form part of the Annual Report for each financial year in accordance with the Municipal Systems Act 2000 (MSA) section 46, and the Municipal Finance Management Act 2003 (MFMA) section 121.

The purpose of the Annual Report is:

- a) to provide a record of the activities of the municipality or entity during the financial year to which the report relates;
- b) to provide a report on performance in service delivery and budget implementation for the financial year;
- c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity; and
- d) to reduce the additional reporting requirements that will otherwise arise from Government Departments, monitoring agencies and financial institutions.
- e) The annual report is thus a back-ward looking document to inform strategic planning and budgeting for the following year. For the year under review, the municipality submitted the Draft Annual report on the 30th of January 2025.



CHAPTER - 2:

GOVERNANCE

Political and Governance Administration

2024 – 25

2. GOVERNANCE

The Constitution section 151(3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

The municipal Structures Act defines a municipality among other as a structure with political office bearers and administration components, a geographic area and the community of the municipality.

Rights and duties of municipal Council (The Political Component)

The council of a municipality has the right to govern, on its own initiative the local government affairs of our local communities; and to exercise the municipality's executive and legislative authority without interference. Council must respect the rights of citizens in the way in which they exercise their powers. Council has duties as well as rights that, amongst others include the duties to:

- Exercise their powers and use their resources in the best interests of our communities;
- Provide without Favor or prejudice democratic and accountable government;
- Encourage the participation of the communities;
- Ensure that Municipal Services are provided to the communities in an equitable, financially and environmentally sustainable manner;
- Promote development in the municipality;
- Promote gender equity;
- Promote a safe and healthy environment in the municipality; and
- Contribute to the progressive realization of the fundamental rights contained in the Constitution.

The Municipal Systems Act puts a responsibility on council to consult the local community about Municipal Services. The community has a say in which services are delivered; the quality of services the range and the level of services which are provided.

Duties of the Municipal administration (The Administrative Component)

The Administrative component have responsibilities towards the communities amongst the responsibilities the following is outlined.

- Being responsible for the general administration and accounting of the functionaries of the municipality;
- Being responsive to the needs of the local community;
- Establishing clear channels of communication with all sectors of the society and governance;
- Informing the local communities about the services which they are entitled to receive; and
- Informing the local community how the municipality is managed, what it spends its money on, and who is in charge.

The Municipal administration has the responsibility to facilitate a culture of public service and accountability amongst staff and taking measures to prevent corruption. The municipality is obligated to perform these duties as far as possible, considering the capacity and the available budget.

The Municipality has approved and (partially) implemented its Delegations System – “Delegation of Authority and Accountability By-Law” – that seeks to decentralize and democratize decision-making within the institution and improve the pace at which services are delivered to the community. This is intended to maximize administrative and operational efficiency and provide for adequate checks and balances. In line with the delegations’ system, some decision-making powers have been cascaded from Council to the Executive Mayor, Mayoral Committee, its Portfolio Committees and the full-time Councillors. Other powers have been delegated to the Municipal Manager and Senior Managers.

Internal audit’s role is primarily one of providing independent assurance over the internal controls of the council. It contributes to quality services to our communities in terms of providing checks and balances in the services rendered.

The Municipality established the in-house Internal Audit unit in December 2008 and is functional. The unit is thus far staffed with seven officials out of seven posts consisting of Risk Base audit and specialized Audit Units.

The Council has a full complement of senior managers.”

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution section 151(3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

The municipal Structures Act defines a municipality among others as a structure with political office bearers and administration components, a geographic area, and the community of the municipality. The Mopani District Council comprises of the political and administrative components responsible for decision-making and implementation. The Executive Mayor, the Speaker, and the Chief Whip head the political component of the municipality. The Council had 54 members. The municipality still waiting for CoGHSTA to finalize on the issues revolving traditional Authorities in Mopani District for official submitting of the lists to the municipality.

Municipal Public Accounts Committee:

The Municipal Public Accounts Committee (MPAC) heard evidence on and considered the contents of the Annual Report and the Report of the Auditor-General on the 2023/24 annual financial statements of the municipality. The Committee noted the Qualified audit opinion, highlighting areas which required urgent attention of the Accounting Officer and Council. During the 2024/25 Financial year, The Municipal Public Accounts Committee (MPAC) for the 2024/25 financial year was constituted as follows:

- Chairperson: Cllr Mothomogolo P.S
- Cllr D.G Mkhabela
- Cllr Moroatshehla MC
- Cllr Maake MW
- Cllr Mashele J
- Cllr Mabasa TA
- Cllr Masingi S.J

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The Mopani District Council has established Portfolio Committees in terms of Municipal Structures Act 117 of 1998. These committees recommend policy issues to Council via Mayoral committee. They serve as interface engine rooms between the political and administrative structures of Council. It is in these committees where policy issues are debated thoroughly prior to their submission to the Mayoral Committee that, in turn, consider and forward them to Council for adoption. Through Portfolio Committees, Councillors

are able to give political direction to the administrative component on the programmes of Council, Portfolio Heads (Councillors) are also responsible for different Clusters, e.g., Economic, Social and Infrastructure and Governance and Administration.

Portfolio Committees and Cluster are depicted underneath:

| Name of Committee | Support Department | Cluster |
|--------------------------|------------------------|---------------------------|
| Finance | Finance Directorate | Governance and Admin |
| Governance & Admin. | Corporate Services | Governance and Admin |
| Social Services | Community Services | Social and Infrastructure |
| Strategy, Planning & IDP | Planning & Development | Economic Development |
| Roads and Transport | Technical Directorate | Social and Infrastructure |
| Water | Technical Services | Social and Infrastructure |
| Infrastructure | Technical Services | Social and Infrastructure |
| Sports, Arts and Culture | Community Services | Social and Infrastructure |
| Agriculture | Agricultural Services | Social and Infrastructure |

The municipality has a total of Nine Portfolio Committees and their meetings are conducted on monthly basis prior to the Mayoral Committee meetings. The attendance in the Portfolio Committee meetings became a serious challenge after the municipality received a circular which explained the need to avoid having members of the Municipal Public Accounts Committee (MPAC) also sitting in different portfolios.

POLITICAL MANAGEMENT TEAM



Executive Mayor
Cllr Pule Shayi



Cllr Maswanganyi M
Speaker



Cllr Lewele M
Chief Whip

MEMBERS OF THE MAYORAL COMMITTEE 2024 - 25



Cllr Baloyi NN
MMC Economic Development
Housing and Spatial Planning



Cllr Mohlala ML
MMC Governance
and Shared Services



Cllr Khandlela MR
MMC Finance



Cllr Sefufi MH
MMC Water Services



Cllr Moloko M
MMC Infrastructure
Development Services



Cllr Magomane MS
MMC Public Transport
and Roads



Cllr Shibambu B
MMC Community
Services



Cllr Maripe MG
MMC Agriculture and
Environmental Management
Services



Cllr Makhananis MD
MMC Sport,
Recreation, Arts and Culture

COUNCILLORS

The Constitution section 151(3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community. The municipal Structures Act defines a municipality among other as a structure with political office bearers and administration components; a geographic area and the community of the municipality.

The Mopani District Council comprises of the political and administrative components responsible for decision-making and implementation. The Executive Mayor, the Speaker and the Chief Whip head the political component of the municipality. The Council had 53 members, and 21 of these were proportional representative Councillors. Previously the municipality had 10 Traditional Authorities in Mopani District, however in the year under review there was no Traditional leaders in the District attending Council meetings. The municipality is awaiting CoGHSTA to finalize a formal list of Leaders in Mopani District.

A total of fourteen (16) Mayoral Committee meetings were held and the attendance by members of the Mayoral Committee stood at 100% except in instances where written applications of absence were received.

| Functions of the Mayoral Committee and Council | |
|---|---|
| Area | Detail |
| Finance | Assist Council in the allocation of resources for service delivery and ensuring accountability and transparency |
| Governance | Support Council with Human Resources and General administration in terms of coordination of Council programmes |
| Roads and Public Transport | Provision of road infrastructure and coordination of public transport activities |
| Water and Sanitation | Ensures that the community have access to clean water and sanitation services |
| Energy | Assist in the coordination of electricity distribution and any other form of energy |
| Planning and Development | Assist in the coordination of the development of the IDP, economic development and planning in general |
| Social Services | Ensures the provision of fire services to communities, coordination of all the social services including HIV / AIDS |
| Speaker | |
| Section 37 of Municipal Systems Act | Presides at meetings of Council; |
| | Ensure that Council meets once quarterly; |
| | Maintain order during Council meetings; |
| | And to ensure that Council meetings are conducted in accordance with the Rules of order |
| Full time Councillors | |
| | Ensuring that Portfolio Committee meetings are held monthly |
| | To serve as a communication link between the Executive Mayor and municipal Councillors in the district; |

| Functions of the Mayoral Committee and Council | |
|--|--|
| Area | Detail |
| | Assisting the Executive Mayor in coordinating the activities of developing strategic plan for the Municipality |
| Municipal Manager | |
| Section 55 of the Municipal Systems Act | Formation and development of an economic, effective, efficient and accountable administration |
| | Management of the municipal administration |
| | Implementation of the municipal Integrated Development Plan and monitoring progress |
| | Management of the provision of services to the local communities in a suitable and equitable manner |

POLITICAL DECISION-TAKING

Rights and duties of municipal Council (The Political Component)

The council of a municipality has the right to govern, on its own initiative the local government affairs of our local communities; and to exercise the municipality's executive and legislative authority without interference. Council must respect the rights of citizens in the way in which they exercise their powers.

Council has duties as well as rights that, amongst others include the duties to:

- Exercise their powers and use their resources in the best interests of our communities;
- Provide without favour or prejudice, democratic and accountable government;
- Encourage the participation of the communities;
- Ensure that Municipal Services are provided to the communities in an equitable, financially and environmentally sustainable manner;
- Promote development in the municipality;
- Promote gender equity;
- Promote a safe and healthy environment in the municipality; and
- Contribute to the progressive realization of the fundamental rights contained in the Constitution.

The Municipal Systems Act puts a responsibility on council to consult the local community about Municipal Services. The community has a say in which services are delivered; the quality of services the range and the level of services which are provided.

2.2. ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Mopani District municipality has an administrative component, which helps in carrying the Constitutional mandate, to deliver quality services and to afford local government to be developmental to its constituencies.

The Administrative component has the responsibility towards the communities, which include the following:

- Being responsible for the general administration and accounting of the functionaries of the municipality.
- Being responsive to the needs of local communities.
- Establishing clear channels of communications with all sectors of the society and governance.
- Informing the local communities about the services, which they are entitled to receive.
- Informing the public of how the municipality is managed.



Mr TJ Mogano

Municipal Manager

FUNCTION

Accounting officer; Managing Internal Audit, IDP Risk Management; Monitoring and Evaluation and Legal Services



Ms S.PMathevula

Chief Financial Officer

FUNCTION

Manage Budget and reporting; Revenue Management



Ms Ngobeni SN

Senior Manager: Corporate Services

FUNCTION

Manage Human Resource; Administration and information Technology.



Mr P.J Shilowa

Senior Manager: Water & Engineering Services

FUNCTION

Manage Infrastructure Development, Giyani, Letaba, Ba-Phalaborwa, Maruleng; Tzaneen and Ritavi water satellites, Maintenance and Operations



Mr T.A Monakedi

Senior Manager: Planning and Development

FUNCTION

Manage Local Economic Development, Spatial



Ms B Pilusa

Senior Manager: Community Services

FUNCTION

Manage Disaster Management, Giyani, Phalaborwa, Maruleng, Tzaneen and Letaba Fire Services, Traffic and Spots Arts and Culture



Mr M.L Mahayi

Senior Manager: Technical Services

FUNCTION

Manage municipal Infrastructure Grants Management technical services and capital projects

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3. INTERGOVERNMENTAL RELATIONS

National intergovernmental structures

The relationship between the district municipality, the local municipalities and sector departments in Mopani has improved due to these arrangements. There are also inter-municipal structures (i.e. District Intergovernmental Forum, Speakers' Forum and District Managers' Forum) that discuss and resolve issues cutting across all municipalities and sector departments. The hierarchical matters affecting inter-municipal and inter-governmental structures should cross feed into each other's programmes and be measured in terms of performance. For example, it is still a challenge for MDM to hold any sector department accountable for the non-implementation of projects which are included in the IDP document.

The following are "political" and non-political inter-governmental structures that facilitate inter-governmental relations within the province, between the district, province and local municipalities:

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The following are "political" and non-political inter-governmental structures that facilitate inter-governmental relations within the province, between the district, province and local municipalities:

| Key Inter-Governmental Structures | | |
|--|---|--|
| Intergovernmental structures | Participants | Responsibility |
| POLITICAL STRUCTURES | | |
| Intergovernmental Forum Premier /Mayors' Forum] | Premier/ Mayors, Heads of Departments and Municipal Managers | Co-ordination of inter-governmental relations (Provincial and Local Government) |
| District Intergovernmental Forum [Mayors' Forum] | Executive Mayor, Mayors, Traditional Leaders and Municipal Managers | Co-ordination of inter-municipal relations (District and Local Municipalities) |
| District Speaker's Forum | Speakers, Municipal Managers. | Co-ordinate public participation processes in the municipalities |
| District Ward Committee forum | District Speaker, representatives of Ward committees | Inputs in the IDP and its implementation |
| NON-POLITICAL STRUCTURES | | |
| District Managers' Forum | Sector Departments' District Managers Municipal Managers Municipal Senior Managers (Directors) | Co-ordinate inter-governmental relations at district level between municipalities and sector departments |
| Clusters | Councillors Municipal Managers Municipal Senior Managers (Directors) | Co-ordinate policy issues affecting government at a district level (between sector departments and municipalities) |

| | | |
|-------------------------------------|---|--|
| Technical Committees of Clusters | Sector Department Officials Municipal Senior Managers (Directors) Municipal Officials | Provide inter-governmental inputs into the work of Clusters |
| Provincial Planners Forum | Sector Departmental Planners IDP Managers Spatial Planners Town Planners | Provide for a coherent inter- governmental planning framework and alignment and integration of development plans in the province |
| District Development Planning Forum | Sector Depts, SOEs, MDM and LMs | Alignment the IDP planning progress |
| T2.3.3 | | |

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The municipality has no entities

INTERGOVERNMENTAL STRUCTURES

The relationship between the district municipality, the local municipalities and sector departments in Mopani has also improved. There are inter-municipal structures established as a result: (i.e. District Intergovernmental Forum, Speakers' Forum and District Managers' Forum) that discuss and resolve issues cutting across all municipalities and sector departments. All Municipalities have their different Councils which take decisions affecting their spaces. However, through these different layers of interactions, Municipalities find the opportunity of working together and planning together with these sectors. The municipality managed to hold 4 quarterly district IGR meetings during the 2024/25 financial year.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

One of the Objectives of Local Government captured in section 152 of the Constitution is to encourage the involvement of communities and community organizations in the matters of local government. The White Paper on Local Government expects the municipalities to be working with citizens and groups within the community to find sustainable ways to meet their socio-economic needs for the improvement of the quality of lives. Therefore, the municipality is using a number of ways and systems to involve communities and improve governance.

Over and above the formal structure of MDM, the following are in place:

- Anti-corruption Strategy in place as enabler to deal with eradication of corruption.
- Risk Management Strategy in place: the unit is currently staffed with one person, namely the Chief Risk Officer and the Risk Officer position is still vacant.
- Financial control systems: Supply Chain Management, Audit committee, MPAC and financial policies are in place.
- HR policies are in place and some under review process.
- Program of meetings for the Local House of Traditional Leaders with Executive Mayor discussing issues of mutual interest.
- IDP Representative Forum to afford community involvement in issues of governance through IDP process.
- Communication forum: to communicate programmes and governance of the District to communities and employees.
- District Development Planning forum: An avenue for integration of Local municipalities and sector Departments (National and Provincial).
- District Managers' forum: Municipal Managers of District and Local municipalities, parastatals and District Managers of sector depts.
- Mayors' intergovernmental forum: Mayors of both District and Local municipalities meet quarterly to track progress on service delivery.
- Disaster Management unit that is linked to the Office of the Municipal Manager for prompt response to disasters whenever they occur.
- Forums linking communities with formal structures of municipality (e.g. LED, Business, Energy, Health, Gender, Sanitation, Disability, etc.).

The Office of the Speaker is responsible for the following programmes and they are budgeted for annually:

- Public Participation: The platform that affords communities to raise issues of concern directly to the political leadership for effective response. There is also hotline for the Executive Mayor to assist at any given time when members of communities or anyone need his assistance.
- Imbizos
- District Ward Committees Forum (five representatives from each Local Municipality)
- District Speakers' Forum.

| Local Government Key Performance Areas | MDM Structures that involve members of communities in matters of governance |
|---|--|
| Transformation and Organisational Development | MPAC, Audit committee, Disability forum, Gender forum, Youth Council, House of Traditional leaders with Exec. Mayor; anti-corruption forum, Communication forum, Children' Advisory council, Men's forum, Council for the aged |
| Basic services | Water and Sanitation forum, Transport forum, Energy forum, Health Council, AIDS Council, Education forum, Sport and recreation council, Arts and Culture council, Environmental Management advisory forum, Heritage forum, Moral Regeneration Movement |
| Local Economic Development | LED Forum, Business forum |
| Financial Viability | Budget Steering committee (officials and Councillors) |
| Good Governance and Public participation | District Ward Committees forum, IDP Representative forum, Mayors' intergovernmental forum, Speakers forum |

2.4. PUBLIC MEETINGS

COMMUNICATION. PUBLIC PARTICIPATION AND FORUMS

The municipality has the following interactive platforms with the community

- Quarterly newsletters
- Mopani district Municipality website: www.mopani.gov.za
- Complaints register
- Presidential and Premiers 's hotline

WARD COMMITTEES

The District has no wards; wards belong to the Local municipalities. The municipality has a unit within the Office of the Executive Mayor a unit responsible for Public Participation, for communities to be awarded an opportunity to contribute to the development of the District.

In order to provide support and effective engagement at grass-roots level the District established District

Ward Committees Forum, made up of 25 members, that is, five representatives from each local municipality. The District Speaker is responsible for coordination of the activities of the forum. Meetings of the District Ward Committees forum are often held concurrently with the Speakers' forum and are chaired by the District Speaker. Further support is provided in the form of funding the accommodation, venues, catering and traveling to the meetings. Workshops are also held to capacitate members and affording them an opportunity to participate in matters of District governance as well as service delivery issues.

The forum creates an appreciable platform for the communities to be able to understand the functioning of government and participate effectively in the strategic issues of municipalities. It is the base for building a better stakeholder capacity through programmes of public participation. It is also a mode to entrench democracy to ordinary members of communities. Again, the District as local government is able to relate better with communities, thus transforming the notion of "local authority" into "local governance", especially on services that are solely provided in terms of the District powers and functions. Every phase of the IDP process was presented to this forum for information and inputs.

2.5. IDP PARTICIPATION AND ALIGNMENT

| IDP Participation and Alignment Criteria* | Yes/No |
|--|--------|
| Does the municipality have impact, outcome, input, output indicators? | Yes |
| Does the IDP have priorities, objectives, KPIs, development strategies? | Yes |
| Does the IDP have multi-year targets? | Yes |
| Are the above aligned and can they calculate into a score? | Yes |
| Does the budget align directly to the KPIs in the strategic plan? | Yes |
| Do the IDP KPIs align to the Section 57 Managers | Yes |
| Do the IDP KPIs lead to functional area KPIs as per the SDBIP? | Yes |
| Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes | Yes |
| Were the indicators communicated to the public? | Yes |
| Were the four quarter aligned reports submitted within stipulated time frames? | Yes |
| * Section 26 Municipal Systems Act 2000 | T2.5.1 |

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Principles of co-operative government and intergovernmental relations is that All spheres of government and all organs of state within each sphere must

- (a) preserve the peace, national unity and the indivisibility of the Republic;
- (b) secure the well-being of the people of the Republic;
- (c) provide effective, transparent, accountable and coherent government for the Republic as a whole;
- (d) be loyal to the Constitution, the Republic and its people;
- (e) respect the constitutional status, institutions, powers and functions of government in the other spheres;
- (f) not assume any power or function except those conferred on them in terms of the Constitution;
- (g) exercise their powers and perform their functions in a manner that does not encroach on the geographical, functional or institutional integrity of government in another sphere; and
- (h) co-operates with one another in mutual trust and good faith by
 - (i) fostering friendly relations;
 - (j) ii. assisting and supporting one another;
 - (k) iii. informing one another of, and consulting one another on, matters of common interest;
 - (l) coordinating their actions and legislation with one another;
 - (m) adhering to agreed procedures; and
 - (n) avoiding legal proceedings against one another.

In the municipal environment, corporate governance is all about how municipalities set their priorities (as per the IDP), conduct their business (through the performance management system and the SDBIP process), and relate to the community they serve (as per the IDP and performance management system). The Tripod Integrated Management System® ensures co-ordinated planning and development in the district. Data is collected, monitored, evaluated, assessed, audited and reported on, for informed decision-making and better service delivery - in other words, for better corporate governance.

2.6. RISK MANAGEMENT

MFMA section 62(1)(c)(i) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The Chief Risk Officer as the head of risk management is responsible for co-ordinating, facilitating the risk management within the entire organization as well as providing expertise on risk issues. Furthermore, she

partly performs the functions of security management. The Risk Management unit has assisted management to identify and evaluate the effectiveness of council's risk management system and contribute to the improvement of risk management and control systems. That has been done by taking the identified risks, categorizing them into low, medium and high risks for management to develop actions for mitigation.

PROGRESS ON IMPLEMENTATION OF RISK MANAGEMENT COMMITTEE RESOLUTIONS OF THE MEETING HELD FROM 25 JUNE 2025.

| No | Resolution | Action / Responsible Person | Due date | Done/Not Done |
|----|--|-----------------------------|------------------|--|
| 1. | Investigation on abuse of fuel by employees. | LRO | 30 June 2025 | Not done The matter to be attended to by the LRO/SMCS |
| 2 | BTO must submit invoices on sale of water to the local municipalities on a monthly basis. | CFO | Monthly | Done Ongoing |
| 3 | Establishment of the municipality Hotline that will also allow the local municipality to utilise and once the reports are received the referred for investigation. | CRO | 30 June 2025 | Not done Finalising the specification with the SCM unit |
| 4 | The strategic risk monitoring report must include quarter progress, reasons for none achievement, remedial action and remedial action date. | CRO | 30 June 2025 | Done All directorates updated |
| 5 | The operational risk monitoring report must include quarter progress, reasons for none achievement, remedial action and remedial action date. | CRO | 30 June 2025 | Done Busy updating with all the Directorates and will be finalised during the operational risk assessment review in Q |
| 6 | The fraud risk monitoring report must include quarter progress, reasons for none achievement, remedial action and remedial action date. | CRO | 31 December 2024 | Done Fraud risk monitoring report must include quarter progress, reasons for none achievement, remedial action |
| 7 | The fraud prevention plan be implemented 100% in the annual year. | CRO | Quarterly | Done All plans in the fraud prevention plan be implemented |
| 8 | The emerging risks should be aligned and detailed in the register with actions to be mitigated. | CRO | Quarterly | Done The emerging risks has been populated in the Operational risk register |
| 9 | Gift register tabled to RMC meetings on a quarterly basis. | CRO | Quarterly | Done The report is part of quarterly risk reports |
| 10 | Security incidents report must include type of incident, description of the incident and action taken. | CRO/Asset Manager | Quarterly | Done The report has been reworked |

| No | Resolution | Action / Responsible Person | Due date | Done/Not Done |
|----|---|---|--------------|---|
| 11 | The ICT risk monitoring report must include quarter progress, reasons for none achievement, remedial action and remedial action date. | CRO/IT Manager | 30 June 2025 | Done The matter to be attended to by the LRO |
| 12 | Management must ensure installation of the electricity backup system in the Head Office | IT Manager/SM Corporate Services | 30 June 2025 | Not done The Corporate & Shared services to properly budget for the generator. |
| 13 | Management must implement the comprehensive OHS to ensure full compliance with the OHSA and create safe working environment. | MM | 30 June 2025 | Done The OHS is being implemented in full |
| 14 | A gift policy must be developed through benchmarking process. | CFO | 30 June 2025 | Done The municipality will benchmark with 03 district that have and develop the Gift policy. |

| Total Number of Resolutions | Implemented | Not Implemented | Not Yet Due |
|-----------------------------|-------------|-----------------|-------------|
| 14 | 12 | 02 | 0 |
| Percentage implemented % | | 86 % | |

PROGRESS AGAINST THE 2024/2025 RISK MANAGEMENT IMPLEMENTATION PLAN

The 2024/2025 Risk Management Implementation Plan was developed and approved by the Accounting Officer outlining key activities for the implementation of Enterprise Risk Management for the current financial year. Risk Management Unit has completed **100% (27 out of 27)** of activities, which is in the approved plan for 2024 /2025 Risk Management Implementation Plan against fourth quarter target of **100%**. The activities in the fourth quarter were all implemented.

TOTAL ACTIVITIES 27: Green – Achieved (27), Red – Not Achieved (0), Yellow – Behind Schedule (0), Blue – Not Yet Due (0)

The table below indicates details of core and key activities from the approved 2024/2025 Risk Management Implementation Plan and progress thereof:

| No. | Planned Action | Detailed Actions | Output | Responsible person and Time frame | Progress to date |
|-----|--|--|---------------------------------------|---|--|
| 1. | Develop or review 2024/2025 risk management policy. | Risk Management Committee (RMC) to review the policy and recommend to the Audit Committee. | Approved risk management policy | Chief Risk Officer 30/06/2025 | ACHIEVED Risk Management Policy has been approved |
| 2. | Develop or review 2024/2025 anti-fraud corruption policy | Risk Management Committee (RMC) to review the policy and | Approved anti-fraud corruption policy | Chief Risk Officer 30/06/2025 | ACHIEVED The Anti-fraud corruption policy has been developed and approved. |

| No. | Planned Action | Detailed Actions | Output | Responsible person and Time frame | Progress to date |
|-----|--|--|---|---|---|
| | | recommend to the Audit Committee. | | | |
| 3. | Develop or review 2024/2025 whistle blowing policy | Risk Management Committee (RMC) to review the policy and recommend to the Audit Committee. | Approved whistle blowing policy | Chief Risk Officer 30/06/2025 | <u>ACHIEVED</u> The whistle blowing policy has been approved. |
| 4. | Develop or review 2024/2025 anti-fraud and corruption strategy | Risk Management Committee (RMC) to review the strategy and recommend to the Audit Committee. | Approved anti-fraud and corruption strategy | Chief Risk Officer 30/06/2025 | <u>ACHIEVED</u> The anti-fraud and corruption strategy has been approved. |
| 5. | Develop or review 2024/2025 fraud prevention plan | Risk Management Committee (RMC) to review the plan and recommend to the Audit Committee. | Approved fraud prevention plan | Chief Risk Officer 30/06/2025 | <u>ACHIEVED</u> The fraud prevention plan has been reviewed and approved. |
| 6. | Develop or review 2024/2025 risk management plan. | Risk Management Committee (RMC) to review the plan and recommend to the Audit Committee. | Approved risk management plan. | Chief Risk Officer 30/06/2025 | <u>ACHIEVED</u> The risk management plan has been reviewed and approved. |
| 7. | Develop or review 2024/2025 risk management strategy | Develop guidelines on roles and responsibilities for risk management. (RMC) to review the strategy and recommend to the Audit Committee. | Approved risk management strategy | Chief Risk Officer 30/06/2025 | <u>ACHIEVED</u> The risk management strategy has been reviewed and approved. |
| 8. | Develop or review 2024/2025 risk management committee charter | Develop guidelines on roles and responsibilities for risk management committee to the Audit Committee. | Approved risk management committee charter | Chief Risk Officer 30/06/2025 | <u>ACHIEVED</u> The risk management committee charter has been reviewed and approved. |
| 9. | Structures and responsibilities | The CRO to review the risk management structure and present it to the RMC for review and recommendation for approval by the Accounting Officer / Authority | Structure reviewed and approved as required. Formal delegation of responsibilities to existing personnel (via appointment letters and performance agreements) and structures (via charters) | Council 30/06/2025 | <u>ACHIEVED</u> The vacant position of the Risk Practitioner has been filled with effect from 2nd March 2024. |
| 10. | Publication of Risk Management Policies / Strategies | Publicize the policy / strategy on the website | Communicated risk management policy / strategy to officials in the municipality. | Chief Risk Officer Three months after approval of documents | <u>ACHIEVED</u> All the approved 2024/25 risk management policies / strategies have been publicised in the municipal website in the Second quarter. |
| 11. | Raising awareness and risk management training | Develop and formalise detailed training programme / plan for all officials directly | Completed orientation for all officials. All new employees | Chief Risk Officer When requested | <u>ACHIEVED</u> There was no workshops held during the quarter under review for Risk Management |

| No. | Planned Action | Detailed Actions | Output | Responsible person and Time frame | Progress to date |
|-----|---|---|---|---|--|
| | | involved in risk management. | orientated on risk management. Make presentations on risk management at management forums and IDP forums. | | champions training, Audit and Risk Seminar and Technical Services department awareness campaign. |
| 12. | Develop or review risk management methodologies and processes | Development of a risk assessment protocol which includes risk quantification and risk rating. Conduct research and benchmark with latest developments in RM (best practice). | Approved risk assessment methodologies and processes in the Risk Management Strategy | Chief Risk Officer 30/06/2025 | <u>ACHIEVED</u> Risk Management Strategy is approved. |
| 13. | Facilitate enterprise-wide risk assessments | Information gathering Facilitate risk identification and assessment sessions. Analyse information and develop risk assessment reports | Approved strategic risk register | Chief Risk Officer 30/06/2025 | <u>ACHIEVED</u> To be done in the fourth quarter. |
| 14. | | | Approved departmental operational risk registers | Chief Risk Officer 31/11/2024 | <u>ACHIEVED</u> The operational risk register was aligned with the AG Action plan. |
| 15. | | | Approved projects' risk register | Chief Risk Officer 31/08/2024 | <u>ACHIEVED</u> Project Risk register has been approved. |
| 16. | | | Approved fraud risk register | Chief Risk Officer 31/08/2024 | <u>ACHIEVED</u> Fraud Risk Register has been approved. |
| 17. | | | Approved Information Technology risk register | Chief Risk Officer 31/08/2024 | <u>ACHIEVED</u> IT Risk register has been approved. |
| 18. | Assist risk owners with the development of risk response strategies | Drafting actions plans for all gaps identified in addressing the top risks. | Action plans implemented per agreed milestones | Risk Owners | <u>ACHIEVED</u> It has been done and tabled to the AC Strategic Risk Assessment. |
| 19. | | Drafting of individual key risk indicators for the top 10 risks | Analysis report of key risk indicators per agreed frequency | Chief Risk Officer Quarterly | <u>ACHIEVED</u> Analysis report of key risk indicators was done and is part of the strategic and operational risk registers. |
| 20. | Assess risks controls effectiveness | Assign assurance providers to assess the controls of medium and low risks identified (monitored risk) | Combined assurance plan Report on the risks' controls. | Internal Audit Quarterly | <u>ACHIEVED</u> The development of the combined assurance framework is in place. |
| 21. | Ensure risk management processes and methodologies are reviewed independently | Audit of risk management effectiveness | Performance audit report Status report on risk management implementation. | Internal / External Audits Annually | <u>ACHIEVED</u> Risk management processes were reviewed by Internal Audit. The audit was in the plan for Internal Audit. |
| 22. | Facilitate the execution of ERM | Implement appropriate risk reporting to the Senior Management, | Approved progress reports: present progress reports to | Chief Risk Officer Quarterly | <u>ACHIEVED</u> Risk Management report is a standing item in Management |

| No. | Planned Action | Detailed Actions | Output | Responsible person and Time frame | Progress to date |
|-----|---|--|---|--|--|
| | processes and infrastructure | Accounting Officer, RMC, and Audit Committee. | various stakeholders at various intervals. | | Committee meetings. Reports are regularly submitted to the Risk Management Committee and Audit Committee. |
| 23. | Coordination of RMC meetings. | Prepare meeting packs and send out invitations | Invitation, Agenda and Minutes of the RMC. | Chief Risk Officer Quarterly | <u>ACHIEVED</u> Meetings of the RMC are being coordinated as per the approved schedule of meetings. |
| 24. | Reporting to RMC and Audit Committee. | Prepare reports and present them to the RMC and Audit Committee. | Risk Management Reports | Chief Risk Officer Quarterly | <u>ACHIEVED</u> Reports were prepared and presented to the RMC and Audit Committee meetings during the quarter under review. |
| 25. | Manage and oversee the security function in the municipality. | Prepare plans for the division and monitor implementation of service level agreements. | Roosters, projects' certificates, and occurrence books. | Chief Risk Officer Monthly | <u>ACHIEVED</u> Service level agreements were monitored, and roosters were prepared for internal security personnel. |
| 26. | Support ICT on the municipal Business Continuity Planning. | Participate in the approved Business Continuity Plan. | Business Continuity Plan 2024/2024. | Chief Risk Officer Quarterly | <u>ACHIEVED</u> Business Continuity Plans for risks relating to fire, floods, shortage of water, power supply interruptions are not in place and will be developed by the Risk Management division for the 2024/25 financial year. |
| 27. | Support the combined assurance model | Participate in the approved combined assurance model. | Combined assurance strategy | Chief Risk Officer Quarterly | <u>ACHIEVED</u> The development of the combined assurance framework was done by the Internal Audit and approved by the AC on the 30 June 2025. |

PROGRESS ON IMPLEMENTATION OF 2024/2025 RISK REPORTS 2024/2025 Strategic Risk Monitoring Report

• 2024/2025 Strategic Risk Monitoring Report

The progress on implementation of risk mitigations from the 2024/2025 Strategic Risk Register as of 30 June 2025 is as follows:

- 24 Risk mitigations identified
- 24 risk mitigations were implemented
- 5 risk mitigations were not implemented
- 100 % of risk mitigations implemented in the **2024/2025** quarter.

| No | Names of Identified Risks | No of Actions to improve management of the risks for the 2024-25 | No of Risk mitigations implemented | No of Risk mitigations not implemented 4 th quarter 2024-25 |
|--------------|---|--|------------------------------------|--|
| 1 | None compliance with blue drop | 4 | 4 | 0 |
| 2 | None compliance with green drop | 3 | 3 | 0 |
| 3 | Inadequate revenue enhancement and collection | 3 | 3 | 0 |
| 4 | Insufficient water provision | 2 | 2 | 0 |
| 5 | Projects delays and disruptions | 2 | 2 | 0 |
| 6 | Inadequate maintenance of new and existing infrastructure | 1 | 1 | 0 |
| 7 | Lack of implementation of SDF by various stakeholders i.e. government, private sector, traditional leaders, NGOs. | 1 | 1 | 0 |
| 8 | Litigations | 1 | 1 | 0 |
| 9 | Inadequate support to all economic sectors of the district economy | 1 | 1 | 0 |
| 10 | Projects from sector department and private sector not inline with IDP | 1 | 1 | 0 |
| 11 | None compliance with municipal staff regulations | 1 | 1 | 0 |
| 12 | Increase in the level of UIFW | 3 | 2 | 0 |
| 13 | High skills shortage | 2 | 2 | 0 |
| Total | | 25 | 25 | 0 |

- **2024/2025 Operational Risk Register**

The progress on implementation of risk mitigations from the 2024/2025 Operational Risk Register as of 30 June 2025 is as follows: The action plan will be re visited during the review of 2025/2026 Operational Risk Assessment review in the financial year.

- **75 %** risk mitigations were implemented
- **25 %** Risk mitigations were not done

The Operational Risk register has been aligned with the AG Action Plan for 2024/2025.

The details per department are as follows:

- Corporate Services, **85%** implemented, **15%** behind schedule
- Technical Services, **80%** implemented, **20%** behind schedule
- Planning and Development, **85%** implemented, **15%** behind schedule
- Budget and Treasury, **75%** implemented, **25%** behind schedule
- Community Services, **85%** implemented and **15%** behind schedule
- Water Services, **75%** implemented and **25%** behind schedule

- **2024/2025 mSCOA Risk Register**

The progress on implementation of risk mitigations from the 2024/2025 mSCOA Risk Register as of 30 June 2025 is as follows: The mSCOA Committee did meet during the quarter under review.

| No | Names of Identified Risks | No of Actions to improve management of the risks the 2024-25 | Progress | Action Owner |
|----|---|--|--|--|
| 1 | Current infrastructure may not meet mSCOA requirements | Awaiting assessment of non-pilot municipalities by National Treasury | Done | mSCOA Project Co-ordinator and Assistant Director IT |
| 2 | The implementation of mSCOA may be delayed. | Reconfigure backup to consider new requirements Parallel testing period | Done | CFO |
| 3 | Non-compliance with Treasury regulations. | Regular meetings with the technical team to obtain an update on circulars and related publications. | Done | mSCOA Project Coordinator |
| 4 | Lack of understanding of mSCOA processes and requirements by key role players resulting unsuccessful implementation of the mSCOA project. | The mSCOA has been made a standard agenda item in all municipal strategic meetings. | Done The mSCOA meetings not held in the 2024/2025 quarter on the 12 July 2025 | CFO |
| 5 | Insufficient knowledge and understanding of mSCOA requirements may result in unsuccessful implementation of the project. | Attend training offered by Treasury | Done Training and Awareness to all key role players was done | CFO |
| 6 | The implementation of mSCOA may be delayed resulting in failure to comply with the set deadline. | Resuscitate mSCOA project steering committee Discuss all mSCOA activities at management meetings | Done The municipality is live on mSCOA. Steering committee meeting is called when there are issues to be discussed. | MM |
| 7 | The implementation of mSCOA may be delayed resulting in failure to comply with the set deadline. | The final budget will be adjusted to incorporate mSCOA costs. The pilot municipalities will be consulted to assist with costing. | Done | CFO |
| 8 | Delayed commencement of the mSCOA project processes may result in poor financial reporting subsequent to project implementation | Resuscitate the technical committee. | Done | MM |
| 9 | Delays in the mSCOA project phases will result in unfavorable audit findings. | Resuscitate the technical committee. | Done Monitoring of the progress on going | MM |

- **100 %** risk mitigations were implemented

- **2024/2025 Fraud Risk Register**

The progress on implementation of risk mitigations from the 2024/2025 Fraud Risk Register as of 30 June 2025 is as follows:

- **49** Actions were identified
- **44** risk mitigations were implemented
- **5** risk mitigations not implemented

- **90 %** of risk mitigations implemented in the **2024/2025** quarter.

| No | Names of Identified Risks | No of Actions to improve management of the risks for the 2024-25 | No of Risk mitigations implemented | No of Risk mitigations not implemented 4 th quarter 2024-25 |
|--------------|---|--|------------------------------------|--|
| 1 | Misuse of petrol/diesel at stores, from vehicles or at petrol stations. | 2 | 2 | 0 |
| 2 | Abuse of municipal vehicles either through inappropriate use / after-hours use of the vehicle or through reckless driving. | 2 | 2 | 0 |
| 3 | Misappropriation of tyres and other vehicle spares. | 2 | 0 | 2 |
| 4 | Fraudulent overtime claims and other forms of timekeeping manipulation. | 2 | 2 | 0 |
| 5 | Fraudulent subsistence and travel claims. | 3 | 3 | 0 |
| 6 | Leaking of confidential tender information. | 6 | 6 | 0 |
| 7 | Misuse of Municipal assets. | 6 | 6 | 0 |
| 8 | Ghost Employees. | 6 | 4 | 2 |
| 9 | Abuse of leave or unauthorised leave. | 3 | 3 | 0 |
| 10 | Misappropriation of stores and materials | 4 | 4 | 0 |
| 11 | Tender committee members become familiar with suppliers and are no longer independent and / or fraudulently approved tenders. | 1 | 1 | 0 |
| 12 | Fraudulent manipulation of pricing of tenders (Price fixing or matching) by tender committee or employees involved in tender process. | 3 | 3 | 0 |
| 13 | Abuse of municipal assets such as photo copiers, printers, faxes and telephones. | 3 | 2 | 1 |
| 14 | Lack of segregation of duties leading to fraud. | 2 | 2 | 0 |
| 15 | Undeclared conflicts of interest. | 2 | 2 | 0 |
| 16 | Inadequate IT Security leading to fraudulent transactions. | 2 | 2 | 0 |
| 17 | Awarding of tenders due to fraudulent scoring / criteria. | 1 | 1 | 0 |
| 18 | Fraudulent duplication of payments to suppliers. | 3 | 3 | 0 |
| 19 | Theft of municipal Assets | 1 | 1 | 0 |
| 20 | Payment for services / goods not rendered or not received in finance and other applicable departments. | 1 | 1 | 0 |
| Total | | 49 | 44 | 5 |

| No | Risk Identified | Reviewed Action | Action Owner | Reviewed Time Scale |
|----|---|--|--------------|---------------------|
| 1 | Misappropriation of tyres and other vehicle spares. | Regular inspection of vehicles | ACFO | 30 December 2025 |
| 2 | Ghost Employees. | Finalisation of verification of EPWP workers | SMCS | 30 September 2025 |
| 3 | Abuse of municipal assets such as photocopiers, printers, faxes and telephones. | Regular monitoring of assets | ACFO | 30 September 2025 |

- **2024/2025 Quarter Anti-Fraud Prevention Plan**

The 2024/2025 Anti-Fraud Prevention Plan was developed and approved by the Municipal Manager outlining key activities for the current financial year. Risk Management Unit has completed **100% (62 out of 62)** of activities, which in the approved 2024 /2025 Anti-Fraud Prevention Plan against annual target of **100%**.

- **Security Incident Report 2024/2025**

During the 2024/2025 Quarter ending 30 June 2025 there were one incident reported to the Risk Management Unit by the Private Security Companies and Directorates within the municipality.

| No | Location/Site | Description | Case Number | Incident Date | Status |
|----|--|---|----------------|---------------|---|
| 1. | Tours Bulk Pipeline between Mogapeng and Ga-Masholwane | Illegal connections, Vandalism and Theft of water | CASE 37/6/2025 | 03/06/2025 | The illegal connections community members were caught by Riot squad and sent to police station. Where SAPS took them out on warning. Private security company (awaiting full investigation from SAPS) arrested two community members. |

2.7. ANTI-CORRUPTION AND FRAUD

Mopani, like most institutions, does experience corruption which requires corrective measures for the creation of sound administration of the institution. The municipality has implemented its Anti-corruption and Fraud Prevention strategy, and the results are beginning to show up. Details of the developed anti-corruption strategy are briefly related below.

PURPOSE OF THE STRATEGY

- Encouraging a culture within MDM where all employees, the public and other stakeholders continuously behave with, and promote integrity in their dealings with, or on behalf of the municipality.
- Improving accountability, efficiency and effective administration within MDM including decision-making and management conduct which promotes integrity.
- Development of anti-corruption capacity within the municipality.
- Improving the application of systems, policies, procedures, rules and regulations within the municipality.
- Changing aspects within MDM undermine institutional integrity and facilitate unethical conduct, fraud and corruption and allow these to go unnoticed or unreported.

- Encourage all employees and other stakeholders to strive toward the promotion of integrity and for the prevention and detection of unethical conduct, fraud and corruption impacting, or having the potential to impact on the municipality.

PRINCIPLES OF STRATEGY

Mopani District Municipality Anti-Corruption Strategy is informed by the following principles to root out corruption:

- The need for a holistic and integrated approach to fighting corruption, with a balanced mixture of prevention, investigation, prosecution and public participation as the platform for the strategy.
- District tailor-made strategies are required to operate independently but complimentary to provincial and national strategies, particularly with regard to detection, investigation, prosecution and adjudication of acts of corruption, as well as the recovery of the proceeds of corruption.
- Acts of corruption are regarded as criminal acts and these acts can be dealt with either in the administrative or criminal justice system or both if need be. All aspects of the strategy are:
 - Supported with comprehensive education, training and awareness.
 - Coordinated within the district municipality.
 - Subjected to continuous risk assessment.

2.8. SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

Supply Chain Management policy was developed and approved by council for implementation in the 2024/25 financial year.

2.9. BY-LAWS

| By-laws Introduced during 2024/25 | | | | | |
|-----------------------------------|---------|---|-------------------------------|----------------------------|---------------------|
| Newly Developed | Revised | Public Participation Conducted Prior to Adoption of By- Laws (Yes/No) | Dates of Public Participation | By-Laws Gazetted* (Yes/No) | Date of Publication |
| Air Quality | New | Yes | 16/04/2024 | YES | 9/7/2024 |
| Waste Water | New | Yes | 16/04/2024 | YES | 9/7/2024 |
| Municipal Health Services | New | Yes | 28/06/2024 | YES | 29/08/2025 |
| *Note: See MSA section 13. | | | | T 2.9.1 | |

COMMENT ON BY-LAWS:

Three by-law was formally gazetted. The development, revision and tabling of by-laws is as per the MSA 2000 S11 (3) (m) that provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

2.10. WEBSITE

| Municipal website: content and currency of material | | |
|---|--------|-----------------|
| Documents published on the municipality's /entity's website | Yes/No | Publishing date |
| Current annual and adjustment budgets and all budget related documents | Yes | March |
| All current budget related policies | | June |
| The previous annual report (2023/24) | Yes | July |
| The annual report (2023/24) published / to be published | Yes | September |
| All current performance agreements required in terms of section 57 (1) (b) of the MSA and resulting score cards | Yes | August |
| All service delivery agreements 2024/25 | Yes | August |
| All long-term borrowing contracts 2024/25 | N/A | N/A |
| All supply chain management contracts above a prescribed value (give value) for 2024/25 | Yes | January |
| An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2024/25 | Yes | June |
| Contracts agreed in 2024/25 to which subsection (1) of section 33 apply, subject to subsection (3) of that section | No | N/A |
| PPP agreements referred to in section 120 made in 2024/25 | N/A | N/A |
| All quarterly reports tabled in the council in terms of section 52 (d) during 2024/25 | Yes | August |
| <i>Note: MFMA S75 sets out the information that a municipality must include in its website as detailed above. Municipalities are of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments T2.10.1</i> | | |

MUNICIPAL WEBSITE CONTENT AND ACCESS:

The website was fully functional for 2024/25 financial year, and all strategic documents including the quarterly performance report and annual report were published on the website.

2.11. PUBLIC SATISFACTION LEVELS

The municipality did not conduct a customer satisfaction survey for 2024/25 financial year. The municipality appointed the Batho Pele Committee in the 2024/25 financial year. The committee was established for addressing community complaints and issues pertaining to service delivery. Office of the Premier was requested to provide training for the committee and provide terms of reference. The committee will, among other things, deal with issues of community satisfaction survey in the district in conjunction with the local municipalities. For the year under review, the municipality did not budget for community satisfaction surveys. The budget is however planned for 2024/25 financial year.



CHAPTER - 3:

SERVICE DELIVERY PERFORMANCE

2024 – 25

3. SERVICE DELIVERY PERFORMANCE

COMPONENT A: BASIC SERVICES

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

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Note: Recent legislation includes the Water Services Act 108:1997, National Water Act 36: 1998 and the General Enabling Act 2005

Mopani District Municipality is a Water Services Authority for the whole District area and all its Local Municipalities have Water Service Provider (WSP) Agreements in place. The surface water in urban areas and rural areas are served through boreholes. MDM lies within and is benefitting from the following water catchment areas: Groot Letaba for GLM & GTM, Olifant for MLM & BPM and Klein Letaba for Giyani.

The Mopani district is characterized by low rainfall, especially in the lower-lying areas of the district, namely, Greater Giyani and Ba-Phalaborwa. This results in limited water resources culminating in severe water shortages and regular drought conditions. Subsequently, there is stiff competition between the different water users such as agriculture, mining and forestry. To this end, water use for domestic purposes becomes critical. The main surface water resources for Mopani district are Letaba River catchment and all its tributaries. There is a huge potential for usage of borehole water as an augmentation to the surface water resources.

There are over 20 (small and large) dams in the district with 9 being used for primary consumption (domestic, industrial and commercial) and most of the other dams are used for irrigation purposes. Some private small dams also exist and are used for irrigation purpose as well. The total yield from the dams for primary usage is 273 million m³ per annum. The agricultural sector uses the greatest portion of the available yield in the district, which is estimated at 70%, leaving 30 % for the other water users.

Bulk water supply in Mopani is characterized by numerous surface water schemes in various stages of full development to all consumer points. Water supply scheme clusters are well defined and the service area boundaries are well established. Major upgrading and refurbishment are needed at most localities. The Middle Letaba Sub Scheme area and Modjadji areas are in need of extensions to the existing bulk supply systems. In general, Mopani District is well provided with bulk water supply infrastructure.

However, the reason why the supply of water is below the RDP level (25 litres per person per day) is the shortage of pipeline reticulation within villages. MDM gets bulk water from the Lepelle Northern Water Board, treat the water and channel that to reservoirs in villages/ settlements in the five local municipalities. Local municipalities are responsible for reticulation in villages. MDM operates 21 water schemes, 62 pump stations, 19 water treatment works, over 1400km min pipelines, over 500 reservoirs and thousands of boreholes. Further analysis of water sources is depicted in the following table, with numbers of households benefitting

Ba-Phalaborwa municipality has adequate reticulation system, followed by Greater Tzaneen Municipality, Greater Letaba Municipality and then Greater Giyani Municipality. The limited availability of infrastructure in Greater Giyani is attributed to the fact that the villages in the Greater Giyani area are spatially scattered, resulting in difficult and expensive processes to provide water supply pipelines in the villages. It is also deduced that the major factor contributing to shortage of water is related to social aspects. These aspects are mainly vandalism of infrastructure, especially communal boreholes, lack of willingness from the consumers to pay for their water services and illegal (unauthorized) connections of pipelines by communities. These problems are usually prevalent in rural areas than urban areas. Over-usage of water is generally observed in most of the areas, amounting to more than 150 litres per person per day in both towns and villages. Communities are yet to do more to save the already scarce water.

The majority of households in Ba-Phalaborwa (41%) (See the Table: Households Access to water supply) have access to piped water inside dwelling, Maruleng at 30, 4%, Greater Tzaneen at 27,1%, Greater Giyani at 24,3% and Greater Letaba the lowest at 20,7%. However, taking a look at the households' access piped water inside the yard per local municipality as a percentage of the district, it becomes clear that the level of services is higher in Ba- Phalaborwa with 33,5% of the households within the district with access to water inside their yard, especially when taking into consideration that only 12, 9% of the households in the district reside in Ba-Phalaborwa. The smaller population and the absence of many scattered villages in Ba-Phalaborwa, compared to e.g. Greater Giyani, probably contributed to this.

All municipalities in the district are providing free basic water to some extent (6000 litres per household per month) with almost none providing free basic waste removal. To eradicate the water backlog, Mopani district as the water services authority has prioritized water services as the first service among all the other services. The Department of Water Affairs (DWA) have completed the establishment/ construction of the N'wamitwa Dam and the raising of the wall of the Tzaneen Dam to address the water shortage problem in the district.

Mopani District water treatment works supplied 81,5 MI/d (see Water Production table below) on average to all five satellites with augmentation of borehole water supply in areas where there is no bulk water supply. Moreover, MDM has signed SLA with Lepelle Northern Water where they supply 80 MI/d on average in Ba-Phalaborwa and Greater Letaba Local Municipalities. The total number of borehole is 1728, operational status was sitting around 58% on average for the entire financial year.

Low dam level in Middle Letaba has impacted the water supply in the entire district because the biggest scheme in the district its raw water is supplied by Middle Letaba Dam. The WTW has capacity of 36 MI/d, however, in the entire financial year it supplied 4 MI/d on average. The water loss was 10% for the year 2024/25 for the entire district.

Table: Water Production

| Financial year 2024-25 | | | |
|------------------------|----------------------------|----------------------------------|---------------------|
| Plant | Raw water extracted(input) | Portable Water produced (output) | Production losses |
| Giyani WW | 6 125 720,00 | 4 972 478,00 | 1 153 242,00 |
| Mametja Sekororo | 34 695,00 | 29 327,00 | 5 368,00 |
| Mapuve | 827 326,00 | 798 374,00 | 28 952,00 |
| Middle Letaba | 2 221 272,00 | 1 343 912,57 | 877 359,43 |
| Modjadji | 2 839 439,00 | 2 636 065,00 | 203 374,00 |
| Nkowankowa | 4 798 860,00 | 4 728 136,00 | 70 724,00 |
| Nondweni | 1 248 612,00 | 872 770,00 | 375 842,00 |
| Semarela | 22 423,00 | 20 044,00 | 2 379,00 |
| Letsitele | 210 546,00 | 195 264,00 | 15 282,00 |
| Tzaneen Dam | 2807515,62 | 2773825,433 | 33 690,19 |
| Thapane | 346 416,00 | 263 980,00 | 82 436,00 |
| The Oaks | 46 746,00 | 44 397,00 | 2 349,00 |
| Tours | 3 002 241,93 | 2 763 805,00 | 238 436,93 |
| Zava | 3 264,00 | 3 264,00 | 3 264,00 |
| Skimming | 2 906,00 | 2 792,00 | 114,00 |
| Kambako | 2 128 686,00 | 1 835 232,00 | 293 454,00 |
| George's Valley | 2 485 654,00 | 2 435 940,92 | 49 713,08 |
| Thabina | 3 849 274,00 | 3 988 759,00 | -139 485,00 |
| MOPANI DISTRICT | 33 001 596,55 | 29 708 365,92 | 3 296 494,63 |

| Table : Households Access to water supply | | | | |
|--|------------|------------|------------|---------------|
| Description | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| | Actual No. | Actual No. | Actual No. | Actual No. |
| Water: (above min level) <i>Piped water inside dwelling</i> | 51 674 | 51 674 | 52 966 | 93869 |
| <i>Piped water inside yard (but not dwelling)</i> | 72 754 | 72 754 | 74 572 | 121536 |
| <i>Using public tap (stand pipes)</i> | 109 341 | 109 341 | 91 898 | 36533 |
| <i>Other water supply (within 200m)</i> | 29 218 | 29 218 | 29 948 | 67945 |
| Minimum service level and above sub-total Minimum service level and above percentage Water; (below min level) Using public tap (more than 200m from dwelling) | 262 987 | 262 987 | 249 384 | 311 136 |
| | 100% | 100% | 84.16% | 85% |
| | | | | |
| Other water supply (more than 200m from dwelling) | | | | 39230 |
| No water supply | | | 36 921 | 6224 |
| | | 2 303 | | |
| Below minimum service level sub-total | | 2 303 | 10 014 | |
| Below minimum service level percentage | | | | 15% |
| Total number of households* | 262 987 | 1% | 15.84% | 365336 |
| To include informal settlements | | | | T3.1.3 |

DWS 5-year water and sanitation reliability service implementation plan

The wording “within/more 200m from dwelling” be replaced with “standp i p e s ” as it challenging to measure.

| Households – water service delivery levels below the minimum | | | | | | |
|---|----------------|----------------|---------------------|---------------------|----------------|----------------|
| Households | | | | | | |
| Description | 2021/22 | 2021/22 | 2022/23 | 2022/23 | 2023/24 | 2024/25 |
| | Actual No. | Actual No. | Original Budget No. | Adjusted Budget No. | Actual No. | Actual No. |
| Formal Settlements | 265 290 | 265 290 | 296 319 | 296 319 | 296 319 | 342 857 |
| Total households | 265 290 | 265 290 | 249 319 | 249 319 | 249 319 | 365336 |
| Households below minimum service level Proportion of households below minimum service level | 265 290 | 265 290 | 249 384 | 249 384 | 249 384 | 311 136 |
| Informal Settlements | | | | | | |
| Total households | 0 | 0 | 46 935 | 46 935 | 46 935 | 46 935 |
| Households below minimum service level Proportion of households below minimum service level | 0 | 0 | 46 935 | 46 935 | 46 935 | 46 935 |
| T3.1.4 | | | | | | |

- 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

| Water service policy objectives taken from IDP | | | | | | | | | |
|--|---|----------------|--------|----------------|---------------|--------|---------------|---------------|-----------------|
| Service Objectives Service indicators | Outline service targets | 2021/22 | | 2022/23 | | | 2023/24 | 2024/25 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *previous year | | *previous year | *current year | | *current year | *current Year | *following year |
| (i) | (ii) | (iii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| Service objectives | | | | | | | | | |
| Water Provision | Additional households provided with minimum water supply during the year (No. of HH) without supply at year end) | 5,000 | 20,344 | 20 344 | 1 627 | 21 971 | 10,400 | 32 371 | 34 967 |
| Improve reliability of water supply | Reduce the number of interruptions in supply of one hour or more compared to the baseline of 2018/19 | 80% | 82% | 80% | 75% | 78% | 84% | 88% | 93% |
| Improve water conservation | Reduce unaccountable water levels compared to the baseline of 2018/19 (16000 kiloliters (Kls) unaccounted for during the year | 9 000 | 11 500 | 13 000 | 15 000 | 1 5000 | 11 000 | 9 000 | 7 500 |
| T3.1.6 | | | | | | | | | |

IDP 2024/25

3.2. WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

The municipality for 2024/25 financial year targeted to give 6000 Households with access to sanitation. The municipality managed to complete 86 units for sanitation. This was due to slow progress by the emerging contractors. The outstanding units will be rolled over to 2025/26 financial year.

| Sanitation Service Delivery Levels Households | Sanitation Service Delivery Levels Households | Sanitation Service Delivery Levels Households | Sanitation Service Delivery Levels Households |
|--|---|---|---|
| <u>Sanitation/sewerage; (above minimum level)</u> Flush toilet (connected to sewerage) | | | |
| Flush toilet (with septic tank) Chemical toilet Pit toilet (ventilated) | 60 516 | 60 516 | 110 213 |
| Other toilet provisions (above min. service level) | 188 968 | 188 868 | 229 304 |
| Minimum service level and above sub-total | 249 384 | 249 284 | 339 517 |
| Minimum service level and above percentage | 84% | 84% | 94% |
| | | | |
| <u>Sanitation/sewerage; (below minimum level)</u> | | | |
| Bucket toilet | 46 935 | 46 935 | 18 636 |
| Other toilet provisions (below min service level) No toilet provisions | | | |
| Below Minimum service level sub-total | 46 935 | 46 9 35 | 18 636 |
| Below Minimum service level percentage | 16% | 16% | 6% |
| Total Households | 296 319 | 296 319 | 358 153 |
| *total number of households including informal settlements | | | T3.2.3 |

| Households; Sanitation service delivery levels below the minimum | | | | | | |
|---|----------------|----------------|-------------------|---------------------|-----------------------|----------------|
| Description | 2021/22 | 2022/23 | 2023/24 | 2024/25 | | |
| | Actual No. | Actual No. | Actual No. | Original Budget No. | Adjustment Budget No. | Actual No. |
| Formal Settlements | 296 319 | 296 319 | 16 700 000 | 339 517 | 339 517 | 339 517 |
| Total Households | | | | | | |
| Households below minimum service level Proportion of households below minimum service level | 296 319 | 296 319 | 16 700 000 | 339 517 | 339 517 | 339 517 |
| Informal Settlements | 0 | 0 | 0 | | | |
| Total Households | | | | | | |
| Households below minimum service level Proportion of households below minimum service level | 293 319 | 296 319 | 16 700 000 | 18 636 | 18 636 | 18 636 |
| T3.2.4 | | | | | | |

SANITATION SERVICES PERFORMANCE OVERALL:

MDM has a total number of 365 336 which equates to 96.2% of the community households which have access to sanitation services, whereas 3.8% has no sanitation services in their communities. At least Greater Letaba has a backlog of 1,4% without sanitation services. The municipality that has the highest backlog is Greater Giyani Municipality with 8,2%. The municipality that has the lowest is Greater Letaba with 1,4% followed by Greater Tzaneen with 1,7%.

WATER QUALITY DIVISION ANNUAL REPORT

The Water Quality and Compliance Division is tasked with the responsibility of ensuring that water meets regulatory standards (SANS 241-Drinking water, General authorization-wastewater), safeguarding public health and the environment, and reporting compliance to the appropriate authorities. It is responsible for the monitoring of water quality parameters, the supervision of pollution prevention and mitigation strategies, and the compilation and submission of compliance reports. The division also offers technical assistance to water service providers and facility operators, facilitates decision-making by conducting risk assessments, audits, and quality improvement plans, and responds to noncompliance by implementing corrective measures.

Table 1 below stipulates the number of samples collected from all Mopani District Municipality supply systems, boreholes, water tankers to ensure compliance with SANS 241 requirements for drinking water, and general authorization for wastewater. Water tankers are included under distribution system, requiring compliance verification at the consumer point of use while the borehole water is monitored from the abstraction to consumption to determine quality. This practice ensures a systematic monitoring and management to meet SANS 241 compliance and safeguard public health.

Table 1: Table of sample

| ITEMS | DRINKING WATER (Monthly) | WASTE WATER (Monthly) | BOREHOLES (Quarterly) | WATER TANKERS (Quarterly) | TOTAL COMBINED |
|---------------------------|-----------------------------|--------------------------|--------------------------|------------------------------|----------------|
| Number of sampling points | 118 | 14 | 20 | 20 | 132 |
| Total Tests conducted | 2105 | 140 | 194 | 194 | 2245 |
| Chemical tests | 1300 | 56 | 80 | 80 | 1356 |
| Physical tests | 590 | 70 | 100 | 100 | 660 |
| Microbiological tests | 215 | 14 | 14 | 14 | 229 |

Laboratory Accreditation status

The district utilizes the Giyani Regional Laboratory for the analysis of drinking water and wastewater compliance monitoring samples. The laboratory is currently in the process of attaining SANAS ISO/IEC 17025 accreditation, which is the internationally recognized standard for laboratory competence. In interim, the laboratory has implemented appropriate quality assurance measures to ensure reliability and technical validity of the analytical results produced.

These measures include participation in certified Proficiency Testing (PT) schemes namely National Laboratory Association (NLA) for Microbiological analysis and the South African Bureau of Standards (SABS) for Chemical analysis, in line with requirements of the Blue Drop and Green Drop regulatory frameworks. Below Table 2 is the progress of the laboratory accreditation status.

Table 2: Laboratory accreditation status

| Phase 1: Internal Gap analysis | | |
|--|---|--|
| ITEM | OBJECTIVE | IMPLEMENTATION STATUS |
| Gap analysis | To determine gaps to be closed in preparation for the system development | DONE |
| Personnel | Technical skills development | Personnel have attended the SANAS ISO/IEC 17025 Quality Management Course |
| Documentation and Record Keeping | Developing Quality Manual, laboratory policies, SOPs, Test Methods, Forms. To safeguard laboratory data for confidentiality and impartiality. | DONE: password protected SharePoint has been created through IT, confidentiality clause is signed annually. |
| Instruments | To determine efficiency of the existing instruments and identify advanced technology for credibility. | <ul style="list-style-type: none"> Internal verifications using Quality Control standards in place Advanced technological instruments process in BTO stage |
| Facility and Environment | <ul style="list-style-type: none"> Segregation of the laboratories and sample reception. Laboratory personnel requisition | Motivation submitted |
| Phase 2: External assessor | | |
| Gap analysis, implementation and SANAS assessment. | To assess the system in alignment with the ISO 17025 requirements for preparation of the accreditation. <ul style="list-style-type: none"> Method validations Internal audit findings Root cause analysis Corrective actions Preventive actions SANAS assessments | Motivation submitted for appointing an external service provider to perform gap analysis on the developed Quality system in preparation the SANAS assessment. |

Proficiency Testing plays a measured role in demonstrating laboratory competence by comparing technical performance against other laboratories, ensuring correct application of methods, accuracy, and reproducibility of results. Consistent and satisfactory participation provides assurance that the laboratory results are credible, defensible, and supporting regulatory compliance, informed decision-making, and public health protection while progressing towards the full SANAS accreditation. Graphs below are the z-score evaluation trends for the methods the lab has participated on.

Note: Criteria: $|z| \leq 2$: *Acceptable* $2 < |z| < 3$: *Questionable (Investigate possible causes)* $|z| \geq 3$: *Unacceptable (Action signal)*

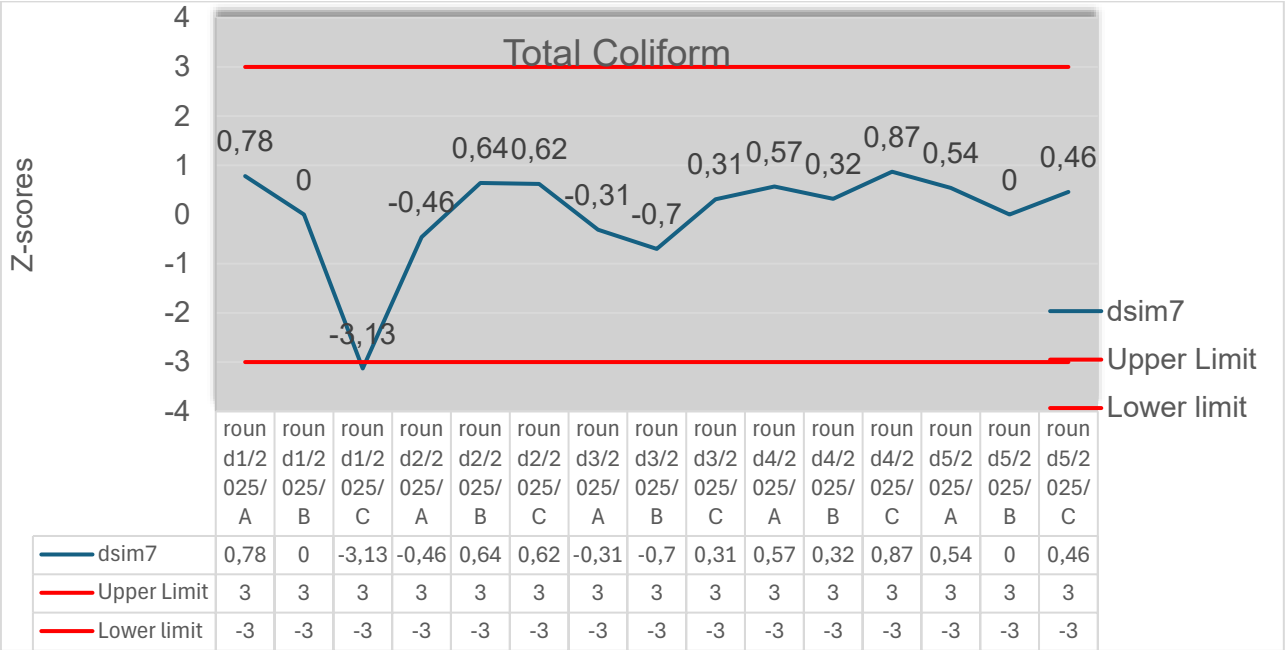


Figure1: Total Coliform

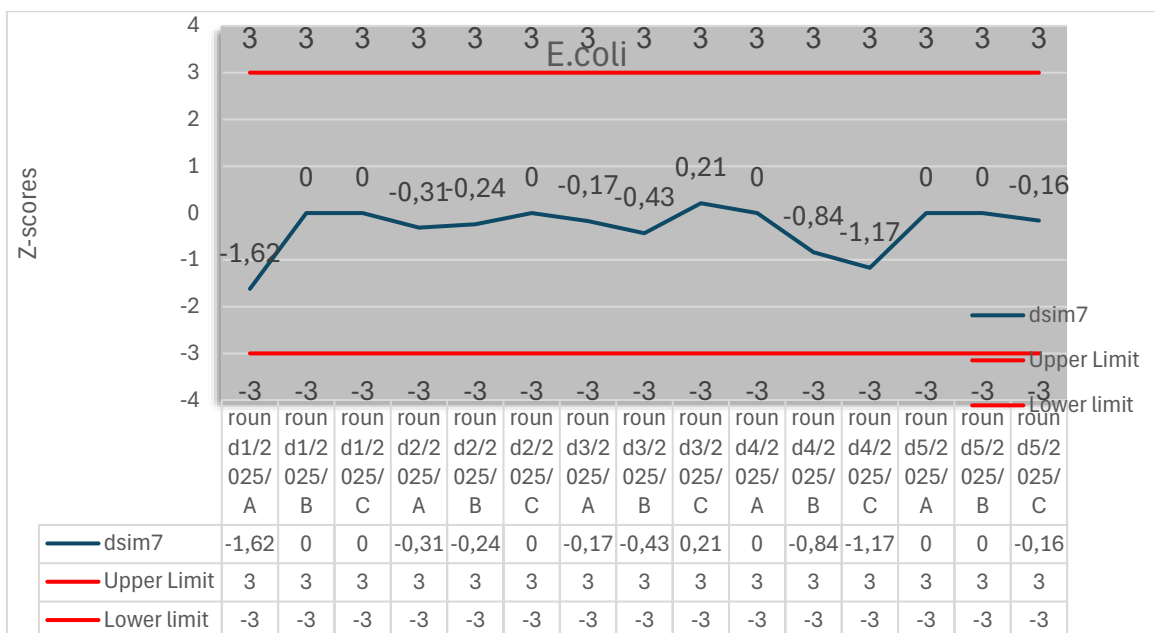


Figure 2: *E. coli* z-scores

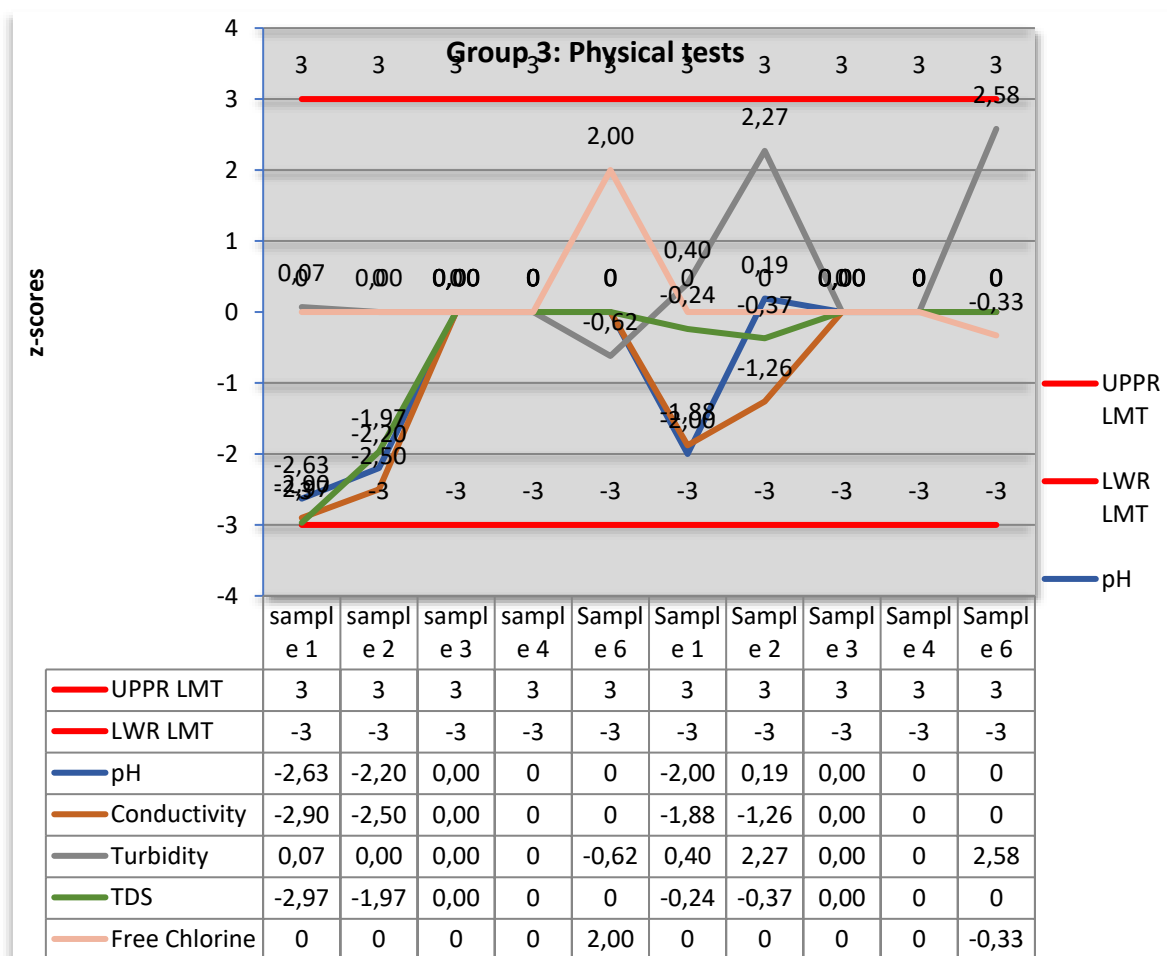


Figure 3: Physical tests z-scores

PURPOSE AND INTENT OF BLUE DROP CERTIFICATION

The Blue Drop certification programme aims to improve South Africa's drinking water management by identifying and developing core competencies. It combines goodwill from municipalities, businesses, and government support programs to achieve excellence. The Blue Drop audit conducts incentive- and risk-based regulation, ensuring sustainable water services. The process aims to inspire disciplined people, thought, and action in the South African drinking water industry, fostering long-lasting greatness.

Department has developed and designed the following Key Performance Areas (KPA's) as IRIS Audit Scorecard – which were used or considered during Audit:

- (a) Capacity Management
- (b) Drinking Water Quality Risk Management
- (c) Financial Management
- (d) Technical Management
- (e) Drinking Water Quality Compliance.

Mopani District Municipality have 18 Water Supply Systems which went through the Blue Drop Certification assessment from the 18th – 20th January 2023. One of them is Drakensig which is the Water Treatment works in Hoedspruit which is managed by the Department of Public Works. The results highlight the need to appoint more Process Controllers and relative Supervisors and Technologists that will assist us in improving Technical Management Skills and comply with Regulation R3630.

Table 1 below show - 2023 Blue Drop Summary:

Mopani District Municipality

| Municipal Blue Drop Score | | |
|---------------------------|---|--------|
| Blue Drop Score 2023 | % | 56.13% |
| Blue Drop Score 2014 | % | 64.60% |
| Blue Drop Score 2012 | % | 79.21% |
| Blue Drop Score 2011 | % | 63.87% |

| Key Performance Area | Weight | Drakensig | Giyani | Greater Tzaneen | Letsitele |
|----------------------|--------|-----------------|--------|-----------------|-----------|
| Bulk/WSP | | Public Works LP | - | - | - |
| Capacity Management | 15% | 30.00% | 72.00% | 45.21% | 52.00% |
| DWQ Risk Management | 20% | 0.00% | 26.50% | 69.57% | 47.50% |
| Financial Management | 10% | 0.00% | 80.00% | 21.25% | 9.25% |
| Technical Management | 20% | 0.00% | 35.75% | 29.12% | 16.50% |
| DWQ Compliance | 35% | 53.80% | 62.50% | 85.00% | 97.50% |

| Key Performance Area | Weight | Drakensig | Giyani | Greater Tzaneen | Letsitele |
|----------------------------|--------|------------|------------------|-----------------|--------------|
| Bonus | 10% | 5.00% | 17.50% | 78.82% | 82.50% |
| Penalties | 10% | 6.00% | 0.00% | 0.00% | 0.00% |
| Disqualifiers | | None | None | None | None |
| Blue Drop Score 2023 | % | 23.83% | 54.44% | 64.31% | 61.84% |
| Blue Drop Score 2014 | % | 26.09% | 32.51% | 77.39% | 73.44% |
| Blue Drop Score 2012 | % | NI | 65.48% | 95.10% | 95.02% |
| Blue Drop Score 2011 | % | NI | 41.85% | 95.08% | 95.05% |
| System Design Capacity | kL/d | 12 500 | 36 700 | 15 000 | 1 800 |
| System Available Capacity | kL/d | 12 500 | 36 700 | 15 000 | 1 800 |
| System Input Value | kL/d | 12 500 | 29 901 | 17 415 | 787 |
| Capacity Utilisation | % | NI | 81.47% | 119.62% | 43.72% |
| Average Daily Consumption | l/p/d | 2 500 | 164 | 1 340 | 262 |
| Resource Abstracted From | | Mohlabetsi | Hudson Ntsanwisi | Groot Letaba | Groot Letaba |
| Microbiological Compliance | % | 99.99% | 99.99% | 99.99% | 99.99% |
| Chemical Health Compliance | % | 99.99% | 99.99% | 99.99% | 99.99% |
| Risk Defined Compliance | % | 95.37% | 94.65% | 89.30% | 100.00% |
| VROOM | Rand | - | R26 057 000 | - | - |
| BDRR 2023 | % | 52.04% | 47.32% | 40.29% | 14.99% |
| BDRR 2022 | % | 74.60% | 33.70% | 25.00% | 18.70% |

| Key Performance Area | Weight | Mapuve | Middle Letaba | Modjadi | Nkambako |
|----------------------|--------|--------|---------------|---------|----------|
| Bulk/WSP | | - | - | - | - |
| Capacity Management | 15% | 62.00% | 62.00% | 70.00% | 55.00% |
| DWQ Risk Management | 20% | 58.00% | 58.00% | 29.50% | 58.00% |
| Financial Management | 10% | 74.00% | 74.00% | 80.00% | 49.00% |

| Key Performance Area | Weight | Mapuve | Middle Letaba | Modjadi | Nkambako |
|----------------------|--------|--------|---------------|---------|----------|
| Technical Management | 20% | 38.25% | 35.25% | 28.25% | 52.25% |
| DWQ Compliance | 35% | 77.50% | 69.00% | 64.00% | 65.00% |
| Bonus | 10% | 28.75% | 25.00% | 25.00% | 16.25% |
| Penalties | 10% | 0.00% | 0.00% | 0.00% | 0.00% |
| Disqualifiers | | None | None | None | None |
| Blue Drop Score 2023 | % | 65.23% | 61.38% | 54.33% | 59.17% |
| Blue Drop Score 2014 | % | 29.33% | 32.40% | 76.37% | 32.19% |

| Key Performance Area | Weight | Mapuve | Middle Letaba | Modjaji | Nkambako |
|----------------------------|--------|---------------|---------------|-----------|--------------|
| Blue Drop Score 2012 | % | 63.17% | 66.18% | 92.88% | 67.39% |
| Blue Drop Score 2011 | % | 24.00% | 48.38% | 61.97% | 27.33% |
| System Design Capacity | kL/d | 4 000 | 36 000 | 12 000 | 12 000 |
| System Available Capacity | kL/d | 4 000 | 36 000 | 12 000 | 12 000 |
| System Input Value | kL/d | 2 549 | 22 900 | 7 506 | 4 513 |
| Capacity Utilisation | % | NI | 63.61% | 62.56% | 37.61% |
| Average Daily Consumption | l/p/d | 150 | 191 | 250 | 56 |
| Resource Abstracted From | | Middel-Letaba | Middle Letaba | Molototsi | Groot Letaba |
| Microbiological Compliance | % | 99.99% | 99.99% | 96.15% | 99.99% |
| Chemical Health Compliance | % | 99.99% | 99.99% | 99.99% | 99.99% |
| Risk Defined Compliance | % | 95.24% | 96.00% | 94.26% | 90.63% |
| VROOM | Rand | - | - | - | - |
| BDRR 2023 | % | 41.67% | 47.23% | 43.61% | 37.62% |
| BDRR 2022 | % | 73.30% | 64.90% | 32.00% | 95.60% |

| Key Performance Area | Weight | Nkowankowa | Nondweni | Phalaborwa, Lulekani and Namakgale | Politsi and Modjaji Kloof |
|----------------------|--------|------------|----------|------------------------------------|---------------------------|
| Bulk/WSP | | - | - | Lepelle Northern Water | Lepelle Northern Water |
| Capacity Management | 15% | 69.00% | 65.00% | 79.20% | 75.80% |
| DWQ Risk Management | 20% | 26.50% | 55.50% | 35.50% | 44.00% |
| Financial Management | 10% | 74.00% | 74.00% | 37.05% | 65.45% |
| Technical Management | 20% | 27.75% | 27.75% | 38.75% | 41.75% |
| DWQ Compliance | 35% | 80.00% | 68.00% | 74.10% | 72.40% |
| Bonus | 10% | 40.00% | 37.50% | 17.50% | 12.50% |
| Penalties | 10% | 0.00% | 0.00% | 0.00% | 0.00% |
| Disqualifiers | | None | None | None | None |
| Blue Drop Score 2023 | % | 59.60% | 60.41% | 57.68% | 61.34% |
| Blue Drop Score 2014 | % | 46.73% | 46.73% | 80.20% | 76.21% |
| Blue Drop Score 2012 | % | 66.27% | 66.27% | 92.63% | 92.88% |
| Blue Drop Score 2011 | % | 30.43% | 30.43% | 80.47% | 68.55% |

| Key Performance Area | Weight | Nkowankowa | Nondweni | Phalaborwa, Lulekani and Namakgale | Politsi and Modjadji Kloof |
|----------------------------|--------|--------------|----------|------------------------------------|----------------------------|
| System Design Capacity | kL/d | 24 000 | 4 700 | 76 000 | 5 500 |
| System Available Capacity | kL/d | 24 000 | 4 700 | 76 000 | 5 500 |
| System Input Value | kL/d | 20 939 | 3 605 | 59 521 | 6 211 |
| Capacity Utilisation | % | 87.25% | 76.70% | 104.65% | 121.02% |
| Average Daily Consumption | l/p/d | 299 | 361 | 964 | 345 |
| Resource Abstracted From | | Groot Letaba | NI | Olifants River | Molototsi |
| Microbiological Compliance | % | 99.99% | 97.87% | 99.52% | 99.99% |
| Chemical Health Compliance | % | 99.99% | 99.99% | 99.86% | 99.25% |
| Risk Defined Compliance | % | 99.16% | 82.53% | 98.02% | 99.81% |
| VROOM | Rand | - | - | - | - |
| BDRR 2023 | % | 30.13% | 45.26% | 38.84% | 31.31% |
| BDRR 2022 | % | 38.30% | 56.60% | 43.70% | 32.00% |

| Key Performance Area | Weight | Semarela | Thabina | Thapane | The Oaks |
|----------------------------|--------|----------------|---------|---------------|----------|
| Bulk/WSP | | - | - | - | - |
| Capacity Management | 15% | 55.00% | 65.00% | 65.00% | 62.00% |
| DWQ Risk Management | 20% | 17.50% | 57.00% | 17.50% | 12.00% |
| Financial Management | 10% | 74.00% | 80.00% | 80.00% | 74.00% |
| Technical Management | 20% | 27.75% | 35.25% | 18.75% | 18.75% |
| DWQ Compliance | 35% | 67.50% | 65.00% | 57.50% | 35.50% |
| Bonus | 10% | 37.50% | 40.00% | 31.25% | 25.00% |
| Penalties | 10% | 0.00% | 0.00% | 0.00% | 0.00% |
| Disqualifiers | | None | None | None | None |
| Blue Drop Score 2023 | % | 52.08% | 61.95% | 48.25% | 37.78% |
| Blue Drop Score 2014 | % | N/A | 28.09% | 38.27% | 26.09% |
| Blue Drop Score 2012 | % | N/A | 64.41% | 65.68% | N/A |
| Blue Drop Score 2011 | % | N/A | 7.75% | 38.50% | N/A |
| System Design Capacity | kL/d | 1 000 | 12 000 | 8 000 | 1 000 |
| System Available Capacity | kL/d | 1 000 | 12 000 | 8 000 | 1 000 |
| System Input Value | kL/d | 65 | 12 000 | 2 062 | 3 609 |
| Capacity Utilisation | % | 6.40% | NI | 25.78% | 360.90% |
| Average Daily Consumption | l/p/d | 13 | 150 | 68 | 887 |
| Resource Abstracted From | | Semarela river | Thabina | Thapane River | Olifants |
| Microbiological Compliance | % | 99.99% | 99.99% | 99.99% | 92.86% |
| Chemical Health Compliance | % | 99.99% | 99.99% | 99.99% | 99.99% |

| Key Performance Area | Weight | Semarela | Thabina | Thapane | The Oaks |
|-------------------------|--------|----------|---------|---------|----------|
| Risk Defined Compliance | % | 78.67% | 83.33% | 92.94% | 75.71% |
| VROOM | Rand | - | - | - | - |

| Key Performance Area | Weight | Semarela | Thabina | Thapane | The Oaks |
|----------------------|--------|----------|---------|---------|----------|
| BDRR 2023 | % | 36.20% | 61.51% | 27.60% | 72.67% |
| BDRR 2022 | % | 33.30% | 77.20% | 28.20% | 36.50% |

| Key Performance Area | Weight | Tours Water Supply System | Zava water supply system |
|----------------------------|--------|---------------------------|--------------------------|
| Bulk/WSP | | - | - |
| Capacity Management | 15% | 62.00% | 62.00% |
| DWQ Risk Management | 20% | 24.00% | 20.00% |
| Financial Management | 10% | 80.00% | 80.00% |
| Technical Management | 20% | 35.25% | 24.50% |
| DWQ Compliance | 35% | 62.50% | 65.00% |
| Bonus | 10% | 12.50% | 37.50% |
| Penalties | 10% | 0.00% | 0.00% |
| Disqualifiers | | None | None |
| Blue Drop Score 2023 | % | 51.96% | 52.70% |
| Blue Drop Score 2014 | % | 36.91% | N/A |
| Blue Drop Score 2012 | % | 80.49% | N/A |
| Blue Drop Score 2011 | % | 29.55% | N/A |
| System Design Capacity | kL/d | 9 000 | 300 |
| System Available Capacity | kL/d | 9 000 | 300 |
| System Input Value | kL/d | 8 325 | 156 |
| Capacity Utilisation | % | 92.50% | 52.00% |
| Average Daily Consumption | l/p/d | 167 | 75 |
| Resource Abstracted From | | Tours | Groot Letaba |
| Microbiological Compliance | % | 99.99% | 99.99% |
| Chemical Health Compliance | % | 99.99% | 99.99% |
| Risk Defined Compliance | % | 89.80% | 82.67% |
| VROOM | Rand | - | - |
| BDRR 2023 | % | 48.05% | 39.88% |
| BDRR 2022 | % | 78.80% | 75.40% |

As outlined above, Drankensig achieved the Blue Drop Score of 23,85% which has a negative impact on Mopani Score in general. This is the 18th Water Supply System adding to the existing 17 that are managed by MDM and operated by Greater Tzaneen Municipality. The MDM

MDM will develop Blue Drop Correctional Action Plan as well as the Blue Drop Improvement Plan which will ensure improvement from 56% to 95% Blue Drop Score during the next Audit (2025).

3.3. ELECTRICITY

Energy distribution has important economic development implications with a potential to make a considerable development impact. This impact relates to improved standard of living in which people are able to use electric stoves for cooking, electronic equipment such as TVs, sound systems, lights, etc. It also enables people to establish small businesses such as welding, catering and other mechanical works.

In Mopani, electricity is largely provided by ESKOM. Only two Local municipalities (BPM & GTM) are licensed to provide electricity. The GGM, MLM and GLM are fully dependent on ESKOM. However, this function is yet to be fully undertaken. National government in consultation with the South African Local Government Association (SALGA), ESKOM and other stakeholders are engaged in discussions regarding the restructuring of the Electricity Distribution Industry in South Africa with the aim of ensuring that the industry is able to meet the needs of electricity consumers in the country and improve the roll out of electricity.

The four local municipalities in the district have signed the service level agreement with ESKOM for the rolling out of Free Basic Electricity to indigent households in the district. Each poor household is entitled to 50KWh per month. It has been found that most of the people in rural areas and amongst low-income households continue to use a range of energy sources like wood to meet their needs, irrespective of whether their houses are electrified or not. In addition, inefficient energy use compounds poverty: housing without ceilings and a complete lack of accessible information to users on appropriate and efficient energy use condemn poor households to a future of high energy costs.

The municipality provides boreholes to the whole part of Mopani. In providing boreholes we are required to energise the boreholes provided with electricity. Most of the electrification of the boreholes results in the transformers being stolen. However, the municipality is embarking on an exercise to number the transformers with serial numbers, which will in turn minimise the theft of boreholes transformers in the district.

3.4. WASTE MANAGEMENT

In the Mopani, all local municipalities are responsible for their own landfill site and waste management services. The National Environmental Management: Waste Act 59 of 2008 mandates the district municipality to designate in writing a waste management officer from its administration to be responsible for co-ordinating matters pertaining to waste management in the area of jurisdiction of the Council. Although the house-to-house collection of waste is the responsibility of the local municipalities, the district has an

oversight role to play in ensuring that all waste is collected, transported, treated, disposed of or recycled in accordance with the relevant legislation and that such collection, transportation, treatment, disposal or recycling takes account of the waste management hierarchy.

In Mopani, the status of the landfill sites is as follows:

| | MDM | BPM | GGM | GTM | GLM | MLM |
|------------------------|-----|-----|--|-----|---|----------------------------|
| LANDFILL | NO | YES | YES, Waiting for the official hand over | YES | YES, but waiting for the designs. Currently utilizing Tzaneen landfill site | YES, |
| LANDFILL PERMIT | NO | YES | YES | YES | YES | YES |
| BUYBACK CENTRE | NO | NO | YES but not yet operational | NO | YES, but not yet operational | YES BUT NOT OPERATIONAL |

3.5. HOUSING

Housing services is provided by the Department of Cooperative Governance & Traditional Authorities.

3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT

Mopani District Municipality provides free basics services on provision water through the water service agreement with the local municipality. The free basics water services is provided to registered and certified indigent customers support services where 6kl is provided for free on an annual basis. The Local Municipalities within the Mopani District Municipalities administer and maintain the registration of the indigent customers as part of the indigent support on the annual basis to provide the free basic water services.

3.7. ROADS & TRANSPORT

This component is not applicable to the district.

COMPONENT B: PLANNING AND DEVELOPMENT

INTRODUCTION TO PLANNING AND DEVELOPMENT

Mopani District Municipality (MDM)'s Vision is: 'To be the food basket of Southern Africa and to be the' tourism destination of choice'. It is therefore necessary to give attention to the four key sectors (Agriculture, Mining, Tourism, Trade and Manufacturing) which contribute towards the achievement of the MDM Vision.

The following are among the opportunities identified during quarterly stakeholder's discussions that resonate within the district:

- The Development of an integrated GIS which will enable the District and its locals to depict and share planning information.
- The rich cultural diversity, which if fully tapped into, could turn the District into the destination of choice.
- The District has a huge potential on the Agricultural and Mining value chain. Particularly if the potential is linked to the plans of Revitalisation of Industrial Parks Plans.
- The above can be attained through the identified strategies of determining market gaps, Institutional Capacity building and organisational support as well as Production and supplier development for SMMEs and Partnerships

Integration of plans and budgets for all role-players remains a challenge as IDP processes have not yet reached the ideal state. The resuscitated Technical Committees comprising of the District, Local Municipalities and Sector Departments will in time resolve the challenge referred to above.

3.8. PLANNING

INTRODUCTION TO PLANNING

The primary function of planning is to oversee the implementation of the Spatial Planning and Land Use Management Act to ensure sustainable land use in the district. The key strategies implemented in the year under review is the review of the Spatial Development Framework and operation of the Municipal Planning Tribunal to process land use applications for development, and Geographic Information System (GIS) to support spatial planning.

Review of SDF

The Spatial Development Framework was reviewed in line with the SPLUMA Act. The Draft SDF was adopted by Council during the year under review. The draft SDF has been published on the municipal website and finalization is pending consultation with broader stakeholders to ensure broad support and adherence from the public.

Municipal Planning Tribunal

Section 34 of SPLUMA provides that district municipalities may establish a District Municipal Planning Tribunal (MPT) to determine land development and land use applications within its district jurisdiction. The Municipal Planning Tribunal for Mopani District Municipality was established and appointed in the 2020/21 financial year. During the year under review the MPT supported the land use applications in Ba-Phalaborwa Local Municipality and Greater Letaba Municipality. Greater Tzaneen Municipality, Greater Giyani Municipality and Maruleng Local Municipality has set up independent MPTs in line with SPLUMA.

Integrated GIS

Integrated GIS system was established in 2019/20. The integrated GIS continues to be functional and supports all local municipalities on a user needs basis. Institutionally, the GIS is primarily used to capture IDP projects to give effect to the spatialization of projects and supplements the assets register of the municipality.

3.9. LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION TO ECONOMIC DEVELOPMENT

Local Economic Development (LED) is an approach towards economic development which allows and encourages local people to work together to achieve sustainable economic growth and development thereby bringing economic benefits and improved quality of life for all residents in Mopani District. LED is intended to maximize the economic potential of all Municipal localities throughout the country and, to enhance the resilience of the macro-economic growth through increased local economic growth, employment creation and development initiatives within the context of sustainable development.

The key strategic thrusts identified in the MDM LED strategy can exert the most influence in order to foster a prosperous economy within the District, i.e. Agriculture, Tourism, Mining and Trade & Manufacturing. Mopani District Municipality was able to create conducive economic environment during 2024/25 through, among others, the quarterly sessions with LED practitioners in the form of HOD/Technical committees, LED Fora.

Mopani District Municipality is participating in Trade Shows to expose and assist the Local SMMEs to market their produce and businesses.

- a) Marula Festival, Tourism – BaPhalaborwa
- b) Agri-Expo, Agriculture – Tzaneen
- c) Letaba Show, Trade – Tzaneen
- d) Rand Show, Trade – Gauteng
- e) Tourism Indaba, Tourism – Durban

f) Nampo Show, Agriculture – Free State

The District Coordinate Exhibition space and the Local identifies the SMMEs from their own jurisdictions and we together package their products. In collaboration with SEDA as it has the training mandate, the District is coordinating.

LOCAL JOB OPPORTUNITIES:

The LED supports local SMMEs by creating a conducive environment to create job opportunities. The LED forum sittings are scheduled to serve as a platform for Local Economic Development engagements. The functionality of the LED subcommittees especially at local levels still need to be improved to enable better functionality at the district level as well as reporting back to stakeholders.

Sessions were conducted with various stakeholders to engage on IDP processes in an endeavor to align planning and implementation.

The District Municipality has through the Tourism trade shows exposed SMMEs from all the five local Municipalities to the market whereby exhibition facilities were procured, and transportation was arranged for the selected SMMEs.

On the EPWP job opportunities, we have created 1016 job opportunities through EPWP program. That is through Infrastructure, Social, and Environmental Sectors.

| Job Creation through EPWP* Projects | | |
|-------------------------------------|-------------------|--|
| Details | EPWP Projects No. | Jobs created through EPWP projects No. |
| 2022/23 | 4 | 2 800 |
| 2023/24 | 4 | 1 446 |
| 2024/25 | 4 | 1 016 |
| *-EPWP | | T3.11.6 |

AREAS FOR IMPROVEMENT FOR EPWP

- Developing exit projects for EPWP beneficiaries for sustainable solutions & Recruitment prior to new financial year

COMPONENT C: COMMUNITY & SOCIAL SERVICES

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

3.10. LIBRARIES: ARCHIVES: MUSEUMS; GALLERIES; COMMUNITY FACILITIES

This component is not applicable to the district.

3.11. CEMETORIES AND CREMATORIUS

This component is not applicable to the district.

3.12. CHILD CARE: AGED CARE & SOCIAL PROGRAMMES

This component is not applicable to the district.

COMPONENT D: ENVIRONMENTAL PROTECTION

This component includes pollution control; biodiversity and landscape; and costal protection.

3.13. POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

The Mopani District Municipal area is faced with environmental risks and trends that lead to environmental degradation. To ensure that development activities carried out by Mopani District Municipality are sustainable, the IDP of Mopani District has considered environmental and socio-economic issues in an integrated manner in decision making, project planning and implementation.

Government, private sector and communities need to come up with programmes to raise awareness on the causes and effects of global warming and together strategies on control measures for decreasing emission of the gases that exacerbate temperature increase in the atmosphere. The situation in Mopani calls more on the matter since the demographic dynamics indicate that 81% is rural and therefore vulnerable to any natural hazards without clear mechanisms to combat. Organic agriculture should be encouraged, land use schemes should be managed, veld fires be controlled and deforestation be prohibited.

To ensure that there is balanced considerations of environmental and socio-economic issues in municipal projects planning, all infrastructure projects are screened to check whether an Environmental Impact Assessment might be required. This is in line with the EIA regulations enacted under the National Environmental Management Act (Act No 107 of 1998). Requirements in terms of other environmental acts is also assessed during the screening process. This includes compliance with Acts and regulations such as the National Water Act (Act No 36 of 1998), National Environmental Management Waste Act (Act No. 59 of 2008), National Environmental Management Air Quality Act (Act No. 39 of 2004), National

Environmental Management Climate Change Act (Act No. 22 of 2024), Minerals and Petroleum Resources Development Act (Act No 28 of 2002), and National Heritage Resources Act (Act No 25 of 1999).

SERVICE STATISTICS FOR POLLUTION CONTROL

Mopani District in particular is facing challenges in water and air pollution. The major cause of water pollution in Mopani is uncontrolled illegal dumping of waste throughout the district and unattended sewage spillages. Several cases of illegal dumping of wastes along the river banks and in water bodies has been reported and observed in Greater Giyani and Greater Letaba municipalities. According to the State of Rivers Report for Letaba and Luvuvhu produced by DWS, water pollution in Mopani district is also worsened by deforestation activities associated with fuel-wood collection and agriculture along the river banks and within the riparian zones in the catchment's areas. The lack of water-borne sewerage systems leads to the contamination of ground water.

The most noted water pollution takes place in the Murhogolo stream between Giyani shopping complex and government offices, the Thabina River from Mogoboya downstream, at the Klein and Groot Letaba rivers as well as Molotodzi which is highly choked with solid waste. Water is life and the necessity to conserve it cannot be overemphasized or postponed since it cannot be created. Individual members of communities, sector departments and private institutions need to take conscious decision on its conservation and prevention of water pollution.

3.14. BIO-DIVERSITY; LANDSCAPE (INCLUDING OPEN SPACES)

Provision of support to Kruger to Canyon Biosphere Reserve (K2C). K2C is the internationally declared regional biodiversity conservation area in the district. Environmental projects were conducted in K2C area for catchment area biodiversity conservation.

COMPONENT E: HEALTH

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

INTRODUCTION TO HEALTH

The challenge of the health sector in South Africa is to develop a unified national health system capable of delivering quality health care to all citizens efficiently and in a decent environment. The provision of health facilities to all settlements in the district is a problem because of the large number of settlements (varying in size), with the majority of them being relatively small and scattered throughout the district. A simplified calculation of the number of people per hospital per local municipality would not provide a true reflection of the actual situation, as hospitals provide services to communities across municipal boundaries and international refugees. The Health plan has been reviewed and further details will be unpacked adequately

therein. District Health Council and the AIDS Councils to govern health activities in the district are also established and functional. The prevalence of HIV and AIDS has resulted in the increase of child-headed families without any source of income in the province. However, the Department of Social Development has been proactive in providing child support grants. Municipal Health Services (MHS) is mandated to perform 9 functions of MHS: Food quality monitoring; Water quality Monitoring; Vector control; Chemical safety; Disposal of the dead; Waste Management; Health Surveillance of the premises; Prevention of Communicable diseases; Environmental pollution control

Top 3 Service delivery priorities

- a) Food Quality Monitoring-Conduction inspection to formal and informal premises. Taking food samples for bacteriological analysis
- b) Water Quality Monitoring-Taking water samples for bacteriological and chemical analysis

3.15. CLINICS

This component is not applicable to the district.

3.16. AMBULANCES

This component is not applicable to the district.

3.17. HEALTH INSPECTION; FOOD AND ABBATOIR LIENSING & INSPECTION

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND INSPECTIONS, ETC

Our top priority with regard to health inspections entails the following: conducting routine Inspections to all food premises to ensure compliance with health legislations and taking action to improve conditions, sampling of food products to ensure safety and compliance with minimum health. Monitoring of informal street food traders. 112 Health care facilities were inspected for health care risk waste management 98 were compliant. 65 were noncompliant.

COMPONENT F: SECURITY AND SAFETY

3.18. POLICE

This component is not applicable to the district.

3.19. FIRE

INTRODUCTION TO FIRE SERVICES

Mopani has established a fully-fledged unit for fire services in the District. Each local municipality is allocated an operational Fire station in the following areas: Tzaneen, Giyani, Modjadjiskloof, Phalaborwa and Hoedspruit. Every station ensures twenty-four-hour services to communities, in the following services:

- Saving lives and property
- Responding to motor vehicle accidents and incidents
- Specialised search and rescue incidents (high angle, swift water, confined space, trench rescue, hazardous substance, aircrafts & train incidents)

The District Municipality is striving to improve the working relationship with communities, private institutions and sector departments in addressing the problems. Fire protection Associations are established in GLM, GTM, BPM and MLM.

FIRE AND RESCUE SERVICES

FIRE PREVENTION

Incident Response Times:

- During the day the first vehicle must respond within three minutes of receiving an emergency call.
- During the evening the first turnout crew responds within five minutes after receiving an emergency call.

Major Fire Incidents and Response Activities

The district experienced severe veld and forest fires across the following areas:

- Magoebaskloof
- Georges Valley
- Modjadjiskloof/Kgapane
- Broederstroom Drift

Aerial firefighting resources were deployed by the Letaba Fire Protection Association to support

suppression efforts and enhance ground operations. These fire events resulted in notable damage to commercial plantations, orchards, and critical infrastructure.

In addition to veld and forest fires, the Fire Services responded to multiple structural fire incidents, including a major fire at Eden Gardens Shopping Centre in Phalaborwa.

Hosting of National Event

The National Disaster Management Centre nominated Mopani District Fire Services to host **International Firefighters Day** on **7–8 May 2025**.

The event was successfully executed and attended by:

- Municipal Fire Services
- Private emergency assistance agencies
- Industry exhibitors and other stakeholders

Operational Performance Summary

A comprehensive overview of operational, fire prevention, and awareness statistics for the financial year is provided below:

a) Emergency Fire Response

- Structural Fires: **256**
- Veld & Forest Fires: **452**
- Vehicle Fires: **64**

b) Rescue Operations

- Vehicle Rescue Incidents: **425**

c) Public Awareness and Education

- Fire Awareness Campaigns Conducted: **145**

d) Fire Safety Compliance

- Fire Safety Inspections Conducted: **770**

ENVIRONMENTAL MANAGEMENT

The following activities have been conducted in the reporting period:

- Ambient Air Quality Monitoring

- The Municipality owns and operates a Continuous Ambient Air Quality Monitoring Station (CAAQMS) to monitor the quality of air that people breathe. The station is located at Mopani District Disaster Management Centre in Tzaneen.
- Limpopo Economic Development Environment & Tourism (LEDET) also owns and operates a CAAQMS which is located at Frans Du Toit High School in Phalaborwa.
- Atmospheric Emission Licences (AELs)

The municipality ensures protection of the air by regulating industries whose processes result in emissions to the atmosphere, through the issuing and management of Atmospheric Emission Licences (AELs). AELs are issued in accordance with the provisions that are set out in the National Environmental Management: Air Quality Act, 39 of 2004.

The following AELs have been issued during the financial year:

| No. | Facility | Facility Type | Issue Date | Validity period |
|-----|------------------|-------------------------|-------------------|-----------------|
| 1. | Idwala Magnetite | Magnetite Beneficiation | 19 September 2024 | 1 year |
| 2. | Merensky Timber | Sawmilling | 30 April 2025 | 5 years |

- Inspections conducted to assess compliance with environmental legislations and permits:
 - Bosveld Phosphates
 - Limpopo Dry Cleaners
 - Makgoba Village
 - Vuronga Farm
 - Foskor Zirconia
 - PetroSA Greater
 - Bushvalley Chickens Greater
 - Diggersrest Timber Company
 - Merensky Timbers Greater Tzaneen
 - Foskor Zirconia
 - Tlhabine
 - Palabora Copper
- Awareness campaigns conducted;
 - Environmental Management awareness session at Mopani Disaster Management Centre, Tzaneen
 - Water Pollution Awareness Campaign at Mohlele Community Hall, Letaba
 - Climate change awareness at Ramoroka Community Hall, Letaba
 - Clean-up and Tree planting Awareness Campaign at Mmakau Primary School, Loss Village
 - Prize-Giving Ceremony for the 2024 Clean Earth School at Tzaneen Competition
 - Environmental Capacity building workshop at Namakgale Flea Market

- Environmental Awareness and Clean-up campaign at Makosha Dam
- Environmental Capacity building workshop at Shawela Village
- Energy Awareness Campaign at Khekhutini Primary School
- Alien and Invasive Species Awareness Campaign at Lebaka Community Hall
- Schools Workshop for World Wetlands Day in Hoedspruit
- 2025 World Wetlands Day at Phulanibiyihola Primary School
- Environmental Capacity Building at Ditshoseng Traditional Authority
- Prize-Giving Ceremony for 2025 World Wetlands Day Celebration in Phalaborwa
- Capacity Building at Homu Tribal Authority
- Alien and Invasive Species Awareness Campaign at Mabulana Tribal Authority
- Environmental Awareness Campaign at Bellevue Lutheran Church
- The Mopani District Climate Change Response Strategy was completed and approved by Council. The strategy is available to the Municipal Website.
- Tree Planting – 105 trees were planted as part of the greening programme to create carbon sinks for Climate Change Mitigation
- World Wetlands Day school competition was conducted with 15 primary schools participating. The competition was aimed at raising awareness on wetlands
- The annual Clean Earth School Competition for 2024 was conducted, involving 15 high schools across the district for awareness raising.

Municipal Health

- 175 building plans were approved.
- 54 (Certificates of fitness (COF) certificate was issued.
- 140 135kg and 20872L of foodstuffs condemned.

Concerning *The average turn-around time to respond to an emergency call is 30 minutes due to bad roads and sometimes due to misallocation of the actual incident place. Our villages and facilities are not yet captured in the GIS. The process of mapping all our villages and facilities in the GIS has started. Delete Directive note once table is complete.*

3.20. OTHER (DISASTER MANAGEMENT, ANIMAL LICENSING & CONTROL, CONTROL OF PUBLIC NUISANCES

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

Disaster Management is a continuous and integrated multi-sectoral and multi-disciplinary process of

planning and implementation of measures aimed at disaster prevention, mitigation, preparedness, response, recovery, and rehabilitation (Disaster Management Act 57 of 2002), so as to minimize the impact upon lives, environment and natural resources. The following hazards are posing the greatest risks in the District on the economy, cultural, welfare, sustained development and sustained livelihoods. The Disaster Management Act (Section 53) requires the Mopani District Municipality to take the following actions:

- Prepare a disaster management plan for its area according to the circumstances prevailing in the area.
- Co-ordinate and align the implementation of its plan with those of other organs of state and institutional role players, and
- Regularly review and update its plan.

(a) STATUS AND RESULTS OF RISK ASSESSMENTS UNDERTAKEN DURING THE PERIOD 1 JULY 2024 TO 30 JUNE 2025

The following risk assessments were conducted in terms of the Disaster Management Act (Act 57 of 2002), as amended and the Disaster Management Framework. The assessments were consulted with the relevant stakeholders and the attention was given the problems as identified and addressed.

(i) Risk assessments on identified fire prone Nature Reserves

(a) Veld Fire

Prior to the onset of the annual fire season, risk assessments were undertaken on nature reserves in the Mopani District Municipality. These were Hans Merensky Reserve at Eiland, Lekgalameetse Nature reserve near Ofcolaco, Letaba Ranch in Ba-Phalaborwa Municipality, Modjadji cycad reserve in Greater Letaba Municipality and Man'ombe Nature Reserve in Greater Giyani Municipality. Large fires have been reported from all these reserves in the past. In most cases, fire breaks were found to be inadequate. Fire-fighting resources were also found to be insufficient.

All municipal areas were found to be prone to fires. Where Greater Tzaneen is high (Makgobaskloof areas) followed by Ba-Phalaborwa.

(b) Floods

Floods mostly affected Maruleng, Greater Giyani, Ba-Phalaborwa and Greter Tzaneen local municipalities.

(c) Thunderstorms and windstorms

Four local municipalities were heavily affected by windstorms in the year 2024/25. Greater Giyani was the most affected, followed by Greater Letaba, Greater Tzaneen and Ba-Phalaborwa.

(d) Structural Fires

Structural fires were also identified as an issue. This Hazard affects all local municipalities. During the financial year, Eden square mall was affected.

(ii) Assistance in terms of disaster management

The Mopani District Municipality Disaster Management Centre and Mopani Fire and Rescue services work in close co-operation with the LFPA (Letaba Fire Protection Association) to respond to fires incidents.

The following assistance was provided to the victims of disasters.

- Tents = 40
- Tin Houses = 16
- Blankets = 613
- Matrasses = 521

(iii) The 24/7 CCC operations

During the year 2024/25 we attended 10010 calls and referred accordingly.

COMPONENT G: SPORTS AND RECREATION

3.21. SPORT AND RECREATION

This component is not applicable to the district.

COMPONENT H: EXECUTIVE AND COUNCIL

3.22. EXECUTIVE COUNCIL

INTRODUCTION TO EXECUTIVE AND COUNCIL

Three-year IDP targets for the performance of the executive and council has been set as i.e. ensure clean audits, 100% implementation of audit committee recommendations, audit charter developed, compliance with internal audit plan, review of risk register, implementation of risk mitigated plans, compliance to legislative requirements, investigation of anti-corruption cases, submission of Annual Performance Report within timeframe and average organizational performance rating, integration of electronic systems, training of staff, filling of vacant positions, mitigation of industrial relations and employee performance reviews.

Strategies to achieve the above-mentioned targets are i.e. regarding audit to Review the audit charter

annually. Ensure that identified internal controls are in place. Development of three years and annual internal audit plan. Ensure compliance and consistent adherence to policies (continuous monitoring and reporting).

To strengthen and support oversight regarding Risk Management through the strategies of to conduct risk assessment to ensure risk reduction; Review Enterprise Risk Assessment annually; Ensure that identified risks according to the Risk Assessment are minimized and addressed; Vetting of qualifications and security matters; Conduct auditing of internal controls; Investigating all allegations of fraud and corruption and enforcement of disciplinary and criminal actions. Regarding monitoring and evaluation, the implementation of a procedure manual for monitoring, evaluation and reporting has been developed. Building capacity at the level below S57 to take place to ensure continuity of knowledge that has been built. Regarding legal services, strategies are i.e. intensification of the implementation of anti-corruption strategy. Disseminate the strategy to all employees and Councilors. Utilization of the hotline to address reported cases of alleged corruption. Once the hotline is in place, review the strategy. Strategies to improve the human resource's function are i.e. conduct skills audit. Twinning or employee exchange programme to be directed at employees that are struggling on certain issues. These identified employees to be referred to other institutions for practical learning. Develop training programmes to address competencies in organization. Develop and implement coaching and mentoring programme. Develop and submit workplace skills plan. Ensure people are training according to competency assessment and skills audit. Monitor and evaluate the impact of training. Sponsor comprehensive development programme based upon identified criteria. Ensure that skilled personnel are retained and awarded. Attract and appoint skilled and competent staff in appropriate positions. Conduct an analysis of vacancies vis-a-vis the organogram. Development and implementation of succession planning strategy. Embark upon a coaching and mentoring programme.

To improve employee monitoring and reporting the aim is to promote accountability and responsibility. Implementation of disciplinary procedures. Develop Change and Diversity Management Programme. Completion and implementation of Personal Development Plans for S57 and contractual managers. Cascading of employee performance management to all levels. Ensure monitoring and coaching and creation of awareness of organization culture. Implement motivational strategies within the organization. Monitor whether focused and disciplined workforce has been established.

3.23. FINANCIAL SERVICES

The top priorities are water and sanitation, the impact of this is that the district does not receive actual revenue collected on the priorities and it is impact on the cash flow. the municipality is intending to take over the function do it no longer done by local municipalities so that it has a closer monitoring of the function and collection.

| R' 000 | | | | | | | |
|---|------------------------------------|---|----------------|------------------------------------|---|---|---|
| Details of the types of account raised and recovered | 2022/23 | | 2023/24 | | | 2024/25 | |
| | Actual for accounts billed in year | Proportion of accounts value billed that were collected in the year % | Billed in Year | Actual for accounts billed in year | Proportion of accounts value billed that were collected % | Estimated outturn for accounts billed in year | Estimated Proportion of accounts billed that were collected % |
| Property Rates | - | - | - | - | - | - | - |
| Water - B | | | | | | | |
| Water - C | 39 815 | 17,70 | 267 390 | 267 390 | 104 231 | 269 385 | 103 361 |
| Sanitation | 589 195 | 24,,,41 | 47 076 | 47 076 | 16 709 | 34 864 | 21 025 |
| Other | | | | 598 | 598 | 2 155 | 2 155 |
| B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them | | | | | | | T 3.25.2 |

3.24. HUMAN RESOURCES SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The top three Human Capital priorities during the said reporting period were Organisational Restructuring, cascading of performance management to the next line of management being post level three.

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

| Resource Services Policy objectives taken from IDP | | | | | | | | | |
|--|-------------------------|----------------|--------|----------------|---------------|--------|---------------|---------------|-----------------|
| <div>Service Objectives</div> <div>Service i indicators</div> | Outline service targets | 2021/22 | | 2022/23 | | | 2023/24 | 2024/25 | |
| | | Target | Actual | Target | | Actual | Target | | |
| | | *Previous year | | *Previous year | *Current year | | *Current year | *Current year | *following year |
| (i) | (ii) | (ii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| To promote democracy and sound governance | | | | | | | | | |
| Employee performance assessment below senior managers conducted ytd | 0 | 694 | 23 | 23 | 696 | 696 | 721 | 696 | 721 |
| Number of existing policies reviewed and ready for adoption by Council structure ytd | 19 | 19 | 19 | 19 | 18 | 21 | 4 | 28 | 33 |
| Percentage of women recruited according to recruitment plan ytd | 8% | 8% | 8% | 8% | 8% | 8% | 4% | 5% | 5% |
| Percentage of people with disability recruited ytd | 1.7% | 4% | 1.7% | 1.7% | 0% | 2% | 0% | 0% | 0% |
| Percentage of posts filled timeously ytd | 100 | 100 | 60 | 60 | 100 | 40 | 60 | 70% | 70% |
| Number of attitude and moral survey conducted ytd | 0 | 0 | 1 | 1 | 2 | 2 | 2 | 0 | 0 |
| Percentage progress with the review and approval of the Organogram by Councillor next financial | 100% | 100% | 95% | 95% | 100% | 100% | 100% | 100% | 100% |
| Number of reports on the implementation of the Workplace Skills Plan submitted to Management ytd | 12 | | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Skills Development Plan developed and submitted to SETA by end of June | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The human resource office had a review of the Organizational structure that was successfully done. Employment Equity Plan was developed and submitted to department of labour. Workplace skills plan was developed for all employees and submitted to LGSETA.

3.25. INFORMATION AND COMMUNICATION TECHNOLOGY

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Mopani District Municipality has long acknowledged that Information and Communication Technology (ICT) plays a pivotal role in enabling the Municipality to carry out its mandate, exercise its powers and functions, and achieve its strategic objectives. The Municipality recognizes that ICT can be better leveraged to support effective administration, enhance service delivery, and promote socio-economic development, and is therefore integral to the overall functioning of the Municipality.

It is for this reason that the Municipality established an Information Technology (IT) Unit within the Corporate and Shared Services Directorate. Gaps identified in the areas of ICT governance, strategy, organizational structure and staffing, processes, applications, technologies, and information management are being progressively addressed. Despite limited resources, the Municipality continues to make measurable progress in strengthening the ICT function.

The appointment of a Systems and Networks Officer increased the staffing complement of the IT Office to two personnel. Although this remains inadequate, the additional capacity has improved ICT service delivery and overall performance within the Municipality. Further proposals to strengthen staffing levels in the IT Unit were submitted as part of the institutional organizational structure review process.

During the period under review, the Municipality reviewed its Strategic Information Systems Plan (SISP) to ensure alignment with organizational developments, the local government legislative environment, emerging technology trends, and the needs of the communities it serves.

To mitigate the risk of loss of critical data and information systems arising from natural disasters and other risk factors, the Municipality developed and formally adopted an ICT Disaster Recovery Plan (DRP).

The process of refreshing ICT infrastructure commenced with the design, construction, and commissioning of a new server room at the main office in Giyani, replacing the old facility which did not meet required standards. The new server room is equipped with modern technologies for data storage and processing, environmental monitoring, physical security, and fire detection and suppression. In addition, new servers with improved availability, reliability, processing capacity, and storage capabilities were deployed to replace obsolete infrastructure.

3.26. PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

| Property; legal; Risk Management and Procurement Services Policy objectives taken from IDP | | | | | | | | | |
|--|----------------------------|-----------------|---------|-----------------|----------------|---------|----------------|----------------|------------------|
| Service Objective s Service indicators | Outlin e servic e target s | 2021/22 | | 2022/23 | | | 2023/24 | 2024/25 | |
| | | Target | Actu al | Target | | Actu al | Target | | |
| | | *Previo us year | | *Previo us year | *Curre nt year | | *Curre nt year | *Curre nt year | *followi ng year |
| (i) | (ii) | (ii) | (iv) | (v) | (vi) | (vii) | (viii) | (ix) | (x) |
| To promote democracy and Sound Governance | | | | | | | | | |
| Percentage of reported cases of Fraud and corruption resolved ytd | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Risk assessment report submitted mto Council by 30 May | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Risk committee resolutions implemented ytd | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Number of Risk monitoring reports submitted to Council ytd | 4 | 4 | 4 | 4 | 4 | 2 | 4 | 4 | 4 |
| Number Strategic Risks mitigated ytd | 10 | 10 | 6 | 7 | 10 | 5 | 8 | 10 | 10 |
| Number of Risk Management workshops conducted ytd | 2 | 2 | 0 | 2 | 2 | 2 | 0 | 2 | 1 |
| Number of Risk Management strategy developed and approved by managem ent and tabled to Council ytd | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fraud prevention Strategy updated and approved by council ytd | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| T3.73.3 | | | | | | | | | |

Source: APR 2024/25

COMPONENT I: MISCELLANEOUS

The following are the airports and landing strips available in the Mopani District Municipality and the economic activity around each LM:

- Hoedspruit (Maruleng) airport and landing strip
- ZZ2 (GLM) – agricultural produce (tomatoes)
- Ba-Phalaborwa – mines
- Eiland (Ba-Phalaborwa) – tourism
- Tzaneen – agricultural produce
- Siyandani (in Giyani) – shopping, mines, agriculture

INTRODUCTION TO MISCELLANEOUS

Hoedspruit airport was originally and solely used by military air force. It is now commercial, and it caters for airlines from Hoedspruit to Gauteng and Cape Town and is used by public and also game hunting tourists. The one landing strip in Giyani (Siyandani) is owned by Government but its condition is not maintained. Cattle and other animals roam on it. Other air strips are privately owned and may not be relied upon for commercial purposes for either goods or public.



ANNUAL PERFORMANCE REPORT

2024 – 25

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SUMMARY OF KPAs, GOALS AND STRATEGIC OBJECTIVES

| KPA | GOAL | STRATEGIC OBJECTIVE |
|---|---|---|
| Municipal Transformation and Organisational Development | Efficient, effective and capable workforce | To inculcate entrepreneurial and intellectual capabilities. |
| | A learning institution | To strengthen record keeping & knowledge management |
| Basic Service Delivery | Sustainable infrastructure development and maintenance | To accelerate sustainable infrastructure and maintenance in all sectors of development. |
| | Clean, safe and hygienic environment, water and sanitation services. | To have integrated infrastructure development. |
| | Safe, healthy living environment | To improve community safety, health and social well-being |
| Local Economic Development | Growing economy (through agriculture, mining, tourism and manufacturing). | To promote economic sectors of the district |
| Spatial Rationale | Sustainable, optimal, harmonious and integrated land development | To have efficient, effective, economic and integrated use of land space. |
| Financial Viability | Reduced financial dependency and provision of sound financial management | To increase revenue generation and implement financial control systems |
| Good Governance and Public Participation | Democratic society and sound governance | To promote democracy and sound governance |

PAST YEAR S ANNUAL REPORT (2023/24)

The municipality had a total of 120 performance indicators planned for 2023/24 financial year and 88 were achieved which amounted to 73%. Issues pertaining to internal audit and risk issues were not fully resolved in the past year and issues of Water Service Authority and Water Service provider are still an issue and also escalated in the 2024/25 Financial year.

The Audit of the 2023/24 Annual report and Annual Financial Statements was concluded in November 2024. The municipality received a Qualified audit opinion. The qualification paragraph were 19 related to Property, Plant and Equipment, Receivable from exchange transactions, Payable from exchange, Revenue from the exchange transaction, Expenditure, VAT payable. Inventory and regular expenditure, commitments, water distribution losses, Prior -year adjustments. The municipality developed an Auditor General Action Plan to deal with the findings raised in both Audit report and Management letter report. The municipality resolved **63** out of **88** findings raised in both Management letter report and Audit report combined through the Action plan. The progress on the implementation of the AGSA action plan was reported monthly and quarterly during management, Portfolio meetings, Mayoral Committee and Council. Each Directorate provided progress report and submitted portfolio of evidence to Internal Audit unit for validation. Provincial Treasury was consulted for support in reviewing the quarterly, six month and draft Annual financial statements. The financial statement was reviewed and reconciled to the supporting documents before submission for audit. Monthly reconciliations on transactions were performed. The Water Master Plan was developed and Budget for maintenance was adjusted to resolve the related findings relating to water.

Municipal Public Accounts committee were able to process the UIFW in the year under review and an oversight report was submitted to council for noting. The Municipality developed an acceleration plan to fast track the implementation of Municipal Infrastructure Grant.

LEGISLATION

Section 46 (1) and (2) of the Local Government: Municipal Systems Act No 32 of 2000 requires municipalities to prepare for each year a performance report reflecting the performance of the municipality and each service provider during the financial year. The annual performance report must reflect a comparison of performance with targets set for the year under review and performances in the previous financial year. Section 121 (2) (c) of the Local Government: Municipal Finance Management Act, No 56 of 2003 further states that the annual performance report should form part of the municipal’s annual report. Mopani District Municipality’s 2024/25 Annual Performance Report has been prepared in line with the provisions of the Municipal Systems Act, No 32 of 2000 and the Municipal Finance Management Act, No 56 of 2003.

The Annual Performance Report was compiled using the Revised Service Delivery Budget Implementation Plan that was approved by the Executive Mayor and noted by council on the 30th of June 2025. The development, implementation and monitoring of the Service Delivery and Budget Implementation Plan (SDBIP) is required by the Municipal Finance Management Act (MFMA). In terms of Circular 13 of National Treasury, “the SDBIP gives effect to the Integrated Development Plan (IDP) and budget of the municipality and will be possible if the IDP and budget are fully aligned with each other, as required by the MFMA.”

The purpose of the SDBIP is to monitor the execution of the IDP and budget, performance of senior management and achievement of the strategic objectives with the Key Performance Indicators set by Council in the IDP. It enables the Municipal Manager to monitor the performance of Senior Managers, the Executive Mayor to monitor the performance of the Municipal Manager, and for the community to monitor the performance of the municipality.

EXECUTIVE MAYOR'S FOREWORD

It is my singular honour and privilege to present the Annual Performance Report for the financial year 2024/25. This Annual Performance Report helps us to account to the people of this District on the performance level achieved against the targets which we have agreed to through the IDP and SDBIP.

We reflect on the past year, while acknowledging the achievements and challenges that have defined the performance of the Fifth Council in the period under review. As we take forward the work in the context of our programme of building better communities together with our people, there are areas where we have met the targets, but there are also areas of under-performance.

This Annual Performance Report is a true reflection of the journey travelled thus far, reflecting in particular on the work carried out during the 2024/25 financial year. We have again, for the third year running spend 100% of the Municipal Infrastructure Grant. Working with our people we have recorded massive progress in some of our major infrastructure projects, advancing our efforts around water provision.

We continue to support and promote the economic sectors in the district in order to grow the economy, focusing on agriculture, mining, tourism and manufacturing. Our vision remains that of being the food basket of Southern Africa and the tourism destination of choice.

We have continued with the Pop-up Market campaigns in partnership with the Small Enterprise Development Agency (seda). In the main, through mall activations, the campaign seeks to assist our SMMEs and cooperatives to take their services and products closer to where people are. We worked with the provincial government and other state-owned agencies to support SMMEs at exhibition expos such as the Durban Indaba, the Africa Free Trade Show, Marula Festival, and the Rand Easter Show. We have exceeded the target of work opportunities created through the Expanded Public Works Programme (EPWP).

We have been working tirelessly to address the qualification areas with specific focus on compliance with regulations and tightening our internal control measures. Council remains unrelenting around the implementation of consequence management, and to that extent we have been able to hold accountable officials who transgressed. We have been monitoring the implementation of the audit action plan at the level of council. We are recording progress in dealing with water losses.

We have also made strides in capturing our boreholes through the Geographic Information System (GIS). The biggest challenge is still around revenue collection, an issue which we must still pay special attention to, including through the review of the service level agreements with the locals. And much effort will be made in enforcing the implementation of the credit control policy.

We have a responsibility as a democratic local government to promote democracy and sound governance. We still have a stable council with functional committees and continue to engage with all stakeholders within the IGR framework. And we continue to create platforms for unmediated communication with our people through imbizo programs, which in the main help us to strengthen our continued interaction with the people of the district.

As we reflect on the journey of the past year, we acknowledge the breakthroughs made but also take collective responsibility for the shortcomings. We remain steadfast to the cause of building a future where everyone will have access to basic services. We also wish to take this opportunity to register our profound gratitude to our people for the continued support. Let's continue to build better communities together.

CLLR. PJ SHAYI
EXECUTIVE MAYOR

2024/2025 ANNUAL PERFORMANCE REPORT

Section 46 (1) and (2) of the Local Government: Municipal Systems Act, No. 32 of 2000 requires municipalities to prepare for each year a performance report reflecting the performance of the municipality and each service provider during the financial year. The annual performance report must reflect a comparison of performance with targets set for the year under review and performances in the previous financial year.

Section 121 (2) (c) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 further states that the annual performance report should form part of the municipality's annual report. Mopani District Municipality's 2024/25 Annual Performance Report has been prepared in line with the provisions of the Municipal Systems Act, No. 32 of 2000 and the Municipal Finance Management Act, No 56 of 2003.

The 2024/25 Approved Service Delivery and Budget Implementation Plan was approved by the Executive Mayor, Cllr. PJ Shai on the 30th of June 2025 and it captured the performance targets of the municipality for the year under review. The 2024/25 reviewed SDBIP gave effect to the 2024/25 Integrated Development Plan's objectives and performance targets and the tabled Budget of the municipality into an implementable quarterly performance monitoring tool that was used to measure the performance of the municipality throughout the year.

The SDBIP was adjusted during March 2025, after considering section 72 report and budget adjustment and it was submitted to council for approval. Council noted the adjustments on the SDBIP through a council resolution. The municipality had anticipated utilizing the 10% of MIG for repairs and maintenance of wastewater treatment plants. The 10% MIG was allocated in the 2024/25 budget adjustments. On the basis that the approval was not obtained on time from Water Services for the implementation of 10% MIG allocation, the municipality decided to readjust and allocate the funds to other spending MIG projects and the SDBIP was re-adjusted and noted by council on the 30th of June 2025. The 2024/25 Annual Performance Report was compiled using the approved June adjusted Service Delivery and Budget Implementation Plan.

Different mechanisms were employed to monitor and assess the achievement of general key indicators, performance targets that are consistent with development priorities, objectives and strategies as set out in the IDP. It is therefore imperative to reflect on improvements made to service delivery performance, achievements and challenges which will subsequently determine the corrective actions taken to improve performance in the 2025/26 financial year.

(i) Municipal Transformation & Organizational Development

The municipality operated with a total of seven (8) functional departments, namely, Water Services, Technical Services, Budget & Treasury, Planning and Development, Community Services, Corporate & Shared Services, Office of the Executive Mayor and Office of the Municipal Manager. The IDP was approved within the legislated timeframe and public participation was conducted in all five local municipalities and conducted concurrently with those of the locals. Mopani District Municipality complied in terms of municipal reporting for the year under review & quarterly reports were compiled and adopted by council. For 2024/25 the municipality functioned with full complement of senior managers.

The municipality has a total of eight disciplinary cases in the year under review, and six cases were finalised. Individual Performance Assessments for senior managers were conducted in April 2025, and all senior managers were fully effective. The Chief Financial Officer was not assessed due to being on precautionary suspension. The assessment will be completed upon conclusion of the disciplinary case. Internal audit findings and AG findings were not fully implemented by year end. The municipality approved the staff regulation policy and cascaded the performance to all levels of the municipality.

(ii) Basic Service Delivery

In fulfilling its constitutional mandate, it was imperative that the municipality align its services with the IDP indicators and council priorities. The municipal strategic objectives were reviewed in such a way that they are in line with the IDP analysis phase. Proposed programs, projects and IDP Key Performance Indicators are in line with the municipal strategic objectives as outlined in the table of strategic guidelines of the IDP document.

Municipal Infrastructure Implementation plan was developed and approved by council before the start of the financial year. Monthly MIG reports were compiled and submitted to CoGHSTA through Municipal Infrastructure system and spent **100%** MIG allocation. The municipality managed to give access to water to 10 835 Households in Mopani District which improved the lives of the people in Mopani. The municipality did not achieve the target for grading of roads due to constant breakdowns of graders.

(iii) Local Economic Development

The third key performance area for the municipality is Local Economic Development which mandate the municipality to promote economic growth within the district. Growing the economy is government's utmost priority. The municipality contributed to growing the economy by creating **1016** job opportunities within the district through municipal capital projects and EPWP. The municipality supported **103** SMME' s to market their products and assist to exhibits their product. The municipality was able to bring all the local municipalities together though LED forums and Local Trade shows. Through Local Economic Development forum, the municipality was able to give the Local Enterprises a referral and support in terms of training and development of business plans which will assist them in acquiring funding.

(iv) Municipal Financial Viability

The municipality adopted the 2024/25 budget in May 2024 as per legislation and the adjustment of the budget was approved on the 28 February 2025 subsequent to the mid- year reporting and it was also adjusted during May 2025 due to the non-spending of 10% for MIG as a result of approval not granted by Department of Water and Sanitation. The budget was allocated to other performing MIG projects. Supply Chain Management Committees were appointed and functional throughout the financial year and bids were evaluated and adjudicated. The municipality managed to spend 100% on EPWP, FMG and MIG budget. For the year under review, the municipality managed to submit the Annual Financial Statements on the 31 August 2024. The municipality received a Qualified audit opinion. The underperformance in the fourth KPA was due to poor revenue collection (local municipalities not transferring as per the WSP agreement) and long outstanding debts owed to Department of Water and Sanitation and Lepelle Northern Water. Invoices not paid within the 30 days period as required.

The municipality should, as a corrective and improvement measure, enter into agreements with the local municipalities, Property, Plant and Equipment, Receivables from exchange transactions, Payable on long outstanding debts. The Municipality is working towards having a credible and funded budget with realistic and proper financial projections that are achievable. Preparation of quarterly financial statements must be prioritised to ensure that the municipality is ready for audit, and that monthly reconciliations are conducted consistently.

(v) Spatial

For Spatial Rationale KPA, the municipality managed to continuously hold meetings to allow the municipal Tribunal to adjudicate land use applications within Mopani areas. The appointment of service providers for township establishments was concluded in the year under review and Council was able to approve the SDF in May 2025.

(vi) Good Governance & Public Participation

All governance structures, namely, Council, Mayoral Committee, Section 80, MPAC and Audit committee were fully functional during the year under review. The Municipality had a functional Audit Committee for 2024/25 financial year. The Risk Management Committee has been constituted, and risk assessment was conducted and culminated in the development of the risk register. The IDP representation forum were held as per the approved IDP/Budget/PMS process plan. Various mandatory structures such as Local Labour Forum, Municipal Public Accounts Committee and Portfolio committees were functional in the year under review. Municipal resolutions were not fully implemented (Audit Committee & Portfolio Committee). As a corrective measure in the new financial year, all municipal resolutions will be standing items in all management meetings and portfolio committee meetings for proper monitoring and tracking of progress.

Key challenges for the 2024/25 Financial year

Despite the achievements alluded above, there were challenges, cutting across the key performance areas that had impacted negatively on service delivery in the year under review. The challenges amongst others include the following:

- Local Municipalities failing to pay over the water services collection to MDM as per Service level Agreement.
- The municipality has not achieved some of the SDBIP planned targets.
- Failure to appoint service providers timeously.
- Internal Audit and General findings not fully addressed.
- Failure to pay service provider within 30 days period

MR TJ MOGANO

MUNICIPAL MANAGER

SERVICE DELIVERY PERFORMANCE SUMMARY 2023/24 AND 2024/25 ANNUAL PERFORMANCE REPORT

The table and graph below illustrate service delivery performance of Mopani District Municipality against the National Key Performance Areas (NKPAs) and comparison of the two financial years.

| | 2023/24 Financial Year | | | | | 2024/25 Financial Year | | | |
|---|------------------------------|-------------------------|-----------------------------|-------------------|--|------------------------------|-------------------------|-----------------------------|-------------------|
| KPA's Performance Indicators | No. of Applicable Indicators | No. of targets achieved | No. of targets not achieved | % Target achieved | | No. of Applicable Indicators | No. of targets achieved | No. of targets not achieved | % Target achieved |
| Municipal Transformation and Organizational Development | 25 | 21 | 4 | 84% | | 24 | 21 | 3 | 88% |
| Basic Service Delivery | 7 | 4 | 3 | 57% | | 6 | 3 | 3 | 50% |
| Local Economic Development | 7 | 7 | 0 | 100% | | 6 | 6 | 0 | 100% |
| Municipal Finance Management Viability | 26 | 21 | 5 | 81% | | 24 | 20 | 4 | 83% |
| Spatial Rationale | 7 | 6 | 1 | 86% | | 8 | 8 | 0 | 100% |
| Good Governance and Public Participation | 30 | 25 | 5 | 83% | | 31 | 27 | 4 | 87% |
| | 102 | 84 | 18 | 82% | | 99 | 85 | 14 | 86% |
| Overall % = 82% | | | | | | Overall % = 86% | | | |
| KPA's Projects | No. of Applicable Indicators | No. of targets achieved | No. of targets not achieved | % Target achieved | | No. of Applicable Indicators | No. of targets achieved | No. of targets not achieved | % Target achieved |
| Municipal Transformation and Organizational Development | 3 | 2 | 1 | 67% | | 8 | 7 | 1 | 86% |
| Basic Service Delivery | 15 | 2 | 13 | 13% | | 18 | 5 | 13 | 56% |
| Local Economic Development | 0 | 0 | 0 | 0% | | 0 | 0 | 0 | 0% |
| Municipal Finance Management Viability | 0 | 0 | 0 | 0% | | 0 | 0 | 0 | 0% |
| Spatial Rationale | 0 | 0 | 0 | 0% | | 0 | 0 | 0 | 0% |

| | | | | | | | | | |
|---|--|------------------------------------|--|------------------------------|--------------------|--|--|--|------------------------------|
| Good Governance and Public Participation | 0 | 0 | 0 | 0% | | 0 | 0 | 0 | 0% |
| | 18 | 4 | 14 | 22% | | 26 | 12 | 14 | 46% |
| Overall % = | | | | 22% | Overall % = | | | | 65% |
| KPA's Performance Indicators and Projects | No. of Applicable Indicators including projects | No. of targets achieved | No. of targets not achieved | % Target achieved | | No. of Applicable Indicators including projects | No. of targets achieved | No. of targets not achieved | % Target achieved |
| Municipal Transformation and Organizational Development | 28 | 23 | 5 | 82% | | 32 | 28 | 4 | 88% |
| Basic Service Delivery | 22 | 6 | 16 | 27% | | 24 | 13 | 11 | 54% |
| Local Economic Development | 7 | 7 | 0 | 100% | | 6 | 6 | 0 | 100% |
| Municipal Finance Management Viability | 26 | 21 | 5 | 81% | | 24 | 20 | 4 | 83% |
| Spatial Rationale | 7 | 6 | 1 | 86% | | 8 | 8 | 0 | 100% |
| Good Governance and Public Participation | 30 | 25 | 5 | 83% | | 31 | 27 | 4 | 87% |
| | 120 | 88 | 32 | 73% | | 125 | 97 | 28 | 76% |
| Overall % = | | | | 73% | Overall % = | | | | 76% |

| Vote Nr | Top Layer KPI Ref | Dept KPI Ref | Strategic Objective | KPA or SO | Municipal Programme | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2024) | Annual Target (30/06/2025) | Budget 2024/25 | Actual Annual Performance | Challenges/ Reason for variation | Corrective Measures | Results | KPI Owner | Evidence required |
|---|-------------------|--------------|---|--|---------------------------|--|---|---------------------|-----------------------|----------------------------|----------------|---------------------------|--|--|---------------------|--|-------------------------------------|
| KPA 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT KEY PERFORMANCE INDICATORS OUTCOME NINE (OUTPUT 1: IMPLEMENT A DIFFERENTIATED APPROACH TO MUNICIPAL FINANCING, PLANNING AND SUPPORT, OUTPUT 4: ACTIONS SUPPORTIVE OF THE HUMAN SETTLEMENT OUTCOMES) | | | | | | | | | | | | | | | | | |
| | TLMTO_D_01 | M_140 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | Human Resource Management | To ensure that the reviewed organizational structure is approved by council by 30 May 2025 | Council approves the Organizational structure | Number | 1 | N/A | Operational | N/A | The Organogram was approved in 2022/23 Financial year, and it is valid for 5 years, it will be only reviewed when it is needed. | N/A | N/A | Senior Manager Corporate & Shared Services | Council Resolution |
| | TLMTO_D_02 | M_136 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | Human Resource Management | Reducing the vacancy rate within the financial year | # of vacant positions filled | Number | 49 | 35 | Operational | 60 | Overachievement was due to appointment of 25 extra general workers to curb overtime | None | Target Achieved | Senior Manager Corporate & Shared Services | Appointment letters |
| | TLMTO_D_03 | M_134 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | Human Resource Management | To monitor the renewal of policies within a financial year | # Policies reviewed within the financial year | Number | 27 | 8 | Operational | 33 | The 25 extra policies were developed to address the findings raised by Auditor General | None | Target Achieved | Manager Corporate & Shared Services | Policies/Council Resolution |
| | TLMTO_D_04 | M_28 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | Labour Relations | To promote fair labour practice | % of disciplinary cases resolved by end of each year | Percentage | 57% | 100% | Operational | 75% 6/8 | Employee party referred the matter to the High court and lost with cost & the other case is ongoing due to the postponement that was requested | Finalise the cases in the new Financial Year | Target not Achieved | Senior Manager Corporate & Shared Services | Disciplinary cases reports |
| | TLMTO_D_05 | M_144 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | Human Resource Management | To inculcate personnel capabilities | # of Work Skills Plan submitted to SETA by June each year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Manager Corporate & Shared Services | Dated Proof of submission |
| | TLMTO_D_06 | M_26 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | IDP | Approval of the IDP/Budget/PMS process plan by 31 August 2024 | Council approves IDP/Budget/ PMS Process Plan | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Process Plan / Council resolution |
| | TLMTO_D_07 | M_24 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | IDP | Approval of the Draft 2025/26 IDP by 31 March 2025 | Council approves IDP within financial year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Draft IDP/ Council resolution |
| | TLMTO_D_08 | M_25 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | IDP | Approval of the Final 2025/26 IDP by 31 May 2025 | Council approves IDP within financial year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Process Plan / Council resolution |
| | TLMTO_D_09 | M_40 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | PMS | Approval of the Final 2025/26 SDBIP by 30 June 2025 | Mayor Approve SDBIP within 28 days after adoption of the Budget and IDP | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Signed SDBIP by the Executive Mayor |

| Vote Nr | Top Layer KPI Ref | Dept KPI Ref | Strategic Objective | KPA or SO | Municipal Programme | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2024) | Annual Target (30/06/2025) | Budget 2024/25 | Actual Annual Performance | Challenges/ Reason for variation | Corrective Measures | Results | KPI Owner | Evidence required |
|---------|-------------------|--------------|---|--|---------------------|---|--|---------------------|-----------------------|----------------------------|----------------|---------------------------|----------------------------------|---------------------|-----------------|-------------------|---|
| | TLMTO_D_10 | M_38 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | PMS | To ensure quarterly reporting and compliance within the financial year | # of Quarterly performance reports compiled & approved by council | Number | 4 | 4 | Operational | 4 | None | None | Target Achieved | Municipal Manager | Report / Council resolution |
| | TLMTO_D_11 | M_20 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | PMS | To ensure quarterly reporting and compliance within the financial year | # of Quarterly B2B performance reports compiled & approved by council | Number | 4 | 4 | Operational | 4 | None | None | Target Achieved | Municipal Manager | Report/ Council resolution |
| | TLMTO_D_12 | M_43 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | PMS | To ensure that S54 & 56 Managers sign the performance agreements within 30 days after the start of the financial year | Signed Performance Agreements by all S54A & 56 Managers | Number | 7 | 7 | Operational | 7 | None | None | Target Achieved | Municipal Manager | Signed Performance Agreements for Sec 54 & 56 Managers |
| | TLMTO_D_13 | M_42 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | PMS | To ensure assessments for S54 & 56 Managers are conducted within the financial year | # of performance assessments conducted for Sec 54A & 56 Managers | Number | 2 | 2 | Operational | 2 | None | None | Target Achieved | Municipal Manager | Performance Assessments report |
| | TLMTO_D_14 | M_39 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | PMS | To ensure municipal reporting and compliance within the financial year | Submit Annual Institutional Performance report to CoGHSTA, AG Provincial Treasury and National Treasury by 31 August each year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Dated proof of submission to CoGHSTA, AGSA & Provincial |
| | TLMTO_D_15 | M_35 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | PMS | To ensure municipal reporting and compliance within the financial year | Submit Mid-Year report to CoGHSTA, Provincial and National Treasury by 25 January each year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Dated proof of submission to CoGHSTA & Treasury |
| | TLMTO_D_16 | M_36 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | PMS | To ensure municipal reporting and compliance | # of Annual Reports tabled in Council by 31 January each year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Report / Council resolution |
| | TLMTO_D_17 | M_97 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | PMS | To ensure municipal reporting and compliance within the financial year | Table Oversight Report on the Annual Report in Council by 31 March each year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Report / Council resolution |
| | TLMTO_D_18 | M_96 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | PMS | To ensure municipal reporting and compliance within the financial year | # of Oversight report published on the website after 7 days of adoption | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Website screenshots of the report |

| Vote Nr | Top Layer KPI Ref | Dept KPI Ref | Strategic Objective | KPA or SO | Municipal Programme | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2024) | Annual Target (30/06/2025) | Budget 2024/25 | Actual Annual Performance | Challenges/ Reason for variation | Corrective Measures | Results | KPI Owner | Evidence required |
|--|-------------------|---------------|---|--|---------------------|---|---|--|-----------------------|----------------------------|----------------|---------------------------|--|--|---------------------|-------------------|---|
| | TLMTOD_19 | | To promote democracy and sound governance | Municipal Transformation & Institutional Development | PMS | To ensure municipal reporting and compliance within the financial year | The Mayor approves adjusted SDBIP within 30 days after budget adjustment each year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | SDBIP / Council resolution |
| | TLMTOD_20 | M_32 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | Legal Services | To improve efficiency and effectiveness of municipal administration within the financial year | % Signed Service Level Agreements within 30 days after the appointment of Service Providers | Percentage, (# of SLA s developed/ of Appointment made) | 100% | 100% | Operational | 100% | None | None | Target Achieved | Municipal Manager | Dated signed Service Level Agreements |
| | TLMTOD_21 | M_11 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | Internal Audit | Functionality of Audit within the financial year | Develop Auditor General action plan for current financial year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | AG Action Plan |
| | TLMTOD_22 | M_48 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | Risk management | To ensure effective implementation of risk mitigations actions 30 June 2025 | # of Risk reports submitted to Audit Committee | Number | 4 | 4 | Operational | 4 | None | None | Target Achieved | Municipal Manager | Quarterly risk reports |
| | TLMTOD_23 | M_134 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | Internal Audit | To attain Clean Audit by ensuring compliance with all governance; financial management and reporting requirements by 30 June 2025 | % of internal audit findings implemented | Percentage, (# of Internal Audit issues resolved / of issues raised) | 64% | 100% | Operational | 65% 114/175 | Slow Implementation by Directorates | Prioritize Internal Audit issues in Management meeting & be a standing item in the Portfolio | Target not Achieved | Municipal Manager | Resolved IA findings register |
| | TLMTOD_24 | M_12 | To promote democracy and sound governance | Municipal Transformation & Institutional Development | Internal Audit | To attain Clean Audit by ensuring compliance with all governance; financial management and reporting requirements by 30 June 2025 | % of AG issues resolved | Percentage, (# of Auditor General issues resolved / of issues raised) | 46% | 100% | Operational | 57% 63/88 | Issues outstanding have financial implications and will be catered for in the new financial year | Most issues will be resolved when submitting AFS on the 31 st of August 2025 | Target not Achieved | Municipal Manager | Resolved AG Action Plan (Updated & POE submitted) |
| | TLMTOD_25 | M_49 or M_47? | To promote democracy and sound governance | Municipal Transformation & Institutional Development | Risk management | To ensure effective implementation of risk mitigations actions 30 June 2025 | % of Risk issues resolved | Percentage, (# Risk issues implemented / resolved / # of risks identified) | 80% | 100% | Operational | 100% 24/24 | None | None | Target Achieved | Municipal Manager | Resolved Risk issues and POE submitted |
| <p>MTOD 02- The over achievement on 25 posts was due to the appointment of general workers to address the overtime. MTOD 03 - The additional 25 policies were developed to close gaps that were identified by Auditor General. The organogram was approved in 2022/23 Financial year and valid for 5 years, it will only be reviewed when it is needed.</p> | | | | | | | | | | | | | | | | | |

| Vote Nr | Top Layer KPI Ref | Dept KPI Ref | Strategic Objective | Municipal Programme | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2024) | Annual Target (30/06/2025) | Budget 2024/25 | Actual Annual Performance | Challenges/ Reason for variation | Corrective Measures | Results | KPI Owner | Evidence requires |
|---|-------------------|--------------|---|---------------------|--|--|---------------------|-----------------------|----------------------------|----------------|---------------------------|---|---|---------------------|-------------------------------|--|
| KPA 2 : BASIC SERVICE DELIVERY INDICATORS | | | | | | | | | | | | | | | | |
| OUTPUT 2: IMPROVING ACCESS TO BASIC SERVICES | | | | | | | | | | | | | | | | |
| | TLBSD 01 | | Sustainable Infrastructure development and maintenance | MIG | To monitor the development and MIG implementation plan within a financial year | Development of MIG implementation Plan by July each year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Senior Manager Technical | Approved MIG Implementation on Plan |
| | TLBSD 02 | M_164 | Sustainable Infrastructure development and maintenance | MIG | To have integrated infrastructure development | # of monthly MIG reports captured on the MIS website (CoGHSTA) | Number | 11 | 12 | Operational | 12 | None | None | Target Achieved | Senior Manager Technical | MIS screenshots (website screenshots) |
| | TLBSD 03 | | Sustainable Infrastructure development and maintenance | Legal | To have integrated infrastructure development | # of by-laws gazetted by 30 June 2025 | Number | 2 | 3 | Operational | 2 | Not gazetted due to budget constraints | Re-budget in the new financial year | Target not Achieved | Municipal Manager | Government Gazette |
| | TLBSD 04 | | Clean, safe and hygienic environment, water and sanitation services | Water | To ensure provision of basic services | # of HH with access to water | Number (HH) | 9632 HH | 5000 HH | Operational | 10,835 | The additional 5835 HH was due to the completion of Ministerial intervention projects in Giyani that were completed in the current financial year | None | Target Achieved | Senior Manager Water Services | Technical Reports |
| | TLBSD 05 | | Clean, safe and hygienic environment, water and sanitation services | Roads and Transport | To ensure provision of basic services | # in KMs of gravel roads graded | Number (km) | 505km | 400km | Operational | 55.95km | Constant breakdown of Graders | SCM is in the process of acquiring a service provider for repairs and maintenance of the graders. | Target not Achieved | Senior Manager Technical | Signed Monthly Grading reports |
| | TLBSD 06 | | Clean, safe and hygienic environment, water and sanitation services | Sanitation | To ensure provision of basic services | # of HH with access to sanitation | Number | 86HH | 20 794 HH | Capital (MIG) | 0 HH | Delayed in appointment of Contractors | Development of an acceleration plan to monitor progress | Target not Achieved | Senior Manager Technical | Happy letters & Completion certificate |
| TLBSD 05 - The municipality did not achieve the indicator due to Graders that were not fully operational in the local municipalities. The maintenance/ service plan for fixing of the graders. | | | | | | | | | | | | | | | | |

| KPA 3 : LOCAL ECONOMIC DEVELOPMENT | | | | | | | | | | | | | | | | |
|---|-------------------|--------------|---|---------------------|--|--|---------------------|-----------------------|----------------------------|----------------|---------------------------|----------------------------------|---------------------|-----------------|-------------------------|---|
| KEY PERFORMANCE INDICATORS | | | | | | | | | | | | | | | | |
| OUTCOME 9: IMPLEMENTATION OF THE COMMUNITY WORK PROGRAMME | | | | | | | | | | | | | | | | |
| Vote No | Top Layer KPI Ref | Dept KPI Ref | Strategic Objective | Municipal Programme | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2024) | Annual Target (30/06/2025) | Budget 2024/25 | Actual Annual Performance | Challenges/ Reason for variation | Corrective Measures | Results | Responsible Person | Evidence requires |
| | TLED _01 | | To improve community safety, health and social well being | LED | To ensure sustainable livelihoods within the district | # of jobs opportunities created through EPWP (EPWP & Municipal Projects) | Number | 1 446 | 1 000 | Operational | 1 016 | None | None | Target Achieved | Senior Manager Planning | Proof of jobs opportunities created |
| | TLED _02 | | To promote economic sectors of the district | LED | To promote economic sector of the district | # of SEDA training conducted | Number | 7 | 4 | Operational | 9 | None | None | Target Achieved | Senior Manager Planning | Training reports |
| | TLED _03 | PRC_18 | To promote economic sectors of the district | LED | To ensure Promotion of local economy within the financial year | # of SMME supported through LED | Number | 178 | 100 | Operational | 103 | None | None | Target Achieved | Senior Manager Planning | Proof for SMME s supported |
| | TLED _04 | | To promote economic sectors of the district | EPWP | To ensure Promotion of local economy within the financial year | # of EPWP reports compiled and submitted to Council | Number | 4 | 4 | Operational | 4 | None | None | Target Achieved | Senior Manager Planning | EPWP reports / Council resolution |
| | TLED _05 | PRC_20 | To promote economic sectors of the district | LED | To ensure Coordination of LED forums within the financial year | # of LED District Forums coordinated | Number | 4 | 4 | Operational | 4 | None | None | Target Achieved | Senior Manager Planning | Agenda, Minutes & Attendance register |
| | TLED _06 | | To promote economic sectors of the district | LED | To Coordinate the Exhibition pavilion for emerging local SMMEs in Exhibition shows | # of Marketing Initiatives coordinated | Number | 9 | 4 | Operational | 8 | None | None | Target Achieved | Senior Manager Planning | Proof of Marketing initiative coordinated |

| Vote Nr | Top Layer KPI Ref | Dept KPI Ref | Strategic Objective | Municipal Programme | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2024) | Annual Target (30/06/2025) | Budget 2024/25 | Actual Annual Performance | Challenges/ Reason for variation | Corrective Measures | Results | KPI Owner | Evidence required |
|---|-------------------|--------------|--|----------------------|--|---|--|-----------------------|----------------------------|----------------|---------------------------------------|--|------------------------------|---------------------|-----------|--|
| KPA 4 MUNICIPAL FINANCIAL VIABILITY KEY PERFORMANCE INDICATORS OUTPUT 6: ADMINISTRATIVE AND FINANCIAL CAPABILITY | | | | | | | | | | | | | | | | |
| | TLF V_01 | | To Increase revenue generation and implement financial control systems | Revenue | To ensure improvement in revenue collection within the financial year | % of revenue collected within the financial year | Percentage (Revenue billed for the year) | 1% | 95% | Operational | 5.2% R19 210 731/ R 365 726 192 | None implementation n of credit control policy & Locals not transferring to the district | Enforcement the policy & SLA | Target not Achieved | CFO | Reconciliation report (Billing reports) |
| | TLF V_02 | M_1 22 | To Increase revenue generation and implement financial control systems | Revenue | To monitor debt collections within a financial year | % in debts collected within the financial year | Percentage (Debtors) | 1% | 80% | Operational | 5.2% R19 210 731/ R 365 726 192 | None implementation n of credit control policy & Locals not transferring by the locals | Enforce the policy & SLA | Target not Achieved | CFO | Debtors Reconciliation n report (Age analysis reports) |
| | TLF V_03 | M_1 16 | To Increase revenue generation and implement financial control systems | Budget and Reporting | To ensure that quarterly financial statements are prepared within 14 days after the end of each quarter. | # of quarterly financial statements submitted to the Accounting Officer | Number | 0 | 4 | Operational | 4 | None | None | Target Achieved | CFO | Quarterly Financial Statements |
| | TLF V_04 | M_1 13 | To Increase revenue generation and implement financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | Council approved Draft Budget within the financial year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | CFO | Draft Budget / Council Resolution |

| | | | | | | | | | | | | | | | | |
|--|----------|--------|---|----------------------|---|---|--------|----|----|-------------|----|------|------|-----------------|-----|--|
| | TLF V_05 | | To Increase revenue generation and implementing financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | Council approved Final Budget within the financial year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | CFO | Final Budget / Council Resolution |
| | TLF V_06 | M_1 19 | To Increase revenue generation and implement financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | Council approved Draft Budget policies | Number | 11 | 11 | Operational | 11 | None | None | Target Achieved | CFO | Draft Budget related policies / Council Resolution |
| | TLF V_07 | | To Increase revenue generation and implementing financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | Council approved Final Budget policies | Number | 11 | 11 | Operational | 11 | None | None | Target Achieved | CFO | Final Budget related policies / Council Resolution |
| | TLF V_08 | M_1 18 | To Increase revenue generation and implementing financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | Council approved Adjustment budget by 28 February each year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | CFO | Adjusted Budget / Council Resolution |
| | TLF V_09 | M_1 15 | To Increase revenue generation and implement financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | Submit Unaudited annual financial statements by 31 August each year | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | CFO | Dated proof of submission |
| | TLF V_10 | | To Increase revenue generation and implementing financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | # of Deviation 32 Registers developed and updated | Number | 12 | 12 | Operational | 12 | None | None | Target Achieved | CFO | Updated Deviation register |

| | | | | | | | | | | | | | | | | |
|--|----------|------|---|-------------------------|--|--|------------|------|------|-------------|---------------------|---|----------------------------|---------------------|-------------------|--|
| | TLF V_11 | | To Increase revenue generation and implement financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | # of Finance compliance report submitted to Treasuries & CoGHSTA | Number | 12 | 12 | Operational | 12 | None | None | Target Achieved | CFO | Financial reports |
| | TLF V_12 | M_12 | To Increase revenue generation and implement financial control systems | Budget and Reporting | To ensure compliance with legislation within the financial year | Submit monthly Sec 71 reports to Provincial treasury within 10 working days | Number | 12 | 12 | Operational | 12 | None | None | Target Achieved | CFO | Dated proof of submission |
| | TLF V_13 | | To Increase revenue generation and implementing financial control systems | Supply Chain Management | To Improve financial viability within the financial year | Appointment of Supply Chain Committees by 30 June each year (Specification, Evaluation & Adjudication) | Number | 3 | 3 | Operational | 3 | None | None | Target Achieved | Municipal Manager | Appointment Letters (Committees) |
| | TLF V_14 | | To Increase revenue generation and implementing financial control systems | Supply Chain Management | To Improve financial viability within the financial year | % of Construction Tenders placed on the CIDB website | Percentage | 100% | 100% | Operational | 100% | None | None | Target Achieved | CFO | Website screenshots |
| | TLF V_15 | | To Increase revenue generation and implement financial control systems | Expenditure Management | To ensure payment of service providers within 30 days of the submission of invoices. | Pay invoices within 30 days of receipt from the service providers | Percentage | 89% | 100% | Operational | 82 % 3180 / 3856 | Late submission of invoices by user departments | Centralization of invoices | Target not Achieved | CFO | Debtors Reconciliation report (Age analysis reports) |

| | | | | | | | | | | | | | | | | |
|--|----------|-------|--|------------------------|---|--|---------------------------|------|---|-------------|--|---|---|---------------------|------------------|--|
| | TLF V_16 | | To Increase revenue generation and implement financial control systems | Assets Management | To ensure compliance with legislation within the financial year | # of GRAP Compliance Assets register Compiled | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | CFO | GRAP compliance Assets register compiled |
| | TLF V_17 | | To Increase revenue generation and implement financial control systems | Assets Management | To ensure compliance with legislation within the financial year | # Assets verifications conducted in line with GRAP standards | Number | 2 | 2 | Operational | 2 | None | None | Target Achieved | CFO | Quarterly Assets verification reports |
| | TLF V_18 | M_02 | To Increase revenue generation and implement financial control systems | Expenditure Management | To effectively manage the financial affairs of the municipality within the financial year | % capital budget spent as approved by Council within the financial year | Percentage (Accumulative) | 100% | 100% R489 430 000 Capital Budget spent | Capital | 100% R489 430 000 / R489 430 000 | None | None | Target Achieved | CFO/Water / Tech | Financial reports |
| | TLF V_19 | M_05 | To Increase revenue generation and implement financial control systems | Expenditure Management | To effectively manage the financial affairs of the municipality within the financial year | % Operations and maintenance budget spent as approved by Council within the financial year | Percentage (Accumulative) | 100% | 100% R104 452 732 Operational Budget spent | Operational | 92% R96 186 587 / R104 452 732 | Delayed in appointing service provider in the 4th quarter | Fastrack the appointment during the 1st quarter of the new financial year | Target not Achieved | CFO/Water | Financial reports |
| | TLF V_20 | M_174 | To Increase revenue generation and implement financial control systems | Expenditure Management | To effectively manage the financial affairs of the municipality within the financial year | % MIG budget spent as approved by Council within the financial year | Percentage (Accumulative) | 100% | 100% R524 362 000 | Capital | 100% R524 362 000 / R524 362 000 | None | None | Target Achieved | CFO / Technical | Financial reports |
| | TLF V_21 | | To Increase revenue generation and implement financial control systems | Expenditure Management | To effectively manage the financial affairs of the municipality within the financial year | % WSIG budget spent as approved by Council within the financial year | Percentage (Accumulative) | 100% | 100% WSIG expenditure | Capital | 0% | Grant was not transferred | None | N/A | CFO / Technical | Financial reports |

| | | | | | | | | | | | | | | | | |
|--|----------|--|--|------------------------|---|---|---------------------------|------|--|-------------|--|------|------|-----------------|-----------------|-------------------|
| | TLF V_22 | | To Increase revenue generation and implement financial control systems | Expenditure Management | To effectively manage the financial affairs of the municipality within the financial year | % RRAMS budget spent as approved by Council within the financial year | Percentage (Accumulative) | 100% | 100% R2 476 000 RRAMS expenditure | Capital | 100% R2 476 000 / R2 476 000 | None | None | Target Achieved | CFO / Technical | Financial reports |
| | TLF V_23 | | To Increase revenue generation and implement financial control systems | Expenditure Management | To effectively manage the financial affairs of the municipality within the financial year | % FMG budget spent as approved by Council within the financial year | Percentage | 100% | 100% R3 000 000 FMG expenditure | Operational | 100% R3 000 000/ R3 000 000/ | None | None | Target Achieved | CFO | Financial reports |
| | TLF V_24 | | To Increase revenue generation and implement financial control systems | Expenditure Management | To effectively manage the financial affairs of the municipality within the financial year | % EPWP budget spent as approved by Council within the financial year | Percentage | 100% | 100% R 6 799 000 EPWP expenditure | Operational | 100% R 6 799 000 / R 6 799 000 | None | None | Target Achieved | CFO/Water | Financial reports |
| TLFV01 - Failure to collect revenue, Municipalities under Mopani are not transferring to the district, the municipality will enforce the Service Level Agreements signed with the locals. TLFV15 - the municipality failed to pay service providers within 30 days due to user departments delaying submission of invoices. | | | | | | | | | | | | | | | | |

| KPA 6 : SPATIAL RATIONALE | | | | | | | | | | | | | | | | |
|--|-------------------|--------------|---|---------------------|--|--|---------------------|-----------------------|----------------------------|----------------|---------------------------|--|---------------------|-----------------|-------------------------|--|
| OUTPUT 2: IMPROVING ACCESS TO BASIC SERVICES | | | | | | | | | | | | | | | | |
| Vote Nr | Top Layer KPI Ref | Dept KPI Ref | Strategic Objective | Municipal Programme | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2024) | Annual Target (30/06/2025) | Budget 2024/25 | Actual Annual Performance | Challenges/ Reason for variation | Corrective Measures | Results | KPI Owner | Evidence requires |
| | SPR 01 | | To have efficient, effective economic and integrated use of space | Spatial Planning | To have sustainable, optimal, harmonious and integrated land development | Percentage (of applications received / of land use applications processed) within 90 days of receipt) | % | 100% | 100% | Operational | 100% | None | None | Target Achieved | Senior Manager Planning | dated Land use register |
| | SPR 02 | | To have efficient, effective economic and integrated use of space | Spatial Planning | To have sustainable, optimal, harmonious and integrated land development | # of Municipal Planning Tribunal meetings coordinated | Number | 16 | 4 | Operational | 25 | Locals had multiple applications to be processed | None | Target Achieved | Senior Manager Planning | Attendance Register, Minutes |
| | SPR 03 | | To have efficient, effective economic and integrated use of space | GIS | To have sustainable, optimal, harmonious and integrated land development | Percentage in Capturing Projects in the GIS system within the financial year. | Percentage | 100% | 100% | Operational | 100% | None | None | Target Achieved | Senior Manager Planning | List of projects coordinates in the GIS |
| | SPR 04 | | To have efficient, effective economic and integrated use of space | Spatial Planning | To have sustainable, optimal, harmonious and integrated land development | # of Township established at Mokwakwaila(G LM) by 30 June 2025 | Number | New | 1 | R200 004 | 1 | None | None | Target Achieved | Senior Manager Planning | Township establishment application & Draft Layout plan |
| | SPR 05 | | To have efficient, effective economic and integrated use of space | Spatial Planning | To have sustainable, optimal, harmonious and integrated land development | # To establish township in Namakgale Bufferzone (BPM) by 30 June 2025 | Number | New | 1 | R999 996 | 1 | None | None | Target Achieved | Senior Manager Planning | Township establishment application & Draft Layout plan |
| | SPR 06 | | To have efficient, effective economic and integrated use of space | Spatial Planning | To have sustainable, optimal, harmonious and integrated land development | # of Township established at Phooko (GLM) 1000 sites by 30 June 2025 | Number | New | 1 | R200 004 | 1 | None | None | Target Achieved | Senior Manager Planning | Township establishment application & Draft Layout plan |

| | | | | | | | | | | | | | | | | |
|--|--------|--|---|------------------|--|---|--------|-----|---|----------|---|---|------|-----------------|-------------------------|--|
| | SPR 07 | | To have efficient, effective economic and integrated use of space | Spatial Planning | To have sustainable, optimal, harmonious and integrated land development | # To establish township in Relela (GTM) by 30 June 2025 | Number | New | 1 | R200 004 | 1 | None | None | Target Achieved | Senior Manager Planning | Township establishment application & Draft Layout plan |
| | SPR 08 | | To have efficient, effective economic and integrated use of space | Spatial Planning | To have sustainable, optimal, harmonious and integrated land development | # of SDF reviewed by 30 June 2025 | Number | New | 1 | R999 990 | 1 | Council adopted the SDF document on 30/05/2025 with resolution No SCD/18/2025 F: 15/6 | None | Target Achieved | Senior Manager Planning | Council resolution |

| Vote Nr | Top Layer KPI Ref | Strategic Objective | Program mes | Measurable Objectives | Performance Indicator title | KPI Unit of measure | Baseline (30/06/2024) | Annual Target (30/06/2025) | Budget 2024/25 | Actual Annual Performance | Challenges/ Reason for variation | Corrective Measures | Results | KPI Owner | Evidence Required |
|---|-------------------|---|-------------------|--|--|---------------------|-----------------------|----------------------------|----------------|---------------------------|---|---|---------------------|----------------------------------|---------------------------------------|
| KPA 5 : GOOD GOVERNANCE AND PUBLIC PARTICIPATION KEY PERFORMANCE INDICATORS OUTCOME 9 (OUTPUT 5: DEEPEN DEMOCRACY THROUGH A REFINED WARD COMMITTEE MODEL, OUTPUT 6: ADMINISTRATIVE AND FINANCIAL CAPABILITY) | | | | | | | | | | | | | | | |
| | TLG GPP _01 | To promote democracy and sound governance | Council | To ensure functionality of Council committee within the financial year. | # of Council Meetings held within the financial year | Number | 14 | 7 | Operational | 15 | Council had special meetings due to unordinary items that had to be considered | None | Target Achieved | Municipal Manager | Agenda, Minutes & attendance register |
| | TL_GGP _02 | To promote democracy and sound governance | Council | To ensure functionality of Council committee within the financial year. | % in Implementation of Council Resolutions | Percentage | 100% | 100% | Operational | 97% | None implementation of MPAC resolutions by directorates | Prioritize MPAC resolutions through management meetings | Target not Achieved | Municipal Manager | Updated Resolutions Register |
| | TLG GPP _03 | To promote democracy and sound governance | Mayoral Committee | To ensure functionality of MAYCO within the financial year. | # of MAYCO meetings held within the financial year | Number | 14 | 7 | Operational | 17 | The Committee had to deal with special meetings to consider unordinary items | None | Target Achieved | Municipal Manager | Agenda, Minutes & attendance register |
| | TLG GPP _04 | To promote democracy and sound governance | Portfolio | To ensure functionality of Portfolio committees within the financial year. | # of Portfolio committee meetings held within the financial year | Number | 65 | 39 | Operational | 59 | The Committee had to deal with special meetings to consider unordinary items | None | Target Achieved | Manager Executive Mayor s Office | Agenda, Minutes & attendance register |
| | TL_G GPP _05 | To promote democracy and sound governance | Portfolio | To ensure functionality of Portfolio committees within the financial year. | % in Implementation of Portfolio Resolutions | Percentage | 80% | 100% | Operational | 97% | Finance resolutions (prior year) could not be finalised prior completion of the AFS | Resolutions will be resolved upon completion of the AFS | Target not Achieved | Manager Executive Mayor s Office | Updated Resolutions Register |
| | TL_G GPP _06 | To promote democracy and sound governance | IGR | To ensure functionality of IGR structures within the financial year. | # of IGR meetings held within the financial year | Number | 4 | 4 | Operational | 4 | None | None | Target Achieved | Municipal Manager | Agenda, Minutes, Attendance Register |

| | | | | | | | | | | | | | | | |
|--|------------|---|----------------------|---|---|------------|------|------|-------------|------|--|------|-----------------|--|---------------------------------------|
| | TL_GPP_07 | To promote democracy and sound governance | IGR | To ensure functionality of IGR structures within the financial year. | % in Implementation of IGR Resolutions | Percentage | 69% | 100% | Operational | 100% | None | None | Target Achieved | Municipal Manager | Updated Resolutions Register |
| | TL_GPP_08 | To promote democracy and sound governance | Ethics Committee | To ensure functionality of Council committees within the financial year | # of ethics Committee Meeting held within the financial year | Number | 7 | 4 | Operational | 4 | None | None | Target Achieved | Manager Executive Mayor s Office | Agenda, Minutes & attendance register |
| | TL_GPP_09 | To promote democracy and sound governance | Public Participation | To ensure public involvement in the affairs of the Municipalities | # of Public Participation Meetings held within the financial year | Number | 10 | 5 | Operational | 10 | MDM joined the locals when conducting the public participation and attended as per the scheduled dates | None | Target Achieved | Manager Executive Mayor s Office | Attendance Register, PP Report |
| | TLG GPP_10 | To promote democracy and sound governance | MPAC | To ensure functionality of Council committees within the financial year | # of MPAC meetings held within the financial year | Number | 15 | 5 | Operational | 27 | Specials meetings were convened to consider historical issues | None | Target Achieved | Manager Executive Mayor s Office | Agenda, Minutes & attendance register |
| | TLG GPP_11 | To promote democracy and sound governance | MPAC | To ensure functionality of Council committee within the financial year | # of MPAC reports submitted to council held within the financial year | Number | 5 | 5 | Operational | 5 | None | None | Target Achieved | Manager Executive Mayor s Office | Council resolutions |
| | TLG GPP_12 | To promote democracy and sound governance | Ward Committee | To ensure functionality of Council committee within the financial year | # of Ward District Committee Meetings held within the financial year | Number | 0 | 4 | Operational | 4 | None | None | Target Achieved | Director Executive Mayor s Office | Agenda, Minutes & attendance register |
| | TLG GPP_13 | To promote democracy and sound governance | Management committee | To ensure functionality of administration | # of Management meetings held within the financial year | Number | 12 | 12 | Operational | 12 | None | None | Target Achieved | Municipal Manager | Agenda, Minutes & attendance register |
| | TL_GPP_14 | To promote democracy and sound governance | Management committee | To ensure functionality of administration | % in implementation of MANCO Resolutions within the financial year | Percentage | 100% | 100% | Operational | 100% | None | None | Target Achieved | Municipal Manager | Updated Resolutions register |
| | TLG GPP_15 | To promote democracy and sound governance | Labour Relations | To ensure functionality of Council within the financial year | # of LLF meetings held within the financial year | Number | 13 | 12 | Operational | 12 | None | None | Target Achieved | Senior Manager Corporate & Shared services | Agenda, Minutes & attendance register |

| | | | | | | | | | | | | | | | |
|--|-------------------|---|----------------------|---|--|---|------|------|-------------|------|------|------|-----------------|--|---|
| | TLG GPP _16 | To promote democracy and sound governance | Labour Relations | To ensure functionality of Municipality within the financial year | % in implementation of LLF resolutions within the financial year | Percentage (of resolutions taken/ of resolutions implemented). | 77% | 100% | Operational | 100% | None | None | Target Achieved | Senior Manager Corporate & Shared services | Updated Resolutions register |
| | TLG GPP _17 | To promote democracy and sound governance | Public Participation | To ensure public involvement in the IDP review | # of IDP/Budget/ PMS REP Forum meetings held within the financial year | Number | 5 | 4 | Operational | 4 | None | None | Target Achieved | Municipal Manager | Agenda, Register & Presentation/ Report |
| | TLG GPP _18 | To promote democracy and sound governance | Public Participation | To ensure public involvement in the IDP/Budget review within a financial year | # of IDP/Budget/ PMS Steering Committee meetings within the financial year | Number | 5 | 4 | Operational | 4 | None | None | Target Achieved | Municipal Manager | Agenda & Attendance register |
| | TLG GPP _19 | To promote democracy and sound governance | Public Participation | To promote accountability within the municipality | % of complaints resolved | Percentage (of resolutions taken/ of resolutions implemented). | 100% | 100% | Operational | 100% | None | None | Target Achieved | Manager Mayor s Office | Updated Complaints Management Register |
| | TLG GPP _20 | To promote democracy and sound governance | Public Participation | To ensure public involvement in Mayoral Imbizo 's within a financial year | # of quarterly Community feedback meetings held within a financial | Number | 3 | 4 | Operational | 4 | None | None | Target Achieved | Manager Mayor s Office | Agenda, Register & Presentation/ Report |
| | TLG GPP _21 | To promote democracy and sound governance | Public Participation | To ensure public involvement in Municipal activities | # of Internal quarterly Newsletters developed (Electronic) | Number | 4 | 4 | Operational | 4 | None | None | Target Achieved | Manager Mayor s Office | Electronic Newsletters |

| | | | | | | | | | | | | | | | |
|--|-------------------|---|------------|---|--|------------|------------|------|-------------|-----|--|---|---------------------|--|--|
| | TLG GPP _22 | To promote democracy and sound governance | Committees | To ensure functionality of Audit committee within a financial year | # of Audit Committee meetings held within the financial year | Number | 7 | 7 | Operational | 8 | There was a special meeting with Auditor General to deal with the Draft Audit Report | None | Target Achieved | Municipal Manager | Agenda, Minutes & Attendance register |
| | TLG GPP _23 | To promote democracy and sound governance | Committees | To ensure functionality of Audit committee within a financial year | % of Audit and Performance Audit Committee resolutions implemented within the financial year | Percentage | 82% | 100% | Operational | 92% | Slow Implementation by Directorates | Prioritize AC resolutions in Management meeting & be a standing item in the Portfolio | Target not Achieved | Municipal Manager | Audit Committee resolutions register |
| | TLG GPP _24 | To promote democracy and sound governance | Risk | To ensure functionality of mitigation of risks committee within the financial year. | # of Council approved Risk Policy | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Council Resolution |
| | TLG GPP _25 | To promote democracy and sound governance | Risk | To ensure functionality of mitigation of risks committee within the financial year. | # of Council approved Risk strategy | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Council Resolution |
| | TLG GPP _26 | To promote democracy and sound governance | Risk | To ensure functionality of Risk committee within the financial year. | Council approved Fraud and Anti-Corruption strategy | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | Council Resolution |
| | TLG GPP _27 | To promote democracy and sound governance | Legal | To monitor response in terms of the fraud and corruption cases registered | % of Fraud and Corruption cases investigated | Percentage | N/A | 100% | Operational | N/A | No cases warranted to be investigated | N/A | N/A | Municipal Manager | Updated Fraud and Corruption case register |
| | TLG GPP _28 | To promote democracy and sound governance | Audit | To ensure functionality of Council committee within the financial year | # of Unqualified Audit Opinion obtained by 31 December each year | Number | Disclaimer | 1 | Operational | 0 | AG could not obtain sufficient evidence to verify balances relating to assets, revenue & expenditure | Quarterly financial statements will be prepared and independently reviewed | Target not Achieved | Municipal Manager | Auditor General Audit Report |
| | TLG GPP _29 | To promote democracy and sound governance | IT | To promote democracy and sound governance | Number of Super User accounts activities reviewed per quarter | Number | 4 | 4 | Operational | 4 | None | None | Target Achieved | Senior Manager Corporate & Shared services | Audit trail report |

| | | | | | | | | | | | | | | | |
|--|-------------|---|----------------|--|--|------------|------|------|-------------|------|------|------|-----------------|--|--|
| | TL_GGP_P_30 | To promote democracy and sound governance | IT | To promote democracy and sound governance | Percentage of quarterly IT servers backups verified | Percentage | 100% | 100% | Operational | 100% | None | None | Target Achieved | Senior Manager Corporate & Shared services | Audit trail report |
| | TL_GGP_P_31 | To promote democracy and sound governance | Internal Audit | Functionality of Audit within the financial year | Audit Committee approve Internal Audit Plan by 30 | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | AC approved Internal Audit Plan |
| | TL_GGP_P_32 | To promote democracy and sound governance | Internal Audit | Functionality of Audit within the financial year | Audit Committee approve revised Internal Audit Charter by 30June | Number | 1 | 1 | Operational | 1 | None | None | Target Achieved | Municipal Manager | AC approved revised Internal Audit Charter |

GGPP30 - The municipality received a Qualified Audit Opinion for 2023/24 Financial because the Auditor General could not obtain sufficient evidence to verify certain material balances, mainly relating to assets, revenue and expenditure. This was due to weakness in record keeping, inaccurate assets registers, incomplete supporting documentation and non-compliance with GRAP and MFMA requirements. While the rest of the financial statements were fairly presented, these issues were significant enough to prevent a clean audit outcome.

| MUNICIPAL TRANSFORMATION & DEVELOPMENT PROJECTS (2024/25) | | | | | | | | | | | | | | | | |
|---|---|------------|---|----------------------------|------------|-----------------|----------------------|-------------------|-----------------|-----------------|---------------|---------------------------|--|--|---------------------|--|
| MUNICIPAL TRANSFORMATION & DEVELOPMENT CAPITAL PROJECTS FOR 2024/25 | | | | | | | | | | | | | | | | |
| Pro No | Strategic Objective | Program me | Projects | Project Name | Start Date | Completion date | Project Owner | Source of funding | Original Budget | Adjusted Budget | Annual Target | Actual Annual Performance | Challenges/ Reason for variation | Corrective Measures | Results | Evidence required |
| MTOD1 | Democratic society and sound governance | IT | To purchase & deliver Computers by 30 June 2025 | Computers | 7/1/2024 | 6/30/2025 | Senior Manager Corps | MDM | R1,304,352 | R4,804,352 | 100% | 100% | None | None | Target Achieved | Delivery note |
| MTOD2 | democratic society and sound | IT | Acquisition of Server by 30 June 2025 | Server | 7/1/2024 | 6/30/2025 | Senior Manager Corps | MDM | R2,608,692 | R2,608,692 | 100% | 100% | None | None | Target Achieved | Delivery note |
| MTOD3 | democratic society and sound governance | Admin | Acquisition & fitting of Office Furniture by 30 June 2025 | Office Furniture | 7/1/2024 | 6/30/2025 | Senior Manager Corps | MDM | R500,000 | R500,000 | 100% | 100% | None | None | Target Achieved | Delivery note |
| MTOD4 | democratic society and sound governance | IT | Acquisition of Computer Software by 30 June 2025 | Computer Software | 7/1/2024 | 6/30/2025 | Senior Manager Corps | MDM | R1,304,352 | R1,304,352 | 100% | 100% | None | None | Target Achieved | Software License |
| MTOD5 | democratic society and sound governance | Admin | Acquisition of Electricity Backup by 30 June 2025 | Electricity Backup | 7/1/2024 | 6/30/2025 | Senior Manager Corps | MDM | R2,173,908 | R2,173,908 | 100% | 25% | Service provider not appointed due to evaluation not concluded on time | Finalise the appointment in the new financial year | Target not Achieved | Delivery note |
| MTOD6 | democratic society and sound governance | IT | Replacement of UPS by 30 June 2025 | Uninterrupted Power supply | 7/1/2024 | 6/30/2025 | Senior Manager Corps | MDM | R260,868 | R260,868 | 100% | 100% | None | None | Target Achieved | Delivery note & Installation certificate |
| MTOD8 | Democratic society and sound governance | Admin | To purchase & Install Telephone PABX system | Telephone PABX system | 7/1/2024 | 6/30/2025 | Senior Manager Corps | MDM | R6,956,520 | R6,956,520 | 100% | 100% | None | None | Target Achieved | Delivery note |
| MTOD8 | Democratic society and sound governance | Admin | To purchase & deliver Laptops by 30 June 2025 | Laptops | 7/1/2024 | 6/30/2025 | Senior Manager Corps | MDM | R0 | R255,000 | 25% | 25% | None | None | Target Achieved | Delivery note |

2024/25 CAPITAL WORKS PLAN SUMMARY OF CAPITAL PROJECTS PER FOR THE YEAR

BASIC SERVICE DELIVERY PROJECTS 2024/ 2025

| Project # | Strategic Objective | Programme | Projects description | Project Name | Start Date | Completion date | Project Owner | Source of funding | Original Budget | Adjusted Budget | Annual Target | Actual Annual Performance | Challenges/ Reason for variation | Corrective Measures | Results | Evidence required |
|-----------|---|-----------|--|---|------------|-----------------|---------------------|-------------------|-----------------|-----------------|---------------|---------------------------|--|---|---------------------|------------------------|
| BSD1 | To have integrated infrastructure development | Water | Construction of Kampsrus Bulk water reticulation Bulk Water | Kampersrus Bulk water reticulation Bulk Water | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MIG | R1,913,040 | R4 000 000 | 100% | 0% | ESKOM delays to upgrade the transformer, Project on hold pending ESKOM upgrades | Funds deferred to performing projects | Target not Achieved | Completion certificate |
| BSD2 | To have integrated infrastructure development | Water | Construction of Lephepane Bulk Water | Lephepane Bulk Water | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MIG | R41,224,080 | R50 000 000 | 100% | 100% | None | None | Target Achieved | Completion certificate |
| BSD3 | To have integrated infrastructure development | Water | Construction of Bulk Water Supply at Lulekani Water Scheme | Lulekani Water Scheme | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MIG | R12,994,368 | R14,689,283 | 100% | 81% | Delays by ESKOM to energize the boreholes at Benfarm | Request letter has been sent to Eskom to expedite the process | Target not Achieved | Completion certificate |
| BSD4 | To have integrated infrastructure development | Water | Construction of Makhushane Water Scheme | Makhushane Water Scheme | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MIG | R48,181,596 | R15 000 000 | 100% | 84% | Bulk water challenges delayed the project testing | Sectional testing & partial commissioning will be completed in the new financial year | Target not Achieved | Completion certificate |
| BSD5 | To have integrated infrastructure development | Water | Construction of Ritavi Water Scheme | Ritavi Water Scheme | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MIG | R77,642,124 | R40 000 000 | 100% | 63% | Budget maintenance approval | Application for budget maintenance submitted to DWS and COGHSTA, Project rolled over to the new financial year | Target not Achieved | Completion certificate |
| BSD6 | To have integrated infrastructure development | Water | Construction of Sekgosese Water Scheme supply and Borehole equipment | Sekgosese Water Scheme | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MIG | R128,183,880 | R49 000 000 | 100% | 100% | None | None | Target Achieved | Completion certificate |
| BSD7 | To have integrated infrastructure development | Water | Construction of Tours Water reticulation | Tours Water reticulation | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MIG | R130,571,579 | R201 230 614 | 100% | 100% | None | None | Target Achieved | Completion certificate |
| BSD8 | To have integrated infrastructure development | Water | Purchase 15 fleet for water services | Water services Fleet | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MDM | R9 565 224 | R9 565 224 | 100% | 100% | None | None | Target Achieved | Delivery note |
| BSD9 | To have integrated infrastructure development | Fire | Purchase & Delivery of Fire & Rescue Equipment's by 30 June 2024 | Fire & Rescue Equipment's | 7/1/2024 | 6/30/2025 | Senior Manager Comm | MDM | R4,347,828 | R4,347,828 | 100% | 0% | Service provider appointed in the last quarter of the financial year & did not agree in appointed prices, since equipment's is ordered from overseas | MDM reached an agreement with the service provider & the equipment's will be procured in the new financial year | Target not Achieved | Delivery note |

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|-------|---|------------|--|--|----------|-----------|---------------------|-----|-------------|-------------|-----|------|--|---|---------------------|---------------------------------------|
| BSD10 | To have integrated infrastructure development | Water | Thabina to Lenyenye Bulk water supply | Thabina to Lenyenye bulk supply | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MDM | R8,695,650 | R10 000 000 | 25% | 24% | Tank platform levels required correction | Contractor instructed to correct the levels, levels approved and tank to be lifted in August 2025 | Target not Achieved | Completion certificate |
| BSD11 | To have integrated infrastructure development | Sanitation | Construction of VIP toilets units | Rural Household Sanitation (BPM) | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MIG | R17,391,305 | R20 000 000 | 25% | 0% | Delay in appointment of the Contractors | Development an acceleration plan speedup the progress | Target not Achieved | Happy Letters/ Completion Certificate |
| BSD12 | To have integrated infrastructure development | Sanitation | Construction of VIP toilets units | Rural Household Sanitation (Maruleng) | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MIG | R8,695,650 | R10 000 000 | 25% | 0% | Delay in appointment of the Contractors | Development an acceleration plan speedup the progress | Target not Achieved | Happy Letters/ Completion Certificate |
| BSD13 | To have integrated infrastructure development | Sanitation | Construction of VIP toilets units | Rural Household Sanitation (Greater Tzaneen LM) | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MIG | R21,739,130 | R25 000 000 | 25% | 0% | Delay in appointment of the Contractors | Development an acceleration plan speedup the progress | Target not Achieved | Happy Letters/ Completion Certificate |
| BSD14 | To have integrated infrastructure development | Sanitation | Construction of VIP toilets units | Rural Household Sanitation (Greater Letaba LM) | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MIG | R17,391,305 | R20 000 000 | 25% | 0% | Delay in appointment of the Contractors | Development an acceleration plan speedup the progress | Target not Achieved | Happy Letters/ Completion Certificate |
| BSD15 | To have integrated infrastructure development | Sanitation | Construction of VIP toilets units | Rural Household Sanitation (Greater Giyani LM) | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MIG | R21 739 130 | R25 000 000 | 25% | 0% | Delay in appointment of the Contractors | Development an acceleration plan speedup the progress | Target not Achieved | Happy Letters/ Completion Certificate |
| BSD16 | To have integrated infrastructure development | Water | Thapane Water Treatment Plant and replacement of Rensing Us | Thapane Water Treatment Plant and replacement of Rensing Us | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MIG | R0 | R3 000 000 | 25% | 0 | Delay in budget maintenance approval | Application submitted to DWS for assessment, Pending approval | Target not Achieved | Completion certificate |
| BSD17 | To have integrated infrastructure development | Water | Water Reticulation Infrastructure for Middle Letaba Water Scheme Cluster 6 | Water Reticulation Infrastructure for Middle Letaba Water Scheme Cluster 6 | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MIG | R0 | R3 000 000 | 25% | 0 | Delay in appointment of consultant | Budget deferred to performing projects | Target not Achieved | Completion certificate |
| BSD18 | To have integrated infrastructure development | Water | Construction of Tours Water reticulation | Tours Water Scheme | 7/1/2024 | 6/30/2025 | Senior Manager Tech | MIG | R0 | R2 954 514 | 50% | 100% | None | None | Target Achieved | Completion certificate |



MOPANI DISTRICT MUNICIPALITY 2024/2025 ANNUAL PERFORMANCE REPORT SERVICE PROVIDER S PERFORMANCE

| PROJECT DESCRIPTION | | PROJECT NO | CONTRACT AMOUNT | FUNDING | CONSULTING ENGINEERS | RATING | CONTRACTOR/ SERVICE PROVIDER | PERFORMANCE RATING | START DATE | END DATE | CURRENT STATUS | GENERAL COMMENTS |
|---------------------|---|----------------|-----------------|---------|----------------------|----------------|--|--------------------|------------|------------|----------------------|--|
| 1 | Unified communication system (PABX) | MDM2023/24-03 | R22 074 135.00 | MDM | Not Applicable | Not Applicable | Mabapa Trading CC | 5 | 12/4/2024 | 4/12/2026 | On-going (36 months) | Progressing well |
| 2 | Supply & Delivery of laptops & Desktop computers | MDM2023/24-019 | Rates | MDM | Not Applicable | Not Applicable | Diventia Investments | 5 | 26/06/2024 | 26/06/2025 | Project Completed | None |
| 3 | Refurbishment of 2 server rooms (Giyani & Tzaneen) | MDM2023/24-021 | R6 841 350.00 | MDM | Not Applicable | Not Applicable | Mabapa Trading CC | 5 | 20/06/2024 | 20/12/2025 | Project Completed | None |
| 4 | Supply, delivery & set up of 3 servers | MDM2023/24-015 | R2 907 042.45 | MDM | Not Applicable | Not Applicable | Madibana IT solutions | 3 | 26/06/2024 | 20/12/2025 | Project Completed | None |
| 5 | Relela Township Establishment | MDM2023/24-09 | R390 000.00 | MDM | Not Applicable | Not Applicable | Liberty Town planners | 4 | 17/04/24 | 17/04/25 | Project Completed | None |
| 6 | Namakgale bufferzone Township Establishment | MDM2023/24-09 | R970 500.00 | MDM | Not Applicable | Not Applicable | Liberty Town planners | 4 | 17/04/24 | 17/04/25 | Project Completed | None |
| 7 | Enhancement of land use & Town Planning GIS application | MDM2023/24-08 | R1 035 000.00 | MDM | Not Applicable | Not Applicable | One Africa Consulting & Research | 5 | 3/5/2024 | 3/5/2025 | Project Completed | None |
| 8 | Review of Spatial Framework Development Framework | MDM2023/24-010 | R989 000.00 | MDM | Not Applicable | Not Applicable | Liberty Town planners | 3 | 3/5/2024 | 3/5/2025 | Project Completed | None |
| 9 | Rural Roads Assets Management System | MDM2024/25-06 | R7 687 475.20 | MDM | Not Applicable | Not Applicable | Superior Quality Engineering & Technologies 8 (pty)Ltd | 5 | 26/11/24 | 26/11/27 | Progressing well | None |
| 10 | Kamperusrus | MDM2019/039 | R20 080 271.10 | MIG | HWA Engineers | 5 | LEBP | 5 | 1/7/2024 | 30/06/2025 | Construction 99% | The Completion certificate granted. Awaiting upgrading of the transformer from ESKOM |
| 11 | Lephephane | MDM2022/23/075 | R38 909 559.43 | MIG | Tangos Engineers | 5 | Natha Business Enterprise | 5 | 1/7/2024 | 30/06/2025 | Project Completed | None |

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|----|---|----------------|-----------------|-----|-------------------------------|---|--|---|----------|------------|------------------|---|
| 12 | | MDM2022/23-073 | R18 593 432.11 | MIG | Tangos Engineers | 5 | Carofin Projects & MJ Mthombeni Construction | 5 | 1/7/2024 | 30/06/2025 | Construction 92% | Awaiting testing of the system |
| 13 | Lulekani water scheme | MDM2022/23-15 | R 17 257 541.47 | MIG | Makasela Consulting Engineers | 5 | Rhembu Construction | 5 | 1/7/2024 | 30/06/2025 | Construction 95% | Awaiting Energizing from ESKOM |
| 14 | | MDM2022/23-16 | R 23 166 466.30 | MIG | Makasela Consulting Engineers | 5 | Mmamohlala Projects | | 1/7/2024 | 30/06/2025 | Construction 95% | Energizing of the borehole & commissioning of the Purification of the plant |
| 15 | | MDM2022/23-14 | R 21 766 499.74 | MIG | Makasela Consulting Engineers | 5 | Muravha Construction | 4 | 1/7/2024 | 30/06/2025 | Completed | None |
| 16 | Makhushane | MDM2022/23/011 | R 38 892 029.00 | MIG | SML Projects | 5 | Tacron Projects | 4 | 1/7/2024 | 30/06/2025 | Construction 95% | Cash flows challenges |
| 17 | | MDM2022/23-012 | R 25 368 624.88 | MIG | SML Projects | 5 | Mbanga Trading | 4 | 1/7/2024 | 30/06/2025 | Completed | None |
| 18 | | MDM2022/23-010 | R 38 892 029.01 | MIG | SML Projects | 5 | Ditlou Suppliers & Services | 5 | 1/7/2024 | 30/06/2025 | Completed | None |
| 19 | Ritavi Water scheme | MDM2021/22-001 | R36 945 048.42 | MIG | Diges Consulting Engineers | 4 | Rhembu Construction | 3 | 1/7/2024 | 30/06/2025 | In progress | Cashflows challenges |
| 20 | | MDM2022/23-001 | R 41 088 151.82 | MIG | Diges Consulting Engineers | 4 | Martmol Trading | 3 | 1/7/2024 | 30/06/2025 | Construction 99% | Awaiting testing |
| 21 | | MDM2022/23-071 | R35 882 772.69 | MIG | Diges Consulting Engineers | 4 | FM Infrastructure | 4 | 1/7/2024 | 30/06/2025 | Completed | None |
| 22 | | MDM2022/23-072 | R25 156 770.69 | MIG | Diges Consulting Engineers | 4 | Aspidus JV IE piping | 5 | 1/7/2024 | 30/06/2025 | completed | None |
| 23 | | MDM2022/23-002 | R44 089 205. 73 | MIG | Diges Consulting Engineers | 4 | Good Example Trading & Projects | 5 | 1/7/2024 | 30/06/2025 | Completed | None |
| 24 | | MDM2024/25-08 | R89 419 144.58 | MIG | Diges Consulting Engineers | 4 | Moribo wa Africa | 5 | 1/7/2024 | 30/06/2025 | In progress | Project commenced in the last quarter 31 March |
| 25 | Sekgosese Water Scheme | MDM2021/22-003 | R38 550 591.98 | MIG | I Consult Engineers | 3 | Good Example Trading & Projects | 4 | 1/7/2024 | 30/06/2025 | Construction 97% | Slow progress |
| 26 | | MDM2021/22-021 | R40 128 913.80 | MIG | I Consult Engineers | 3 | Martmol Trading | 4 | 1/7/2024 | 30/06/2025 | Construction 99% | Project at commissioning stage |
| 27 | | MDM2022/23-05 | R46 713 622.73 | MIG | I Consult Engineers | 3 | LEBP Construction | 4 | 1/7/2024 | 30/06/2025 | Construction 99% | Completion of snaglist |
| 28 | | MDM2022/23-06 | R43 547 779.91 | MIG | I Consult Engineers | 3 | Brooklyn Project 21 | 5 | 1/7/2024 | 30/06/2025 | Construction 99% | Completion of snaglist |
| 29 | | MDM2022/23-04 | R45 013 324.15 | MIG | I Consult Engineers | 3 | Nandzu General Trading | 4 | 1/7/2024 | 30/06/2025 | Construction 99% | Completion of snaglist |
| 30 | | MDM2022/23-076 | R51 577 500.00 | MIG | I Consult Engineers | 3 | Koepu Business Enterprise | 4 | 1/7/2024 | 30/06/2025 | Construction 92% | Awaiting testing of pump stations & connecting the generators |
| 31 | Rotterdam Manyunu (Ground Water Scheme) | MDM2022/23-23 | R32 409 831.30 | MIG | Makasela Consulting Engineers | 3 | Moribo wa Africa | 4 | 1/7/2024 | 30/06/2025 | Construction 99% | Awaiting ESKOM to connect (Cable to borehole) |

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|----|---|----------------|------------------|-----|------------------------------|---|---|---|------------|------------|------------------|--|
| 32 | Tours Water Reticulation | MDM2022/23-25 | R38 821 957.60 | MIG | KMSD Engineering Consultants | 4 | TQM Projects Engineers | 2 | 1/7/2024 | 30/06/2025 | Construction 93% | Slow progress & poor cash flow management |
| 33 | | MDM2023/24-016 | R 173 371 962.30 | MIG | KMSD Engineering Consultants | 4 | RSMM Construction | 5 | 1/7/2024 | 30/06/2025 | Construction 87% | Reticulation & stand pipes and valves |
| 34 | Thabina to Lenyenye | MDM2021/22-024 | R38 540 229.57 | MIG | Tangos | 5 | Bukuta JV British Construction | 4 | 1/7/2024 | 30/06/2025 | Construction 92% | Mechanical works at the Booster Pump station & 5mega litre reservoir |
| 35 | Rural Household Sanitation (Ba-Phalaborwa LM) | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Jakhuso Enterprise | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 36 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Farisa Construction | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 37 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | ProCost & Associate | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 38 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Sabela Mathava Consultant | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 39 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Prime Afrika Trading | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 40 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Picabiz 367 | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 41 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Moribo wa Africa Trading Enterprise 33 | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 42 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Matome wa Monareng Security & Projects | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 43 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Masekana Trading & Projects | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 44 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Marungane Projects | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 45 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Bukuta | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 46 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Accelerated Growth Construction and Project | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 47 | Rural Household Sanitation (Maruleng LM) | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Tzaneen Afri Investments | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 48 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | New Awakening | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 49 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Nkuriso Development | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |

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|----|---|----------------|---------------|-----|----------------------------|---|---|---|------------|------------|------------------|---|
| 50 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Barto Trading | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 51 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Chester Berry | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 52 | Rural Household Sanitation (Greater Letaba LM) | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Vinlee | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 53 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Uyamazi Construction | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 54 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Sekaka Building & Electrification | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 55 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Lokolang Tradin & projects | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 56 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Elucidate Trading Enterprise | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 57 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Rodmas Trading & Projects | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 58 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Machaba Tau | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 59 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Kamela ya Tshwale Construction & projects | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 60 | Rural Household Sanitation (Greater Tzaneen LM) | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Soza Mhlongo Electrical | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 61 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Shiqoko Trading Enterprise | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 62 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Tshiratshashu Trading Enterprise | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 63 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Daily Double Trading 205 | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 64 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Aspidus 34 | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 65 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Kwekwevong Trading Enterprise | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 66 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Sgivo Trading Enterprise | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 67 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Mbhonya Trading & Projects | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |

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|----|--|----------------|---------------|-----|----------------------------|---|---|---|------------|------------|------------------|---|
| 68 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Onspot Investment | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 69 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Bics Engineering & Supply | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 70 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Nale Num | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 71 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Magoveni civils Engineering Contractors | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 72 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Tycodefield | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 73 | Rural Household Sanitation (Greater Giyani LM) | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | RM Mashaba Projects | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 74 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Ntsiza Technical Services | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 75 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Megaworks Trading Enterprise | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 76 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | JTZ Family Trading Enterprise | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 77 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Boitshepo Consortium | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 78 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Gilmond Trading & Construction | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 79 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | BET Deep Trading & Projects | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 80 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Titanic Business Solution | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 81 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Thusanang Construction & Cleaning | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 82 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Peremo35 Construction | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 83 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Mamaila Trading Enterprise | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 84 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Maleboti Construction | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 85 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Xalamuka Built Environment | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |

| | | | | | | | | | | | | |
|----|--|----------------|---------------|-----|----------------------------|---|-------------------------|---|------------|------------|------------------|---|
| 86 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | MTK3 Trading & Projects | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |
| 87 | | MDM2024/25-015 | R3 756 997.50 | MIG | Diges Consulting Engineers | 3 | Sello Ramotwala Civils | 3 | 23/04/2025 | 31/12/2025 | Progressing well | Appointed in the last quarter of the financial year |

2024/25 ANNUAL PERFORMANCE REPORT

The report is hereby submitted in terms of Sec 46 of the Local Government: Municipal Systems Act 32 of 2000. I hereby certify that the report is a true reflection of the Mopani District Municipality's performance against the 2024/25 Revised Service Delivery Budget Implementation Plan as approved by the Executive Mayor.



Mr T.J MOGANO

MUNICIPAL MANAGER

MOPANI DISTRICT MUNICIPALITY

2025/08/30

DATE



CHAPTER - 4:

ORGANISATIONAL DEVELOPMENT PERFORMANCE

PERFORMANCE REPORT PART II

2024 – 25

INTRODUCTION

The purpose of conducting an institutional analysis is to ensure that the municipal development strategies take existing institutional capacities into consideration and that institutional shortcomings are addressed. Mopani District Municipality was established in 2000 in terms of the Municipal Structures Act, 1998 (Act No. 117 of 1998). The municipal offices of the district are situated in the government complex in Giyani in the Greater Giyani Municipality. The District Disaster Management Centre is built in Tzaneen town and is in full use including Fire services.

Offices for local municipalities are located as follows:

| MUNICIPALITIES | OFFICES |
|------------------------------------|--------------------|
| Maruleng Local Municipality | Hoedspruit Town |
| Greater Letaba Local Municipality | Modjadiskloof Town |
| Greater Tzaneen Local Municipality | Tzaneen Town |
| Ba-Phalaborwa Local Municipality | Phalaborwa Town |
| Greater Giyani Local Municipality | Giyani Town |

The management arrangement of the institution needs continual attention in order to adapt to changing needs and demands. Hence, annual review on the filling in of vacant posts and an on- going management training. There is also a need to define the distinct roles of the various sub- units in the Municipal Manager's Office and their collective mandate in ensuring that the Office of the Municipal Manager is able to discharge the following responsibilities distinctly and with excellence.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1. EMPLOYEE TOTALS, TURNOVER AND VACANCIES

| Turn-over Rate | | | |
|---|---|---|-----------------|
| Details | Total Appointments as of beginning of Financial Year No. | Terminations during the Financial Year No. | Turn-over Rate* |
| 2022/23 | 83 | 7 | 7% |
| 2023/24 | 49 | 33 | 5% |
| 2024/25 | 50 | 46 | 7% |
| * Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year | | | T 4.1.3 |

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipality employed **50** people during the 2024/25 financial year. It incurred **30%** vacancy rate. High vacancy rates also existed for highly skilled supervision levels 9-12 (excluding finance posts) at 83% and Fire Fighters at 63.5%. Other challenges were:

- Office space is one limiting factor on appointing units that are office-bound. There is only one block in the parliamentary complex that is full. Some of the Units like, Internal Audit and
- GIS are accommodated at the Disaster Management Centre in Tzaneen. Mopani has 24 disabled employees, which is 3,2% of the current workforce. MDM has thus exceeded the 2% threshold required of the staff complement being disabled persons.
- MDM do not have full spread of racial diversities. There are largely Ba-pedi, Va-tsonga, Va-
- Venda and some few Afrikaans. This is informed proportionally by the racial spread of the District. There are also those cases of people who would prefer to work in an urban environment rather than rural area (Giyani) where Mopani District Head office is located.¹

4.2. POLICIES

| HR POLICIES & PLANS | | | | |
|---------------------|-----------------------------------|-------------|------------|------------------|
| | Name of Policy | Completed % | Reviewed % | FINALISED YES/NO |
| 1. | Acting on High Position | 100 | 100 | YES |
| 2. | Anti-Fraud and Corruption | 100 | 100 | YES |
| 3. | Bereavement | 100 | 100 | YES |
| 4. | Bursaries Policy | 100 | 100 | YES |
| 5. | Cell Phone/Mobile Communication | 100 | 100 | yes |
| 6. | Code of conduct for employees | 100 | 100 | YES |
| 7. | Consequence Management | 100 | 100 | YES |
| 8. | Car allowance | 100 | 100 | YES |
| 9. | Communication | 100 | 100 | YES |
| 10. | Disability | | | |
| 11. | Employee Assistance/ wellness | 100 | 100 | YES |
| 12. | Employee Retention | 100 | 100 | YES |
| 13. | Employment Equity | 100 | 100 | YES |
| 14. | EPWP | 100 | 100 | YES |
| 15. | Individual Performance Management | 100 | 100 | YES |
| 16. | Information Technology | 100 | 100 | YES |

| | HR POLICIES & PLANS | | | |
|--|-------------------------------|-------------|------------|------------------|
| | Name of Policy | Completed % | Reviewed % | FINALISED YES/NO |
| 17. | Job Evaluation | 100 | 100 | YES |
| 18. | Land Line | | | |
| 19. | Leave | 100 | 100 | YES |
| 20. | Occupational Health & Safety | 100 | 100 | YES |
| 21. | Overtime | 00 | 100 | YES |
| 22. | Personal Protective Equipment | 100 | 100 | YES |
| 23. | Personnel Provisioning | 100 | 100 | YES |
| 24. | Placement | 100 | 100 | YES |
| 25. | Private Work & Declaration | 100 | 100 | YES |
| 26. | Record Management | 100 | 100 | YES |
| 27. | Remuneration | 100 | 100 | YES |
| 28. | Risk Management | 100 | 100 | YES |
| 29. | Sexual Harassment | 100 | 100 | YES |
| 30. | Substance & Travel | 100 | 100 | YES |
| 31. | Supply Chain Management | 100 | 100 | YES |
| 32. | Transfer | 100 | 100 | YES |
| 33. | Training and Development | 100 | 100 | YES |
| 34. | Other | | | |
| Use name of local policies if different from above and at any other HR policies not listed | | | | T4.2.1 |

4.3. INJURIES, SICKNESS AND SUSPENSIONS

| NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING INJURIES ON DUTY) 2024/25 | | | | | | |
|--|------------------|--|----------------------------|--------------------------|-----------------------------------|----------------|
| 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 13-14) | 166 | 16 | 31 | 236 | 4.16 | 122 290 |
| Skilled (Levels 9-12) | 755 | 42 | 249 | 214 | 2.1 | 904 490 |
| Highly skilled production (levels 5-8) | 518 | 21 | 10 | 182 | 4.2 | 319 718 |
| Highly skilled supervision (levels 3-4) | 152 | 16 | 5 | 65 | 5.64 | 389 728 |
| Senior management (Levels 0-2) | 28 | 1 | 1 | 11 | 0.07 | 119 448 |
| MM and S57 | 7 | 1 | 1 | 1 | 00 | 3 3047 |

| NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING INJURIES ON DUTY) 2024/25 | | | | | | |
|---|------------------|--|----------------------------|--------------------------|-----------------------------------|------------------|
| 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 |
| Total | 1731 | 97 | 297 | 709 | 480 | 1 888 721 |
| * - Number of employees in post at the beginning of the year T 4.3.2 | | | | | | |
| *Average is calculated by taking sick leave in column 2 divided by total employees in column 5 | | | | | | |

INCIDENT STATUS

| INCIDENT CLASSIFICATION | FATALITY (F) | SERIOUS INCIDENTS (SI) | MINOR INCIDENT (MI) | ENVIRONMENTAL INCIDENT (EI) | NEAR MISS (NM) | MOTOR VEHICLE ACCIDENTS (MVA) | EQUIPMENT/ MACHINERY FAILURE (EMF) | EQUIPMENT / PROPERTY DAMAGE (EP) |
|-------------------------|--------------|------------------------|---------------------|-----------------------------|----------------|-------------------------------|------------------------------------|----------------------------------|
| | None | 29 | 10 | None | 02 | None | 02 | 01 |
| | | | | | | | Total cases | 44 |

COMMENT ON INJURY AND SICK LEAVE:

The Municipality is currently at high level of **40 %** incident rate regarding reduction of Occupational Injuries and incident. This was caused by lack of personnel protective equipment which led employees to sustain injuries. To reduce occupational injuries, the employer must provide PPE's to all employees timeously and in line with MDM PPE policy.

The OHS office will enhance awareness sessions during inductions of new employees, conduct awareness campaigns during monthly OHS committee meetings, inductions at water purification plant and sewages for both employees and experiential learners and developing OHS poster that will be circulated monthly through email to everybody / staff. And making constant follow up to doctors regarding pending Injury on Duty case and also by circulating Injury on Duty reporting procedure to all employees by email and by pasting on notice boards.

SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

The cause for the long suspension resulted from the complexity and broadness of the issues at stake. The matters have been set down for hearing at this juncture.

| 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 |
| Chief Financial Officer | Financial misconduct | December 2024 | The case is on 98%, The incumbent took municipality to court | On going |
| Senior Record clerk | Financial Misconduct | March 2024 | Resigned December 2024 | Resigned |
| Deputy Manager-Infrastructure Assets | Financial Misconduct | December 2024 | The case is on 99% | On going |
| Deputy Manager IT | Financial Misconduct | December 2023 | Resigned November 2024 | Resigned |

PERFORMANCE REWARDS

No performance rewards/ bonuses paid for 2024/25 for all employees. The municipality have budgeted three million for payment of performance bonuses in the 2024/25. However, the budget was not utilized due to the fact that officials below senior manager signed performance plans. In August 2023 the department of Cooperative governance approved the staff establishment circular. The circular provides for the officials below senior managers to assessed. The municipality signed performance plans for all officials below senior managers and performance assessments were conducted in the year under review.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The total approved posts of the municipality are 995 for which 696 posts were filled during the reporting period and 299 posts remained vacant. The water services directorate has the highest vacancies at 331 due to the increasing number of retirements, death cases and resignations. For the period under review, a total of 46 employees have gone out of the system. The total number of Councillor's for the municipality is 53. Municipal Organizational structure was reviewed for 2024/25 Financial year.

COMPETENCY LEVELS FOR THE OTHER EMPLOYEES

| # | Name of official | Position | Date of Employment (before or on/after Gazette 41996) | 4. Financial and Supply Chain Management Competency Areas (Do not complete as this column is automated with column F) | Insert the number of completed Unit Standards, e.g. 3, 5, 10, etc. | Remaining Unit Standards (Do not complete as this column is automated with column J and K) |
|----|------------------|-------------------------------------|--|---|--|--|
| 1 | Nkoana L | Deputy Manager Expenditure | 2022/06/01 | | 15 | |
| 2 | Pootona R | Deputy Manager Revenue | 2003/03/17 | | 7 | |
| 3 | Motau TL | Deputy Manager Budget | 2024/05/01 | | 9 | |
| 4 | Mohlamme K | Deputy Manager Asset | 2022/06/01 | | 9 | |
| 5 | Mojela MJ | Deputy Manger SCM | 2017/03/01 | | 9 | |
| 6 | Mathevula S.P | Chief Financial Officer | 2022/10/01 | | Enrolled for MFMP and In-Progress | |
| 7 | Mogano T.J | Municipal Manager | 2022/06/01 | | 17 | |
| 8 | Mahayi M.L | Engineering Services | 2021/02/01 | | 15 | |
| 9 | Maswanganyi S,N | Corporate Services | 2022/05/01 | | 9 | |
| 10 | Shilowa PJ | Senior Manager Water and Sanitation | 2022/06/01 | | 9 | |
| 11 | Monakedi TA | Senior Manager Development Planning | 2023/06/01 | | Enrolled for MFMP and In-Progress | |

4.4. SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATION

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.5. MUNICIPAL WORKFORCE EXPENDITURE

Disclosure regarding the 2024/25 remuneration packages for the Executive Mayor, Councilors and Section 54 & 56 Managers were as follows:

Table 4.3: Remuneration packages- 2024/25

| DESIGNATION | TOTAL SALARIES & WAGES |
|---------------------------------------|------------------------|
| Executive Mayor | R1 064 467.00 |
| Full-Time Councillor-Speaker | R853 953.00 |
| Full-Time Councillor-Chief whip | R942 089.00 |
| Executive Councillors | R5 797 849.00 |
| Councillors | R9 359 222.00 |
| Municipal Manager | R2 006 609 |
| Chief Financial Officer | R4 522 264 |
| Senior Manager Water services | R1 497 406 |
| Senior Manager Technical services | R1 585 027 |
| Senior Manager Corporate Services | R1 644 184 |
| Senior Manager Community Services | R1 691 255 |
| Senior Manager Planning & Development | R1 710 623 |

NB: The Chief Financial Officer was put on suspension from 1 December 2024, Mr J Mojela and Ms L Nkoane acted on the position

OTHER EMPLOYEES

| EXPENDITURE | ACTUALS |
|------------------------|--------------|
| Employee related costs | R526 670 659 |



CHAPTER - 5:

FINANCIAL PERFORMANCE

2024 - 25

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The municipality is mainly grant dependent, with grants contributing 40% of total income. The debt collection rate is very low due to municipalities not transferring as per the WSP agreement putting the municipality in a tough liquidity position. There is a huge debt book relating to purchases of water from the water boards putting further pressures on the municipality's financial health.

5.1. STATEMENTS OF FINANCIAL PERFORMANCE

| R' 000 | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|------------------|--------------------|
| Description | 2023/24 | Current: 2024/25 | | | 2024/25 Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Financial Performance | | | | | | |
| Interest charged on overdue consumer accounts | 112,147.00 | 3,416.00 | 73,416.00 | 124,674.00 | -69.82% | -69.82% |
| Other income | 2,746.00 | 2,000.00 | 2,000.00 | 4,615.00 | -130.75% | -130.75% |
| Service charges | 219,685.00 | 306,839.00 | 365,727.00 | 223,864.00 | 27.04% | 38.79% |
| Investment revenue | 27,775.00 | 18,000.00 | 18,000.00 | 29,311.00 | -62.84% | -62.84% |
| Transfers recognised - operational | 1,276,635.00 | 1,353,289.00 | 1,353,289.00 | ,431,844.00 | -6% | -6% |
| Total Revenue (excluding capital transfers and contributions) | 1,638,988.00 | 1,753,544.00 | 1,812,432.00 | 1,814,308.00 | -3.47% | -0.10% |
| Employee costs | 520 952 | 526,096.00 | 535,077.00 | 572,227.00 | -9% | -6.94% |
| Remuneration of councillors | 16 181 | 23,761.00 | 27,074.00 | 18,017.00 | 24.17% | 33.45% |
| Depreciation & asset impairment | 299 587 | 300,018.00 | 300,318.00 | 231,117.00 | 22.97% | 23.04% |
| Finance charges | 73 830 | 30,734.00 | 30,434.00 | 18,942.00 | 38.37% | 37.76% |
| Debt Impairment | 297 410 | 65,251.00 | 65,251.00 | 905,278.00 | -1287.38% | -1287% |
| Operating expenses | 206 687 | 124,406.00 | 125,544.00 | 188,283.00 | -51.35% | -50% |
| Contracted services | 114 636 | 194,359.00 | 369,727.00 | 152,064.00 | 21.76% | 58.87% |
| Total Expenditure | 1 529 283 | 1,264,625.00 | 1,453,425.00 | 2,085,928.00 | -65% | -44% |
| Surplus/(Deficit) | 109 705 | 488,919.00 | 359,007.00 | (271,620.00) | 156% | 176% |
| Transfers recognised - capital | 1 070 692 | 575,141.00 | 575,141.00 | 815,131.00 | -42% | -42% |
| Contributions recognised - capital & contributed assets | - | - | - | | - | - |

| R' 000 | | | | | | |
|---|--------------|------------------|-----------------|---------------|------------------|--------------------|
| Description | 2023/24 | Current: 2024/25 | | | 2024/25 Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Surplus/(Deficit) after capital transfers & contributions | 1,180,397.00 | 1,064,060.00 | 934,148.00 | 543,511.00 | 49% | 42% |
| Share of surplus/ (deficit) of associate | - | - | - | - | | |
| Surplus/(Deficit) for the year | 1 180 397 | 1,064,060.00 | 934,148.00 | 543,511.00 | 49% | 42% |
| | | | | | | |
| <u>Capital expenditure & funds sources</u> | - | - | - | | | |
| Capital expenditure | - | - | - | | | |
| Transfers recognised - capital | 946 268 | 575,141.00 | 575,141.00 | 815,131.00 | -42% | -42% |
| Public contributions & donations | - | - | - | - | 0 | 0 |
| Borrowing | - | - | - | - | 0 | 0 |
| Internally generated funds | 120,294.00 | - | - | | 0 | 0 |
| Total sources of capital funds | - | - | - | | | 0 |
| <u>Financial position</u> | - | - | - | | | |
| Total current assets | 777 780 | 1,208,586.00 | 1,023,519.00 | ,467,209.00 | -104% | -141% |
| Total non current assets | 9,637,102.00 | 9,207,471.00 | 9,182,768.00 | 10,139,499.00 | -10% | -10% |
| Total current liabilities | 1,660,258.00 | 1,513,118.00 | 1,501,002.00 | 1,688,147.00 | -12% | -12% |
| Total non current liabilities | 714 266 | 85,143.00 | 85,143.00 | 670,784.00 | -688% | -688% |
| Community wealth/Equity | | | | | | |
| | | | | | | |
| <u>Cash flows</u> | | | | | | |
| Net cash from (used) operating | 1 085 607 | 786,065.00 | 570,427.00 | 743,535.00 | 5% | -30% |
| Net cash from (used) investing | -923 105 | 510,808.00 | 489,215.00 | 760,747.00 | -49% | -56% |
| Net cash from (used) financing | - | - | - | - | 0 | 0 |
| Cash/cash equivalents at the beginning of the year | 18 477 | 18,477.00 | 18,477.00 | 180,979.00 | -879% | -879% |
| Cash/cash equivalents at the year end | 180 979 | 293,734.00 | 99,689.00 | 163,526.00 | 44% | -64% |
| | | | | | | |
| <u>Cash backing/surplus reconciliation</u> | - | - | - | | - | |
| Cash and investments available | - | - | - | | - | |

| R' 000 | | | | | | |
|--|-----------|------------------|-----------------|------------|------------------|--------------------|
| Description | 2023/24 | Current: 2024/25 | | | 2024/25 Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Application of cash and investments | - | - | - | | - | |
| Balance - surplus (shortfall) | - | - | - | | - | |
| | - | - | - | | - | |
| <u>Asset management</u> | - | - | - | | - | |
| Asset register summary (WDV) | 9 592 241 | - | - | | 0 | 0 |
| Depreciation & asset impairment | -321 053 | 300,018.00 | 300,318.00 | 231,117.00 | 23% | 23% |
| Renewal of Existing Assets | - | - | - | | | |
| Repairs and Maintenance | -93 945 | 117,039.00 | 133,283.00 | 123,696.00 | -6% | 7% |
| | | | | | | |
| <u>Free services</u> | | | | | | |
| Cost of Free Basic Services provided | - | - | - | | - | |
| Revenue cost of free services provided | - | - | - | | - | |
| <u>Households below minimum service level</u> | - | - | - | | - | |
| Water: | - | - | - | | - | |
| Sanitation/sewerage: | - | - | - | | - | |
| Energy: | - | - | - | | - | |
| Refuse: | - | - | - | | - | |
| | - | - | - | | - | |
| Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1 | | | | | | |
| | | | | | | T 5.1.1 |

| Financial Performance of Operational Services | | | | | | |
|---|--------------|------------------|-----------------|--------------|------------------|--------------------|
| R' 000 | | | | | | |
| Description | 2023/24 | Current: 2024/25 | | | 2024/25 Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| <u>Operating Cost</u> | | | | | | |
| Water | 1,257,016.00 | 991,794.00 | 1,096,917.00 | 2,032,711.00 | -105% | -85% |
| Waste Water (Sanitation) | 36,611.00 | 42,814.00 | 37,105.00 | 20,270.00 | 53% | 45% |
| Electricity | 1,708.00 | 2,458.00 | 2,408.00 | 1,537.00 | 37% | 36% |
| Waste Management | - | - | - | | - | - |

| Financial Performance of Operational Services | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|------------------|--------------------|
| R' 000 | | | | | | |
| Description | 2023/24 | Current: 2024/25 | | | 2024/25 Variance | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| Component A: sub-total | 1,295,335.00 | 1,037,066.00 | 1,136,430.00 | 2,054,518.00 | -98% | -81% |
| Waste Water (Stormwater Drainage) | - | - | - | | - | - |
| Roads | 6,634.00 | 7,059.00 | 9,119.00 | 6,674.00 | 5% | 27% |
| Transport | - | - | - | | - | - |
| Component B: sub-total | 6,634.00 | 7,059.00 | 9,119.00 | 6,674.00 | 5% | 27% |
| Planning | 73,469.00 | 81,966.00 | 84,212.00 | 105,218.00 | -28% | -25% |
| Local Economic Development | | | | | | |
| Component B: sub-total | 73,469.00 | 81,966.00 | 84,212.00 | 105,218.00 | -28% | -25% |
| Health | | | | | | |
| Security and Safety | 74,354.00 | 105,271.00 | 101,023.00 | 75,782.00 | 28% | 25% |
| Sport and Recreation | 1,455.00 | 1,148.00 | 1,398.00 | 1,346.00 | -17% | 4% |
| Corporate Policy Offices and Other | | | | | | |
| Component D: sub-total | 75,809.00 | 106,419.00 | 102,421.00 | 77,128.00 | 28% | 25% |
| Total Expenditure | 1,451,247.00 | 1,232,510.00 | 1,332,182.00 | 2,243,538.00 | -82% | -68% |

The revenue collection rate on own revenue, for water and sanitation, was at the lowest due to weak internal revenue collection mechanisms. Spending on projects that are own funded was also at the lowest due to delays in procurement processes.

Operational expenditure relating to employee costs escalated mainly due to legacy backlog on employee benefits that were not budgeted for. The revenue from the Water Services Infrastructure Grant is significantly low due to delays in appointment procurement processes.

5.2. GRANTS

The municipality was able to spend 100% on MIG, RBIG, FMG and EPWP.

For 2024/25 financial year, the municipality performed as follows:

| | |
|-----------|------|
| (a) MIG | 100% |
| (b) WSIG | 100% |
| (c) RRAMS | 100% |

| | |
|----------|------|
| (d) EPWP | 100% |
| (e) FMG | 100% |
| (f) RBIG | 100% |

| Grant Performance | | | | | | |
|--|------------------|------------------|-----------------|------------------|-----------------|--------------------|
| R' 000 | | | | | | |
| Description | 2023/24 | Current: 2024/25 | | 2024/25 Variance | | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| <u>Operating Transfers and Grants</u> | | | | | | |
| National Government: | | | | | | |
| Equitable share | 1265409 | 1343490 | - | 1242343 | 0% | 0% |
| Municipal Systems Improvement | | | | | | |
| Department of Water Affairs | | | | | | |
| Levy replacement | | | | | | |
| Municipal Infrastructure Grant | 469 548 | 524667 | 519362 | 519362 | 0% | 0% |
| Water service Infrastructure Grant | 5 722 | | | | 0% | 0% |
| Rural Road Asset Management | 2 415 | 2 476 | | 2 476 | 0% | 0% |
| Finance Management Grant | 3 000 | 3 000 | - | 3 000 | 0% | 0% |
| Expanded Public works programme | 8 226 | 6 799 | - | 6 799 | 0% | 0% |
| RBIG Mamefja Sekororo grant | 6 925 | | | | 0% | 0% |
| Provincial Government: | | | | | | |
| LG SETA | | | | 1 750 | | |
| Other grant providers: | | | | | | |
| Total Operating Transfers and Grants | 1 761 245 | 1 880 432 | 519 362 | 1 775 730 | 0% | 0% |
| 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 | | | | | | T 5.2.1 |

CONTAINING INFLATIONARY PRESSURES

The cost of the consultants are calculated as a percentage of the total project cost. Inflationary pressures are not necessarily prevalent in that the percentage is fixed. The only area of sensitivity to inflation is the project construction costs. These costs are contained through rates negotiations with the contractors keeping in mind the rate of inflation.

REASON FOR ENGAGEMENTS

The consultants are mainly engaged to supervise the water and sanitation projects. The nature of the projects are such that the contractors' work need to be monitored by the consultants for verification of works.

RESULTS

The projects deliverables have been achieved except in certain areas where delays are experienced on the part of the contractors mainly due to financial inabilities.

5.3. ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Effective management of infrastructure and community facilities is central to the municipality in providing acceptable standard of services to the communities. Proper Infrastructure impacts on the quality of the living standard/environment and for opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important. The municipality must demonstrate good governance and customer care, and the processes adopted must be efficient and sustainable. Councilor's and officials are custodians of infrastructure assets on behalf of the public. The value of these infrastructure assets are recorded in the Fixed Assets Register using the GRAP 17 standards and other relevant standards.

Legislation has also entrenched the Integrated Development Plan (IDP) as the principal strategic planning mechanism for municipalities. However, the IDP cannot be compiled in isolation for the above objectives to be achieved. The IDP needs to be informed by robust, relevant and holistic information relating to the management of the municipality's infrastructure.

There is a need to direct limited resources to address the most critical needs, to achieve a balance between maintaining and renewing existing infrastructure whilst also addressing backlogs in basic services and facing ongoing changes in demand. Making effective decisions on service delivery priorities requires a team effort, with inputs provided by officials from all departments of the municipality.

Cooperative Government and Traditional Affairs CoGTA has prepared guidelines in line with international practice, that propose that an Infrastructure Asset Management Plan (IAMP) is prepared for each sector (such as water, roads etc). These plans are used as inputs into a Comprehensive Infrastructure Plan (CIP) that presents an integrated plan for the municipality covering all infrastructures. This is in line with the practice adopted in national and provincial spheres of government in terms of the Government-wide

Immoveable Asset Management Act (GIAMA).

Accordingly, the asset register adopted by a municipality must meet not only financial compliance requirements, but also set a foundation for improved infrastructure asset management practice. The Municipal Manager, being the accounting officer of the municipality, is responsible for the following in terms of section 63 of the Municipal Finance Management Act (Act No. 56 of 2003):

- The assets of the municipality, including the safeguarding and the maintenance of those assets.
- Ensuring that the municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- Ensuring that the municipality's assets are valued in accordance with the Standards of Generally Recognised Accounting Practice (GRAP); and
- Ensuring that the municipality maintains a system of internal control of assets, including an asset register.

The Municipal Manager shall ensure that:

- An Asset Management Committee is established, through which all asset processes and procedures will be implemented.
- The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- The municipality's assets are valued in accordance with the standards of generally recognised accounting practice (GRAP);
- The municipality has and maintains a system of internal control of assets, including an asset register.

| TREATMENT OF THE THREE LARGEST ASSETS FOR 2024/25 | | | | |
|---|--|---------------------|---------------------|-------------------------|
| Assets 1 | | | | |
| Name | Makhushane Water Scheme | | | |
| Description | Construction of bulk water supply pipeline | | | |
| Asset Type | Infrastructure Asset – Bulk supply pipeline | | | |
| Key staff involved | Project Management Unit | | | |
| Staff responsibilities | Overall management and implementation of the project | | | |
| Asset Value | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| | R 67 667 633 | R113 172 172 | R186 154 352 | R 136 321 277.73 |
| Capital implications | Budget allocation for refurbishment and maintenance of the asset | | | |
| Future purpose of asset | Access to clean bulk water supply to the community | | | |
| Describe key issues | Access to basic services | | | |
| Policies in place to manage asset | Asset Management Policy | | | |

| Assets 2 | | | | |
|--|--|--------------------|--------------------|------------------------|
| Name | Thabina to Lenyenye Regional Bulk Water | | | |
| Description | Construction of bulk water supply pipeline | | | |
| Asset Type | Infrastructure Asset – Bulk supply pipeline | | | |
| Key staff involved | Project Management Unit | | | |
| Staff responsibilities | Overall management and implementation of the project | | | |
| Asset Value | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| | R 44 911 611 | R81 056 758 | R92 426 354 | R 16 355 232.19 |
| Capital implications | Budget allocation for refurbishment and maintenance of the asset | | | |
| Future purpose of asset | Access to clean bulk Water Supply to the community | | | |
| Describe key issues | Access to basic service and Job creation | | | |
| Policies in place to manage asset | Asset Management Policy | | | |

| Asset 3 | | | | |
|-----------------------------------|--|-------------|-------------|--------------|
| Name | Tours Water Reticulation | | | |
| Description | Upgrading and extension of water treatment plant | | | |
| Asset Type | Infrastructure Asset - Water Treatment | | | |
| Key staff involved | Project Management Unit | | | |
| Staff responsibilities | Management and Monitoring of projects | | | |
| Asset Value | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
| | R 18 969 512 | R36 422 511 | R36 422 511 | R201 230 614 |
| Capital implications | Budget allocation for refurbishment and maintenance of the asset | | | |
| Future purpose of asset | Access to clean bulk Water Supply to the community | | | |
| Describe key issues | Access to basic service and Job creation | | | |
| Policies in place to manage asset | Asset Management Policy | | | |
| T5.3.2 | | | | |

COMMENT ON ASSET MANAGEMENT:

Municipal assets (such as infrastructure and community facilities) are the means by which the municipality delivers a range of essential municipal services. Consequently, the management of such assets is critical to meeting the strategic objectives of the municipality and in measuring its performance. The goal of asset management is to meet a required level of service, in the most cost-effective manner, through the management of assets for present and future customers.

| REPAIR AND MAINTENANCE EXPENDITURE 2024/25 | | | | | R' 000 |
|--|-----------------|-------------------|------------|-----------------|---------------------|
| | Original budget | Adjustment budget | Actual | Budget variance | Adjustment variance |
| Repairs and maintenance expenditure | 117,039.00 | 133,283.00 | 123,696.00 | -6% | 7% |
| | | | | | T5.3.4 |

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The maintenance plan in respect of every new infrastructure assets was not adequately prepared. The repairs and maintenance vote is not adequately monitored. Every director is responsible for ensuring that all assets (other than infrastructure assets) are properly maintained and in a manner, which will ensure that such item attain their useful operating lives.

5.4. FINANACIAL RATIOS BASED ON KEY PERFORMANNCE INDICATORS

| DESCRIPTION FINANCIAL RATIOS | % |
|---|--------------------|
| <ul style="list-style-type: none"> Repairs and maintenance | 66% |
| This represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance | |
| <ul style="list-style-type: none"> Employee costs | 31.5% |
| 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. | |
| <ul style="list-style-type: none"> Capital charges to operating expenditure | 0% |
| Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principal paid by the total operating expenditure. | |
| <ul style="list-style-type: none"> Creditors System efficiency | 50.7% |
| The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases | |
| <ul style="list-style-type: none"> Debt coverage | 1.084 times |
| 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 | |
| <ul style="list-style-type: none"> Cost coverage | 10.5 months |
| It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilization of grants and is calculated | |
| <ul style="list-style-type: none"> Total Outstanding Service Debtors | 11.3% |
| Measures how much money is still owed by the community for water, electricity and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the annual revenue. | |
| <ul style="list-style-type: none"> Liquidity Ratio | 1:1.46 |
| 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. | |

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5. CAPITAL EXPENDITURE

The municipality has capital assets in the form infrastructure assets acquired through the projects which are funded through the conditional grants such as MIG and WSIG. Such assets are maintained through routine repairs & maintenance process and are accounted for in the fixed assets register.

| R million | Original Budget | Adjustment Budget | Audited Full Year Total | Original Budget variance | Adjusted Budget Variance |
|---|-----------------|-------------------|-------------------------|--------------------------|--------------------------|
| Capital Expenditure | 450 742 | 485 242 | 906 943 | 101% | 87% |
| | 450 742 | 485 242 | 906 943 | 101% | 87% |
| | | | | | |
| Total expenditure | 450 742 | 485 242 | 906 943 | | |
| Water and sanitation | 473 242 | 473 242 | 892 831 | 89% | 89% |
| Electricity | - | - | - | | |
| Housing | - | - | - | | |
| Roads, Pavements, Bridges and storm water | - | - | - | | |
| Other | - | - | - | | |
| | 473 242 | 473 242 | 892 831 | 89% | 89% |
| External Loans | - | - | - | | |
| Internal contributions | - | - | - | | |
| Grants and subsidies | 550 584 | 513 918 | 1 026 347 | 86% | 100% |
| Other | | | | | |
| | 550 584 | 513 918 | 1 026 347 | 86% | 100% |
| Property rates | - | - | - | | |
| Service charges | 325 753 | 325 753 | 219 753 | -33% | -33% |
| Other own revenue | 3 565 | 4 115 | 15 128 | 324% | 268% |
| | 329 318 | 329 868 | 234 881 | -29% | -29% |
| Employee related costs | 473 007 | 528 928 | 498 527 | 5% | -6% |
| Provision for working capital | - | - | - | | |
| Repairs and maintenance | 46 631 | 46 631 | 93 945 | | |
| Bulk purchases | 291 974 | 291 974 | 246 719 | -15% | -15% |
| Other expenditure | 109 096 | 166 648 | 178 996 | 64% | 7% |
| | 920 708 | 1 034 181 | 1 018 187 | 11% | 11% |
| Employee related costs: Water | - | - | - | | |
| Provision for working capital: Water | - | - | - | | |
| Repairs and maintenance: Water | - | - | - | | |
| Bulk purchases: Water | - | - | - | | |
| Other expenditure: Water | - | - | - | | |

5.6. CAPITAL SPENDING ON 5 LARGEST PROJECTS

| CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS* | | | |
|--|------------------|--------------------|-------------------|
| 2024/25 | | | |
| R' 000 | | | |
| Name of Project | Current: 2024/25 | | Variance: 2024/25 |
| | Original Budget | Actual Expenditure | % Variance |
| Sekgosese Water Scheme | R49 000 000 | R49 000 000 | 0% |
| Makhushane Water Scheme | R15 000 000 | R15 000 000 | 0% |
| Lephepane Bulk Water and reticulation | R50 000 000 | R50 000 000 | 0% |
| Tours Water Reticulation to 25 Villages | R201 230 614 | R201 230 614 | 0% |
| Ritavi Water Scheme | R40 000 000 | R40 000 000 | 0% |

| | |
|------------------------------|--|
| Name of Project - A | Sekgosese Water Scheme |
| Objective of Project | Water supply to Sekgosese and the surrounding areas |
| Delays | Delay by the Contractors |
| Future Challenges | Infrastructure vandalism |
| Anticipated citizen benefits | Access to water services and socio-economic development |
| Name of Project - B | Makhushane Water Scheme |
| Objective of Project | Water supply to Makhushane and the surrounding |
| Delays | Delay by the Contractors |
| Future Challenges | Infrastructure vandalism |
| Anticipated citizen benefits | Improved water service supply and socio-economic development |
| Name of Project - C | Lephepane Water Reticulation Scheme |
| Objective of Project | Water supply to Lephepane and the surrounding areas |
| Delays | Delay by the Contractors |
| Future Challenges | Infrastructure vandalism |
| Anticipated citizen benefits | Access to water services and socio-economic development |
| Name of Project - D | Tours Water Reticulation to 25 Villages |
| Objective of Project | Water supply to Tours to 25 Villages |
| Delays | Delay by the Contractors |
| Future Challenges | Infrastructure vandalism |
| Anticipated citizen benefits | Improved access to water supply and local economic development |
| Name of Project - E | Ritavi Water Scheme |
| Objective of Project | Water supply to Ritavi and the surrounding villages |
| Delays | Delay by the Contractors |
| Future Challenges | Infrastructure vandalism |
| Anticipated citizen benefits | Improved access to water supply and local economic development |
| T 5.7.1 | |

5.7. BASIC SERVICE AND INFRASTRUCTURE BACKLOGS- OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

MDM has a total number of 296 319 households which are receiving water services from it. 84.2% of the community households have access to water, whereas 15,8% has no water in their communities. At least Ba-Phalaborwa has a backlog of 2,9% without water. The municipality that has the highest backlog is Greater Tzaneen Municipality and the lowest is Ba-Phalaborwa followed by Greater Letaba at 9,3%.

327 466 households which are receiving sanitation services. 96.2% of the community households have access to sanitation services, whereas 3.8% has no sanitation services in their communities. At least Greater Letaba has a backlog of 1,4% without sanitation services. The municipality that has the highest backlog is Greater Giyani Municipality with 8,2%. The municipality that has the lowest is Greater Letaba with 1,4% followed by Greater Tzaneen with 1,7%.

| SERVICE BACKLOGS AS AT 30 JUNE 2025 | | | | |
|--|---------------------------------------|-------|--|-------|
| | *Service level above minimum standard | | **service level below minimum standard | |
| | No. HHs | %HHs | No. HHs | %HHs |
| Water | 249 925 | 84.3% | 46 395 | 15.7% |
| Sanitation | 251 976 | 85% | 44 344 | 15.7% |
| Electricity | 257 798 | 87% | 38 522 | 13% |
| Waste management | 53 300 | 18.7% | 241 020 | 81.3% |
| Housing | 271 518 | 91.6% | 24 802 | 8.4% |
| % HHs are the service above/below minimum standard as a proportion of total HHs. `housing` refers to *formal and ** informal settlements | | | | |

COMMENT ON BACKLOGS:

MDM relies mainly on infrastructure grants to eradicate basic service delivery backlogs. These grants mainly focus on the water and sanitation infrastructure projects.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

The cash flow management of the municipality is critically importance given the current weaknesses on debt collection mechanisms. Own revenue is not collected. The municipality adopted the cost containment measure from National Treasury with the aim of maximising liquidity.

Due to limited own revenue streams, the municipality invests in call accounts on a regular to make extra income to complement funding for operational activities.

5.8. CASH FLOW

The municipality s cash flow situation is critical given the commitments of the municipality mainly on the water boards debts. The total current liabilities exceed total current assets due to expensive repayment terms boards debts.

| Cash Flow Outcomes | | | | |
|--|-----------------|------------------|-----------------|----------------|
| R'000 | | | | |
| Description | Year -2023/24 | Current: 2024/25 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Sale of goods and services | 120476 | 10759 | 10759 | 169504 |
| Grants | 2241187 | 1928430 | 1832434 | 2123556 |
| Interest income | 27775 | 18000 | 18000 | 29311 |
| Other receipts | 3448 | 0 | 0 | 5504 |
| Vat refunds | 169395 | 145613 | 232608 | 287023 |
| Payments | | | | |
| Suppliers and employees | -1476527 | -1286003 | -1492940 | -1869922 |
| Finance charges | -149 | -30734 | -30434 | -1443 |
| NET CASH FROM/USED) OPERATING ACTIVITIES | 1085605 | 786065 | 570427 | 743533 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Property, plant and equipment | -919796 | -510808 | -489215 | -763090 |
| Purchase of other intangible assets | -3309 | - | - | |
| Proceeds of property, plant and equipment | - | - | 0 | 2342 |
| NET CASH FLOW FROM INVESTING ACTIVITIES | -923105 | -510808 | -489215 | -760748 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Finance lease payments | - | - | - | |
| NET CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Net increase /(decrease)in cash and cash equivalents | 162500 | 275257 | 81212 | -17215 |

| Cash Flow Outcomes | | | | |
|--|-----------------|------------------|-----------------|---------------|
| R'000 | | | | |
| Description | Year -2023/24 | Current: 2024/25 | | |
| | Audited Outcome | Original Budget | Adjusted Budget | Actual |
| Net increase /(decrease)in cash and cash equivalents at the beginning of the year | 18 477 | 18,477.00 | 18,477.00 | 180,979.00 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 180 979 | 293734 | 99689 | 163526 |
| Source: MBRR A7 | | | | T 5.9.1 |

5.9. BORROWING AND INVESTMENTS

The municipality has no borrowing but rather short-term investments on call accounts arrangements. These investments are made on a spontaneous basis when cash resources are available. As already indicated the municipality does not have enough cash resources to afford investments on a fixed term basis.

5.10. PUBLIC PRIVATE PARTNERSHIP

The municipality has not entered into any public private partnership in the 2024/25 financial year.

COMPONENT D: OTHER FINANCIAL MATTERS

5.11. SUPPLY CHAIN MANAGEMENT

MDM has reviewed the SCM policy in financial the 2024/25 to be align with PPPFA Regulation 2022; MFMA SCM regulation 2005; MFMA Circular No 77 - Model SCM Policy for Infrastructure Procurement and Delivery Management -28 October 2015; MFMA Circular 83 - eTender Portal - 18 July 2016; MFMA Circular 90 - Tax Compliance Status - 30 January 2018; MFMA Circular 68 - Unauthorized Irregular Fruitless and Wasteful Expenditure.

Management through SCM unit has implemented the approved SCM policy and bid committee code of conduct to enhance compliance as set out by the SCM regulation 2005 where in all bid committee members are duly appointed by the accounting officer. There officials within SCM unit are compliant with the Minimum Competency Regulation as per the requirement of the National Treasury and the municipality

continues to provide on job training through refresher courses, to ensure that officials are kept up to date with the new regulations.

5.12. GRAP COMPLIANCE

The municipality obtained a Qualified audit opinion. Mainly the reasons for qualification was noncompliance to GRAP 1, 9, 12 and 17. meaning that there was noncompliance with GRAP reporting requirements. There is a turn-around plan in the form of the audit action plan to correct the situation.



CHAPTER - 6

AUDITOR-GENERAL AUDIT FINDINGS

2024 – 25

Section 188 (1) (b) of the Constitution of South Africa states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

The MSA S45 states that the results of performance measurement in terms of S41(1)(c) must be audited annually by the Auditor-General. Section 41(1)(c) states that the auditing should take place with regard to each of those development priorities and objectives and against key performance indicators and targets to monitor, measure and review municipal performance at least once per annum.

The municipality received a Qualified audit opinion from the Auditor-General for the 2024/25 financial year, refer to the audit opinion below:

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

6.1. AUDITOR GENERAL REPORTS 2024/25

| AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE 2024/25 | |
|---|--|
| REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS | QUALIFIED AUDIT OPINION |
| Basis for qualified opinion | Remedial Action Taken |
| The conditions of property, plant and equipment were not adequately reviewed at the end of the reporting date in accordance with GRAP 17, Property, plant and equipment. As a result, some items of property, plant and equipment were found to be in poor condition and a conditional assessment was performed to determine the current state, remaining useful life, and recoverable amount of the affected assets, however it was not performed in accordance with the requirement of GRAP 21, Impairment of non-cash-generating assets. Consequently, I was unable to determine the impact on the net carrying amount of property, plant and equipment stated at R10 110 571 791 (2024: R9 710 502 659) in note 8 to the financial statements as it was impracticable to do so. Additionally, there is a resultant impact on accumulated surplus. | To address the matter, management has resolved to strengthen end-of-year asset management controls by ensuring that comprehensive asset condition assessments are performed timeously and in compliance with GRAP 17 and GRAP 21. Management will appoint suitably qualified professionals to perform impairment assessments on affected assets, including the determination of remaining useful lives and recoverable amounts. The outcomes of these assessments will be accounted for and disclosed in the subsequent financial reporting period, and the asset register will be updated accordingly to prevent recurrence of the finding. |
| The municipality did not maintain adequate internal control systems for recording and accounting for Inventory consumed in accordance with GRAP 1, Presentation of financial statements. I identified differences amounting to R46 244 326 between the annual financial statements and the inventories note. Consequently, inventory consumed stated at R455 544 233 in note 32 to the financial statements is overstated by the same amount. | To address this, management has resolved to strengthen inventory management and financial reporting controls by improving the reconciliation process between inventory records and the general ledger. Management will ensure that inventory consumption is accurately recorded, reviewed, and reconciled at regular intervals, with appropriate supervisory review prior to financial reporting. The inventory recording process will be reviewed and improved to ensure that future financial statements fairly present inventory consumption and comply with GRAP requirements. |
| The municipality did not maintain adequate internal control systems for reporting and accounting for receivables from exchange transactions. I identified unexplained differences amounting to R1 763 294 229 (2024: R2 471 206 600) between note 4 and its sub-notes and unexplained differences of R1 704 | Management has resolved to strengthen controls over the management of receivables by improving monthly reconciliations between the general ledger, sub-ledgers, and financial statement disclosures. Management will review and validate receivable balances against supporting documentation, including debtor |

| AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE 2024/25 | |
|--|---|
| REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS | QUALIFIED AUDIT OPINION |
| Basis for qualified opinion | Remedial Action Taken |
| 847 501 between the general ledger and the financial statements. Additionally, I identified differences on the gross amount of the Ba-Phalaborwa receivable amounting to R44 067 638 (2024: R1 15 825 935) between note 4 and the supporting documents. Consequently, receivables from exchange transactions stated at R1 941 515 223 (2024: R2 592 065 314) in note 4 to the financial statements are misstated by the same amounts. | confirmations where applicable, and ensure that all differences are investigated and corrected on an ongoing basis to improve the accuracy and reliability of receivables reporting in future financial periods. |
| The municipality did not accurately calculate the provision for impairment for Ba-Phalaborwa loan accounts in accordance with GRAP 104, Financial instruments. I identified differences amounting to R38 243 170 between impairment provision amount in the financial statements of the municipality and underlying records. Consequently, receivables from exchange transactions relating to Ba-Phalaborwa municipality stated at R2 094 896 in note 4.1 was overstated by the same amount. Additionally, there is a resultant impact on accumulated surplus. | Management will strengthen controls over the calculation and review of impairment provisions by ensuring that impairment assessments are performed in line with GRAP 104 requirements and supported by reliable underlying records. Management will review and validate impairment calculations annually, reconcile impairment provisions to supporting schedules, and ensure appropriate review and approval prior to inclusion in the financial statements to prevent recurrence. |
| The municipality did not maintain adequate internal control systems for recording and accounting for Revenue from exchange transactions in accordance with GRAP 1, Presentation of financial statements. I identified differences emanating from sales of water amounting to R44 943 341 and sewage and sanitation charges amounting to R63 229 712 between the municipality's financial statements and underlying records from the local municipalities. Additionally, I was unable to obtain sufficient appropriate audit evidence for incomplete billing relating to revenue from sale of water as debtors were identified for which service charges from sales of water were not billed and recorded. I was unable to determine the full extent of the error as it was impractical to do so. Consequently, I could not determine whether any adjustments to the revenue from exchange transactions stated at R 223 864 906 in note 18 to the financial statements and related receivable from exchange transactions, stated at R1 45 794 871 in note 4.2 to the financial statements were necessary. This also has an impact on the surplus for the period and on the accumulated surplus. | Management will improve reconciliation processes between billing records, debtor systems, and financial statement disclosures. Management will engage with local municipalities to confirm revenue records, ensure completeness of billing for water and sanitation services, and implement regular reviews and reconciliations to improve the accuracy, completeness, and reliability of revenue reporting in future financial periods. |
| The municipality did not maintain adequate internal control systems for reporting and accounting for revenue from exchange transactions. I was unable to obtain sufficient appropriate audit evidence for revenue from sale of water and sewerage and sanitation charges due to the status of record keeping. AGSA identified unexplained differences in corresponding figures amounting to R51 152 821 between financial statements of the municipality and underlying records. AGSA was unable to confirm the revenue by alternative means. AGSA was unable to determine whether any adjustment to revenue from exchange transactions stated at R1 95 962 703 in note 18 of the financial statements were necessary. | Management will enhance reconciliation procedures between underlying billing records and financial statement disclosures and implement regular reviews to ensure that revenue information is reliable, verifiable, and compliant with GRAP requirements in future reporting periods. |
| The municipality did not maintain adequate internal control systems for recording and accounting for debt impairment in accordance with GRAP 1, Presentation of financial statements. I identified differences amounting to R760 395 276 (2024: R2 180 712 862) between the financial statements and note 4. Consequently, debt impairment disclosed in note 31 is overstated. This also has an impact on the surplus for the period and on the | To address this, management has resolved to strengthen controls over the calculation, review, and disclosure of debt impairment by improving reconciliations between underlying records, impairment schedules, and financial statement notes. Management will ensure that debt impairment calculations are supported by reliable data, appropriately reviewed, and accurately reflected in future financial reporting periods. |

| AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE 2024/25 | |
|---|--|
| REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS | QUALIFIED AUDIT OPINION |
| Basis for qualified opinion | Remedial Action Taken |
| accumulated surplus. | |
| The municipality did not accurately measure water inventory consumed in accordance with the requirements of GRAP 1, Presentation of financial statements and section 125(2)(d) of the MFMA. This was due to unreliable, non-functional meters at key points of the water value chain, together with broader operational factors such as ageing and incomplete infrastructure and weak billing processes. These conditions contributed to water distribution losses being misstated and remaining above the 30% norm for two consecutive years. I was unable to determine the full extent of the misstatement as it was impractical to do so. Consequently, I could not determine whether any adjustments to the water distribution losses stated at R1 35 840 378 (2024: R126 531 581) in note 32 to the financial statements were necessary. | To address this, management has resolved to strengthen controls over water inventory measurement by prioritising the repair and replacement of critical meters, improving monitoring across the water value chain, and enhancing billing and data reconciliation processes. Management will also review infrastructure challenges and implement measures to improve the accuracy and reliability of water loss reporting in future financial periods. |
| Receipts from sales of goods and services was incorrectly calculated as it included other impairment differences, which constitutes a departure from GRAP 2, Statement of Cash Flows. Consequently, receipts from sales of goods and services were understated by R1 13 426 591 (2024: R99 897 501) in the financial statements. | Management has resolved to strengthen controls over the preparation and review of the statement of cash flows by ensuring that cash flow classifications are correctly applied and reconciled to underlying records. Management will enhance review procedures to ensure that only actual cash receipts from sales of goods and services are included in future financial statements, in compliance with GRAP 2. |
| The municipality did not maintain adequate internal control systems for reporting and accounting for unauthorised expenditure. I identified differences amounting to R907 299 096 between unauthorised expenditure per the register and the supporting records. Consequently, unauthorised expenditure stated at R1 417 1 1 1 635 in note 49 to the financial statements are overstated by the same amount. | Management has resolved to strengthen controls over the recording, reconciliation, and review of unauthorised expenditure by ensuring that the register is regularly reconciled to supporting documentation and reviewed prior to financial reporting. Management will also improve record-keeping and oversight to ensure that unauthorised expenditure is accurately recorded, supported, and disclosed in future financial statements. |
| AGSA identified unauthorised, irregular and fruitless and wasteful expenditure amounting to R777 077 402, R141 613 871, R351 532 978 respectively which was written off without proper investigations. Consequently, the Unauthorised, fruitless and wasteful and irregular expenditure stated at R1 417 1 1 1 635, R181 050 970 and R1 238 822 294 in notes 49, 51 and 50 respectively, were understated by the same amount. | To address this, management has resolved to strengthen controls over the investigation, recording, and write-off of such expenditure by ensuring that all cases are subjected to proper investigation in line with applicable legislation and council-approved policies prior to any write-off. Management will also review and reconcile expenditure registers to supporting records and ensure that all unauthorised, irregular, and fruitless and wasteful expenditure is accurately recorded, disclosed, and dealt with in future reporting periods. |
| The municipality did not maintain adequate internal control systems for recording and accounting for commitments in accordance with GRAP 1, Presentation of financial statements. I identified differences amounting to R49 209 712 (2024: R715 089 205) were identified between commitments as per the commitments register and the supporting records. In addition, sufficient and appropriate audit evidence could not be obtained to confirm existence of some of the capital commitments as some commitments had been raised on expired contracts. Consequently, commitments stated at R932 161 895 (2024: R966 891 403) in note 42 to the financial statements are overstated by the same amount. | Management has resolved to strengthen controls over the recording and review of commitments by ensuring that commitment registers are regularly reconciled to valid supporting contracts and that only commitments arising from active and legally binding contracts are recorded. Management will enhance review procedures prior to financial reporting to ensure that commitments disclosed in the financial statements are accurate, supported, and compliant with GRAP requirements. |
| The municipality did not account for VAT output accrued in accordance with GRAP 104, financial instruments. I was unable to confirm whether VAT output accrued amounts arising from the impairment of receivables were correctly calculated and disclosed | Management has resolved to strengthen controls over the calculation and disclosure of VAT output accrued by ensuring that impairment-related VAT adjustments are supported by reliable underlying records and reconciled to receivables and impairment |

| AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE 2024/25 | |
|--|--|
| REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS | QUALIFIED AUDIT OPINION |
| Basis for qualified opinion | Remedial Action Taken |
| in the financial statements. I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the VAT output accrued amount stated at R279 379 439 (2024: 270 422 247) in note 12 to the financial statements. | schedules. Management will enhance review procedures and ensure compliance with GRAP and applicable VAT requirements in future financial reporting periods. |
| Accrued interest on historic debt payable to Lepelle Northern Water in the next 12 months was not correctly classified as a current liability, in accordance with GRAP 1, Presentation of financial statements. Consequently, long-term liabilities stated at R564 383 119 in note 12 to the financial statements were overstated by R41 555 666. | Management will enhance review procedures prior to finalisation of the financial statements to ensure accurate classification and disclosure in future reporting periods. |
| AGSA was unable to obtain sufficient appropriate audit evidence for the adjustments to prior period amounts of inventory, property, plant and equipment, receivables from exchange transactions and accumulated surplus, as the supporting information was not provided. AGSA was unable to confirm these adjustments by alternative means. Additionally, AGSA identified material differences of R238 505 152 in intangible assets stated at R241 525 122 and R236 930 916 in employee benefit obligation (current portion) stated at R9 930 583. Consequently, AGSA was unable to determine whether any adjustments relating to the prior-year adjustments disclosed in note 45 to the financial statements was necessary. | Management will enhance review and approval processes to ensure that future prior-period adjustments are adequately supported, accurately recorded, and compliant with GRAP requirements. |
| In addition to the individually material uncorrected misstatement on receivables from exchange transactions, total current assets were materially misstated by R41 963 516 due to the cumulative effect of individually immaterial uncorrected misstatements | Management will enhance review procedures to ensure that the cumulative impact of uncorrected misstatements is appropriately considered and addressed in future financial reporting periods. |
| <p><i>Note:* The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 2025.</i></p> <p style="text-align: right;">T 6.2.1</p> | |

| AUDITOR-GENERAL REPORT ON SERVICE DELIVERY PERFORMANCE: 2024/25 | |
|---|---|
| REPORT ON THE AUDIT OF PERFORMANCE REPORT | QUALIFIED AUDIT OPINION |
| Non-Compliance Issues | Remedial Action Taken |
| The actual achievement for three indicators, Construction of Ritavi Water Scheme, Construction of Makhushane Water Scheme, and Thabina to Lenyenye Bulk Water did not agree to the achievements reported. | Management has initiated a process to review and strengthen controls over the collection, verification, and approval of performance data. Going forward, reported achievements will be reconciled to credible source documents, including engineer reports, completion certificates, and site handover documentation, before inclusion in performance reports. Management will also conduct internal reviews of performance information prior to submission to ensure accuracy and reliability. |
| An achievement of 10 835 HH with access to water was reported against a target of 5 000. However, the audit evidence did not support this achievement. | Management is in the process of developing a standardised methodology for calculating and reporting the number of households provided with access to water. This methodology will be supported by beneficiary registers, completion certificates, and project close-out reports. Verification of household figures will be performed before performance information is reported to management and Council to prevent future misstatements. |

| AUDITOR-GENERAL REPORT ON SERVICE DELIVERY PERFORMANCE: 2024/25 | |
|--|---|
| REPORT ON THE AUDIT OF PERFORMANCE REPORT | QUALIFIED AUDIT OPINION |
| Non-Compliance Issues | Remedial Action Taken |
| Measures taken to improve performance against the underachieved target of Water Reticulation Infrastructure for Middle Letaba Water Scheme Cluster 6 were not reported in the annual performance report. Information was thus not provided to help with understanding the actions taken by the accounting officer to address performance gaps and with assessing the effectiveness of strategies to improve future performance against the target. | Future annual performance reports will include corrective measures and improvement plans for all underachieved targets. For Middle Letaba Water Scheme Cluster 6, management has commenced with reviewing project implementation challenges and developing corrective interventions, including revised timelines, contractor engagement, and enhanced project monitoring. Progress on these measures will be tracked and disclosed in subsequent performance reports. |
| An achievement of 1 016 jobs created opportunities created through EPWP was reported against a target of 1 000. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the target was not achieved. | To address this, management is implementing a process whereby reported EPWP job opportunities will be supported by signed attendance registers, contracts, and payroll records. Monthly verification and review of EPWP data will be conducted prior to reporting to ensure that only verified job opportunities are reported in future. |
| An achievement of nine SEDA Training's was reported against a target of four. However, the audit evidence showed the actual achievement to be only six. Consequently, the achievement against the target was lower than reported. | Management has recognised weaknesses in the verification of training achievements and has initiated corrective measures to ensure that all reported training activities are supported by signed attendance registers, service provider reports, and confirmation letters. Future performance reporting will only include training activities that are fully supported by verifiable evidence. |
| Key service delivery indicators that were not achieved as reported in the annual performance report. | Quarterly internal performance reviews will be conducted to identify discrepancies between planned and actual performance timeously. Capacity building initiatives will also be implemented to ensure that officials responsible for performance information understand reporting requirements and compliance standards. |
| T 6.2.2 | |

Report of the auditor-general to Limpopo Provincial Legislature and the council on Mopani District Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of Mopani District 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 Mopani District Municipality as at 30 June 2025 and financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of 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

Property, plant and equipment

3. The conditions of property, plant and equipment were not adequately reviewed at the end of the reporting date in accordance with GRAP 17, *Property, plant and equipment*. As a result, some items of property, plant and equipment were found to be in poor condition and a conditional assessment was performed to determine the current state, remaining useful life, and recoverable amount of the affected assets, however it was not performed in accordance with the requirement of GRAP 21, *Impairment of non-cash-generating assets*. Consequently, I was unable to determine the impact on the net carrying amount of property, plant and equipment stated at R10 110 571 791 (2024: R9 710 502 659) in note 8 to the financial statements as it was impracticable to do so. Additionally, there is a resultant impact on accumulated surplus.

Inventory consumed and bulk purchases

4. The municipality did not maintain adequate internal control systems for recording and accounting for Inventory consumed in accordance with GRAP 1, *Presentation of financial statements*. I identified differences amounting to R46 244 326 between the annual financial statements and the inventories note. Consequently, inventory consumed stated at R455 544 233 in note 32 to the financial statements is overstated by the same amount.

Receivables from exchange transactions

5. The municipality did not maintain adequate internal control systems for reporting and accounting for receivables from exchange transactions. I identified unexplained differences amounting to R1 763 294 229 (2024: R2 471 206 600) between note 4 and its sub-notes and unexplained differences of R1 704 847 501 between the general ledger and the financial statements. Additionally, I identified differences on the gross amount of the Ba-Phalaborwa receivable amounting to R44 067 638 (2024: R115 825 935) between note 4 and the supporting documents. Consequently, receivables from exchange transactions stated at R1 941 515 223 (2024: R2 592 065 314) in note 4 to the financial statements are misstated by the same amounts.
6. The municipality did not accurately calculate the provision for impairment for Ba-Phalaborwa loan accounts in accordance with *GRAP 104, Financial instruments*. I identified differences amounting to R38 243 170 between impairment provision amount in the financial statements of the municipality and underlying records. Consequently, receivables from exchange transactions relating to Ba-Phalaborwa municipality stated at R2 094 896 in note 4.1 was overstated by the same amount. Additionally, there is a resultant impact on accumulated surplus.

Revenue from exchange transactions

7. The municipality did not maintain adequate internal control systems for recording and accounting for Revenue from exchange transactions in accordance with GRAP 1, *Presentation of financial statements*. I identified differences emanating from sales of water amounting to R44 943 341 and sewage and sanitation charges amounting to R63 229 712 between the municipality's financial statements and underlying records from the local municipalities. Additionally, I was unable to obtain sufficient appropriate audit evidence for incomplete billing relating to revenue from sale of water as debtors were identified for which service charges from sales of water were not billed and recorded. I was unable to determine the full extent of the error as it was impractical to do so. Consequently, I could not determine whether any adjustments to the revenue from exchange transactions stated at R 223 864 906 in note 18 to the financial statements and related receivable from exchange transactions, stated at R145 794 871 in note 4.2 to the financial statements were necessary. This also has an impact on the surplus for the period and on the accumulated surplus.
8. The municipality did not maintain adequate internal control systems for reporting and accounting for revenue from exchange transactions. I was unable to obtain sufficient appropriate audit evidence for revenue from sale of water and sewerage and sanitation charges due to the status of record keeping. I identified unexplained differences in corresponding figures amounting to R51 152 821 between financial statements of the municipality and underlying records. I was unable to confirm the revenue by alternative means. I was unable to determine whether any adjustment to revenue from exchange transactions stated at R195 962 703 in note 18 of the financial statements were necessary.

Debt Impairment

9. The municipality did not maintain adequate internal control systems for recording and accounting for debt impairment in accordance with GRAP 1, *Presentation of financial*

statements. I identified differences amounting to R760 395 276 (2024: R2 180 712 862) between the financial statements and note 4. Consequently, debt impairment disclosed in note 31 is overstated. This also has an impact on the surplus for the period and on the accumulated surplus.

Distribution losses

10. The municipality did not accurately measure water inventory consumed in accordance with the requirements of GRAP 1, *Presentation of financial statements* and section 125(2)(d) of the MFMA. This was due to unreliable, non-functional meters at key points of the water value chain, together with broader operational factors such as ageing and incomplete infrastructure and weak billing processes. These conditions contributed to water distribution losses being misstated and remaining above the 30% norm for two consecutive years. I was unable to determine the full extent of the misstatement as it was impractical to do so. Consequently, I could not determine whether any adjustments to the water distribution losses stated at R135 840 378 (2024: R126 531 581) in note 32 to the financial statements were necessary.

Cash flow from operating activities

11. Receipts from sales of goods and services was incorrectly calculated as it included other impairment differences, which constitutes a departure from GRAP 2, *Statement of Cash Flows*. Consequently, receipts from sales of goods and services were understated by R113 426 591 (2024: R99 897 501) in the financial statements.

Unauthorised expenditure

12. The municipality did not maintain adequate internal control systems for reporting and accounting for unauthorised expenditure. I identified differences amounting to R907 299 096 between unauthorised expenditure per the register and the supporting records. Consequently, unauthorised expenditure stated at R1 417 111 635 in note 49 to the financial statements are overstated by the same amount.

Unauthorised, irregular and fruitless and wasteful expenditure

13. I identified unauthorised, irregular and fruitless and wasteful expenditure amounting to R777 077 402, R141 613 871, R351 532 978 respectively which was written off without proper investigations. Consequently, the Unauthorised, fruitless and wasteful and irregular expenditure stated at R1 417 111 635, R181 050 970 and R1 238 822 294 in notes 49, 51 and 50 respectively, were understated by the same amount.

Commitments

14. The municipality did not maintain adequate internal control systems for recording and accounting for commitments in accordance with GRAP 1, *Presentation of financial statements*. I identified differences amounting to R49 209 712 (2024: R715 089 205) were identified between commitments as per the commitments register and the supporting records. In addition, sufficient and appropriate audit evidence could not be obtained to confirm existence of some of the capital commitments as some commitments had been raised on expired contracts. Consequently, commitments stated at R932 161 895 (2024: R966 891 403) in note 42 to the financial statements are overstated by the same amount.

Payables from exchange transactions

15. The municipality did not account for VAT output accrued in accordance with GRAP 104, *financial instruments*. I was unable to confirm whether VAT output accrued amounts arising from the impairment of receivables were correctly calculated and disclosed in the financial statements. I was unable to confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the VAT output accrued amount stated at R279 379 439 (2024: 270 422 247) in note 12 to the financial statements.
16. Accrued interest on historic debt payable to Lepelle Northern Water in the next 12 months was not correctly classified as a current liability, in accordance with GRAP 1, Presentation of financial statements. Consequently, long-term liabilities stated at R564 383 119 in note 12 to the financial statements were overstated by R41 555 666.

Prior-year adjustments

17. I was unable to obtain sufficient appropriate audit evidence for the adjustments to prior period amounts of inventory, property, plant and equipment, receivables from exchange transactions and accumulated surplus, as the supporting information was not provided. I was unable to confirm these adjustments by alternative means. Additionally, I identified material differences of R238 505 152 in intangible assets stated at R241 525 122 and R236 930 916 in employee benefit obligation (current portion) stated at R9 930 583. Consequently, I was unable to determine whether any adjustments relating to the prior-year adjustments disclosed in note 45 to the financial statements was necessary.

Current assets

18. In addition to the individually material uncorrected misstatement on receivables from exchange transactions, total current assets were materially misstated by R41 963 516 due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:
 - Cash and cash equivalents stated at R168 068 056 was overstated by R4 541 859.
 - Receivables from exchange transactions stated at R1 918 315 223 was overstated by R11 374 918.
 - Receivables from exchange transaction arising from Vhembe District municipality stated at R57 353 850 was overstated by R 22 553 849.

In addition, I was unable to obtain sufficient appropriate audit evidence and to confirm the following item by alternative means:

- Receivables from non-exchange transactions of R26 242 727 as included in the disclosed balance of R174 465 482.

Context for opinion

19. 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.
20. 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.
21. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

22. I draw attention to the matter below. My opinion is not modified in respect of this matter.
23. With reference to note 43 to the financial statements, the municipality is currently involved in litigation with various service providers and third parties. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Other matters

24. I draw attention to the matters below. My opinion is not modified in respect of these matters.
25. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA 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.
26. The supplementary schedule set out on pages xx to xx does not form part of the financial statement and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

27. 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.
28. 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

29. 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.
30. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx, forms part of my auditor's report.

Report on the audit of the annual performance report

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

| Key performance area | Page numbers | Purpose |
|------------------------------------|--------------|---|
| KPA 2 – Basic service delivery | XX | <ul style="list-style-type: none">○ To accelerate sustainable infrastructure and maintenance in all sectors of development.○ To have integrated infrastructure development.○ To improve community safety, health and social well-being. |
| KPA 3 – Local economic development | XX | <ul style="list-style-type: none">• To promote economic sectors of the district. |

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

34. 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 measures taken to improve performance.

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

36. The material findings on the reported performance information for the selected key performance areas are as follows:

KPA 2 – Basic service delivery

Various indicators

37. Based on the audit evidence, the actual achievement for three indicators did not agree to the achievements reported. The achievement against the target was better than reported.

| Indicator | Target | Reported achievement | Actual achievement |
|---|--------|----------------------|--------------------|
| Construction of Ritavi Water Scheme | 100% | 63% | 99% |
| Construction of Makhushane Water Scheme | 100% | 84% | 99% |
| Thabina to Lenyenye Bulk Water Supply | 25% | 24% | 92% |

of HH with access to water

38. An achievement of 10 835 was reported against a target of 5 000. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the target was not achieved.

Water Reticulation Infrastructure for Middle Letaba Water Scheme Cluster 6

39. Measures taken to improve performance against the underachieved target of Water Reticulation Infrastructure for Middle Letaba Water Scheme Cluster 6 were not reported in the annual performance report. Information was thus not provided to help with understanding the actions taken by the accounting officer to address performance gaps and with assessing the effectiveness of strategies to improve future performance against the target.

KPA 2 – Local economic development

of jobs created opportunities created through EPWP

40. An achievement of 1 016 was reported against a target of 1 000. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the target was not achieved.

of SEDA Trainings conducted

41. An achievement of nine was reported against a target of four. However, the audit evidence showed the actual achievement to be only six. Consequently, the achievement against the target was lower than reported.

Other matters

42. I draw attention to the matters below.

Achievement of planned targets

43. 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.
44. The table that follows provides information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

KPA 2: Basic service delivery

| <i>Targets achieved: 56%</i> <i>Budget spent: 87%</i> | | |
|---|----------------|----------------------|
| Key service delivery indicator not achieved | Planned target | Reported achievement |
| Number of by-laws gazetted by 30 June 2025 | 03 | 02 |
| # in KMs of gravel roads graded | 400 | 55,95 |
| # of HH with access to sanitation | 20 794 | 0 |
| Construction of Kampersrus Bulk water reticulation | 100% | 00% |
| Construction of Bulk Water supply at Lulekani water scheme | 100% | 81% |
| Construction of Makhushane water scheme | 100% | 84% |
| Construction of Ritavi water scheme | 100% | 63% |
| Purchase & Delivery of Fire & Rescue Equipment by 30 June 2025 | 100% | 00% |
| Thabina to Lenyenye Bulk supply | 25% | 24% |
| Thapane Water Treatment Plant and replacement of Rensing Us | 25% | 0% |
| Water Reticulation Infrastructure for Middle Letaba Water Scheme Cluster 6 | 25% | 0% |
| Construction of VIP toilets units – Rural Household Sanitation (BPM | 25% | 0% |
| Construction of VIP toilets units – Rural Household Sanitation (Maruleng) | 25% | 0% |
| Construction of VIP toilets units – Rural Household Sanitation (Greater Tzaneen LM) | 25% | 0% |
| Construction of VIP toilets units – Rural Household Sanitation (Greater Letaba LM) | 25% | 0% |
| Construction of VIP toilets units – Rural Household Sanitation (Greater Giyani LM) | 25% | 0% |

Material misstatements

45. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 2 – Basic service delivery and KPA 3 – Local economic development. Management did not correct all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

46. 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.
47. 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.
48. 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.
49. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statement

50. 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, current liabilities and some disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and/or supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Revenue management

51. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.
52. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.

Expenditure management

53. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
54. Reasonable steps were not taken to prevent irregular expenditure amounting to R14 314 406 as disclosed in note 51 to the annual financial statements, as required by section 62(1)(d) of the MFMA.. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management (SCM) regulations.

55. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R6 423 651, 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 incurred on late payment of suppliers.
56. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R336 263 348, 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 under budgeted items in the various departments.

Consequence management

57. 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.
58. Irregular, fruitless and wasteful 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.
59. Unauthorised expenditure was certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(a)(ii) of the MFMA.
60. Losses resulting from irregular expenditure and fruitless and wasteful expenditure were certified council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(b) of the MFMA.

Strategic planning and performance management

61. The performance management system and related controls were inadequate as it did not describe how the performance monitoring, measurement, review and reporting processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).

Procurement and contract management

62. Some of the contracts were awarded through a competitive bidding process that were not adjudicated by the bid adjudication committee as required by SCM Regulation 29(1)(a) and (b). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the Mamefja Sekororo Regional Water Scheme Phase 2A – Contracts A to E.
63. Some of the 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.
64. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM Regulation 5.

Other information in the annual report

65. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.
66. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
67. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
68. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

69. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
70. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
71. The basic accounting and internal control disciplines of daily and monthly reconciliation of transactions was not adequately implemented and monitored.
72. Measures put in place for the preparation, review and approval of the annual financial statements and annual performance report are inadequate as the annual financial statements and annual performance report submitted for audit contained misstatements that were not detected and rectified prior to submission of the report for audit.
73. The accounting officer did not exercise his oversight responsibilities regarding compliance and related internal controls to ensure that all instances of unauthorised, irregular and fruitless and wasteful expenditure are investigated to determine if any person is liable for the expenditure.
74. The accounting officer did not implement effective controls to ensure that compliance with the applicable laws and regulations is reviewed and monitored at all times

75. There was no proper implementation of controls over daily and monthly processing and reconciling of achievements reported and supporting evidence.
76. The municipality did not budget appropriately resulting in the municipality receiving a letter from National Treasury declaring their budget as unfunded.

Material irregularities

77. 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 in progress

78. I identified a 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 duplication of work

79. In terms of section 78(1)(b) of the MFMA, each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently.
80. On the Mametja-Sekororo Regional Water Scheme (RWS) project there was a duplication of a significant portion of the works completed by contractors. My audit focused on the mechanical and electrical items component of the scheme.
81. The first contractor appointed on the project was appointed at a contract amount of R19 201 350, for a period of four months commencing on 1 October 2015. The first contractor was officially terminated due to poor performance and breach of contract in June 2019; after having incurred expenditure totalling R12 992 201 on the project. However, the project was not complete at the time. The municipality appointed a second contractor for a revised contract amount of R27 375 737 with a commencement date of 21 May 2018. The mechanical and electrical works on the scheme was eventually completed on 22 December 2020 after additional expenditure of R25 437 749 was incurred by the second contractor.
82. The relevant officials and senior managers involved in the project did not thoroughly review invoices and payment certificates issued to ensure that items claimed by the first and second contractors are not duplicated. This resulted in the municipality double paying for some of the goods and services said to be rendered by the two contractors.

83. The above resulted in non-compliance with section 78(1)(b) of the MFMA, which states that “each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently”.
84. The above non-compliance is likely to result in a material financial loss for the municipality.
85. The accounting officer was notified of the material irregularity on 9 May 2023. The following actions have been taken to resolve the material irregularity:
- The accounting officer appointed a law firm to investigate the matter on 9 May 2023. The investigation was concluded in September 2024 and tabled to the council on 31 October 2024.
 - The investigation report made the following key findings and recommendations –
 - The senior manager for Water and Sanitation as the senior Engineer of the project, has failed to adhere to the General Conditions of Contracts (GCC) and section 62 of the MFMA. It is therefore recommend that a disciplinary enquiry be sanctioned against the senior manager for water and sanitation in accordance and compliance with the Labour relations Act and as prescribed by 43(1) of Local Government regulations, for the allegations of misconduct in failure to perform his duties as expected by the service level agreement (SLA) as well as the MFMA, more specifically amongst others section 62, 171 (1) (a) – c) and 78, the “171 of the MFMA
 - The duplication of work resulted from the reconfiguration done by the consulting engineer, which was unnecessary. Senior manager for water and sanitation failed to ensure that there were effective systems of expenditure control, by authorising a reconfiguration that would attract more unnecessary costs to the municipality, when the previous design was sound. Therefore, It is recommended that senior manager for water and sanitation as the director of the department be sanctioned and charged in terms of section 43(1) of the Local Government regulations and/or any relevant and related legislation, for the allegations of misconduct in failure to perform his duties as expected by the SLA as well as the MFMA, more specifically amongst others, section 62 and 78 of the MFMA.
 - The municipality failed to ensure that the resources of the municipality are used effectively, thus violating section 62 (1) of the MFMA; The municipality failed to prevent fruitless and wasteful expenditure. The decision to approve the reconfiguration of the designs was not in the best interest of the Municipality. Senior manager for water and sanitation, as the director and the head of the engineering department failed to manage the contract properly in a manner that would achieve the best results for the municipality. It is therefore recommended that senior manager for water and sanitation be charged for contravening sections 62(1) and 78 of the MFMA and his contract of employment.
 - Employees of the municipality are expected to always comply with the request from their management /supervisors or the appointed coordinator/agent in

furnishing records and/or documents as requested, especially during audit process or at any other given time. Employees who fail to adhere to this request, did not act in the best interest of the municipality. Employees who failed to give documents when requested even they had such documents in their private laptops should be given written warnings for such conduct. It is therefore, recommended that the alleged employees be given written warning in accordance with clause 7.5 of the Disciplinary procedure collective agreement.

- It is further recommended that the contract with consulting engineer be set aside in accordance with section 172 of the Constitution as outlined in the case of Gijima.
- The law firm that is appointed to do the self-review process is likely to look into whether there is any money to be recovered from the consulting engineer. This might require evidence from an expert engineer demonstrating which parts of the consulting engineer's designs constituted additional work that was done by the first contractor.
- The municipal manager should monitor the Mametja Sekororo project going forward and ensure that any new engineers do not ignore the work that has already done.
- The financial misconduct process should be implemented within 90 days following the decision taken by the Management and/or the Accounting Officer and/or the Council.
- The council took a resolution on 31 October 2024 that the report be referred to the accounting officer for further processing and Legal Services for advice.
- The accounting officer appointed a law firm in April 2024 to conduct a self-review process in accordance with the law. The law firm is to investigate whether moneys can be recovered from the service provider and whether to declare the appointment of the contractor and engineers as irregular or to verify its authenticity based on value for money.
- The process of the self-review is still in progress and on 2 June 2025 the law firm has made the following recommendations to the accounting officer thus far-
 - The municipality must proceed to launch condonation to the National Treasury and simultaneously launch a self-review to correct the irregularity in the appointment of the consulting engineer.
 - The municipality must conduct a consequence management process in line with the recommendation in the investigation report concluded by the first law firm for the alleges misconduct against any person and/or employee indebted to the Mametja Sekororo project.

86. The accounting officer is in the process of implementing the following actions which are expected to be concluded on or before 30 June 2026.

- Three employees were implicated in the investigation report, and are currently being subjected to consequence management, which may include recovering lost or wasted funds.

- The senior manager for Water and Sanitation is undergoing a disciplinary hearing initiated by another law firm.

87. I will follow up on the implementation of the planned actions during my next audit.

Auditor-General

Polokwane

30 November 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the municipality to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 | Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 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), 72(a), 72(b), 72(c) |
| MFMA: Municipal Investment Regulations, 2005 | Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3) |
| MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014 | Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1) |
| MFMA: Municipal Supply Chain Management Regulations, 2017 | Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f) |
| Construction Industry Development Board Act 38 of 2000 | Section: 18(1) |
| Construction Industry Development Board Regulations, 2004 | Regulations: 17, 25(7A) |
| Division of Revenue Act | Sections: 11(6)(b), 12(5), 16(1); 16(3) |
| Municipal Property Rates Act 6 of 2004 | Section: 3(1) |
| Municipal Systems Act 32 of 2000 | Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b) Parent municipality with ME: Sections: 93B(a), 93B(b) Parent municipality with shared control of ME: Sections: 93C(a)(iv), 93C(a)(v) |

| Legislation | Sections or regulations |
|---|--|
| MSA: Disciplinary Regulations for Senior Managers, 2011 | Regulations: 5(2), 5(3), 5(6), 8(4) |
| MSA: Municipal Planning and Performance Management Regulations, 2001 | Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i), 15(1)(a)(ii) |
| MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 | Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 26(5), 27(4)(a)(i) |
| MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014 | Regulations: 17(2), 36(1)(a) |
| MSA: Municipal Staff Regulations | Regulations: 7(1), 19, 31, 35(1) |
| MSA: Municipal Systems Regulations, 2001 | Regulation: 43 |
| Prevention and Combating of Corrupt Activities Act 12 of 2004 | Section: 34(1) |
| Preferential Procurement Policy Framework Act 5 of 2000 | Sections: 2(1)(a), 2(1)(f) |
| Preferential Procurement Regulations, 2017 | Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 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) |



APPENDICES

2024 – 25

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

| Councillors, Committees Allocated and Council Attendance | | | | | | |
|--|-----------------------|---------------------------|---|---------------------------------|----------------------|-------------------------------------|
| No | Council Members | Full Time/Part Time FT/PT | Committee Allocated | *Ward and/ or Party Represented | Number of meetings # | Percentage of meetings attendance % |
| 1 | Cllr PJ Shayi | FT | MAYCO | ANC | 15/16 | 94% |
| 2 | Cllr MN Maswanganyi | FT | Council | ANC | 16/16 | 100 % |
| 3 | Cllr M Lewele | FT | Council | ANC | 15/16 | 94% |
| 4 | Cllr L S Mhlala | FT | MAYCO | ANC | 16/16 | 100% |
| 5 | Cllr M L Maloko | FT | MAYCO | ANC | 15/16 | 94% |
| 6 | Cllr MH Sefufi | FT | MAYCO | ANC | 16/16 | 100% |
| 7 | Cllr B A Shibambu | FT | MAYCO | ANC | 16/16 | 100% |
| 8 | Cllr N R Khandhela | FT | MAYCO | ANC | 15/16 | 94% |
| 9 | Cllr M S Magomane | PT | MAYCO | ANC | 13/16 | 81% |
| 10 | Cllr M G Mangena | FT | MAYCO | ANC | 14/16 | 87% |
| 11 | Cllr N N Baloyi | FT | MAYCO | ANC | 15/16 | 94% |
| 12 | Cllr D M Makhananisa | FT | MAYCO | ANC | 15/16 | 94% |
| 13 | Cllr S Mothomogolo | PT | Chairperson: MPAC | ANC | 16/16 | 100% |
| 14 | Cllr MM Mkhabela | PT | Chair: Community Development | ANC | 14/16 | 87% |
| 15 | Cllr C Stoltz | PT | Chair: Governance & Shared Services | ANC | 15/16 | 94%% |
| 16 | Cllr MMA Mathebula | PT | Chair: Finance | ANC | 16/16 | 100% |
| 17 | Cllr E Hlungwane | PT | Chair: Agriculture & Environment Management | ANC | 13/16 | 81% |
| 18 | Cllr J Rakgoale | PT | Chair: Infrastructure | ANC | 14/16 | 87% |
| 19 | Cllr F M Morwatshehla | PT | Chair: Sports Recreation, Arts & Culture | ANC | 13/16 | 81% |
| 20 | Cllr PJ Mampeule | PT | Chair: Economic Development & Spatial Planning | ANC | 15/16 | 94% |
| 21 | Cllr NH Tshimbani | PT | Chairperson: Water and Sanitation | ANC | 16/16 | 100% |
| 22 | Cllr N J Mbhalati | PT | Chair: Roads & Transport | ANC | 15/16 | 94% |
| 23 | Cllr S S Mathebula | PT | Chair of Chairs | ANC | 16/16 | 100% |
| 24 | Cllr MP Matlou | PT | Chair: Ethics | ANC | 08/16 | 50% |
| 25 | Cllr M W Mohale | PT | Chair: Women Multi party Caucus | ANC | 16/16 | 100% |
| 26 | Cllr H D Lebeya | PT | Finance | ANC | 14/16 | 87% |
| 27 | Cllr R T Mavundza | PT | Finance and Community Services | DA | 16/16 | 100% |
| 28 | Cllr Z Ndlovu | PT | Infrastructure and Water & Sanitation | EFF | 14/16 | 87% |
| 29 | Cllr EJ Mathonsi | PT | Ethics, Community Service and Water & Sanitations | ANC | 16/16 | 100% |

| Councillors, Committees Allocated and Council Attendance | | | | | | |
|--|----------------------|------------------------------|--|---------------------------------|----------------------|-------------------------------------|
| No | Council Members | Full Time/Part Time FT/PT | Committee Allocated | *Ward and/ or Party Represented | Number of meetings # | Percentage of meetings attendance % |
| 30 | Mabasa TA | PT | MPAC | EFF | 13/16 | 81% |
| 31 | Cllr Z Ndhlovu | PT | Water & Sanitation Services Infrastructure | EFF | 12/16 | 75% |
| 32 | Cllr MN Madike | PT | Sports Recreation Arts & Culture | Warrior | 12/16 | 75% |
| 33 | Cllr DG Mkhabela | PT | MPAC | ANC | 11/16 | 69% |
| 34 | Cllr MC Morwatshehla | PT | MPAC | ANC | 13/16 | 81% |
| 35 | Cllr S B Ramoshaba | PT | Water & Sanitation Services Roads & Transport | ANC | 13/16 | 81% |
| 36 | Cllr CM Ramathoka | PT | Finance and Ethics | EFF | 13/16 | 81% |
| 37 | Cllr L Ramalepe | PT | Infrastructure and Water & Saitation | DA | 15/16 | 94% |
| 38 | Cllr B Soodi | PT | Governance & Shared Services | EFF | 06/16 | 38% |
| 39 | Cllr MD Selaelo | PT | Governance & Shared Services and Sport, Art and Culture | ANC | 14/16 | 87% |
| 40 | Cllr J Mashele | PT | MPAC | ANC | 16/16 | 100% |
| 41 | Cllr MW Maake | PT | MPAC | ANC | 14/16 | 87% |
| 42 | Cllr M S Baloyi | PT | Infrastructure and Roads & Transport | ANC | 14/16 | 87% |
| 43 | Cllr TP Chaka | PT | Agriculture & Environment Management | ANC | 8/8 | 100% |
| 44 | Cllr NR Sekgobela | PT | Agriculture & Environment Management Sports, Art & Culture | EFF | 12/16 | 75% |
| 45 | Cllr T Rabothata | PT | Finance, Ethics and LED | ANC | 16/16 | 100% |
| 46 | Cllr S Mavasa | PT | Governance & Shared Services Ethics | ANC | 14/16 | 87% |
| 47 | Cllr T J Senyolo | PT | Finance | Cope | 13/16 | 81% |
| 48 | Cllr S M Shai | PT | Infrastructure and Community Services | ANC | 16/16 | 100% |
| 49 | Cllr P Mashumu | PT | Finance and LED | EFF | 13/16 | 81% |
| 50 | Cllr B Mabilo | PT | Roads & Transport | EFF | 6/16 | 38% |
| 51 | Cllr S P Letebele | PT | Agriculture & Environment Management | ANC | 7/16 | 44% |
| 52 | Cllr S Malatji | PT | Water & Sanitation Services Roads and Transport | EFF | 10/16 | 63% |
| 53 | Cllr MS Mangena | PT | Agriculture & Environment Management | EFF | 6/16 | 38% |

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

| COMMITTEES (OTHER THAN MAYORAL/EXECUTIVE COMMITTEE) AND PURPOSES OF COMMITTEES | |
|--|---|
| Municipal Committee | Purpose of Committee |
| Finance | Deal with financial related matters. |
| Infrastructure | Deal with infrastructure development & maintenance. |
| Community services | Deal with health services, disaster and fire services. |
| Governance and Shared Services | Deal with human resource matters, administration, legal and IT matters. |
| Sport, Arts and Culture | Coordinate anything related to sport, arts and culture in the district. |
| Roads and Transport | Dealing with roads and transport matters in the district |
| Planning & Development | Dealing with planning and development in the district. |
| Agriculture and environment | Dealing with environmental and agricultural matters. |
| Water and sanitation | Provision and maintenance of water and sanitation. |
| Municipal Public Accounts | Municipality's watch dog in terms of compliance with legislation and performance. |
| Rules Committee | Dealing with all rules and policies in the municipality. |
| By-laws and policies | Dealing with By-laws and policies in the municipality. |
| TB | |

APPENDIX C–THIRD TIER ADMINISTRATIVE STRUCTURE

| THIRD TIER STRUCTURE | |
|---------------------------------|---|
| Director | Director/Manager (State title and name) |
| Office of the Municipal Manager | T.J. Mogano – Municipal Manager |
| | Seshoene ME – Manager Officer of the Municipal Manager |
| | Muedi LT - Chief Risk Officer |
| | Mphahlele MF- Manager Internal Audit |
| | Kgabi NT- Deputy Manager Specialised Audit |
| | Sekgoka MN- Deputy Manager IDP |
| | Malungane RS – Deputy Manager Performance Management |
| | Shai MM – Deputy Manager Risk Based Auditor |
| | Lethole – Manager Legal services |
| Corporate Services | Ngobeni SN - Senior Manager Corporate Services |
| | Mkhari J – Deputy Manager IT |
| | Lebadika P – Deputy Manager Human Resources |
| | Mkhari T – Deputy Manager Administration |
| | Manganyi K – Deputy Manager Council Support |
| | Mampuru K – Deputy Manager Organizational Development |
| | Lathane LP – Deputy Manager Labour Relations |
| Budget and Treasury | S Mathebula – Chief Financial Officer |
| | Motau L - Deputy Manager Budget & Control |
| | Pootona MR - Deputy Manager Revenue |
| | Seemela L – Deputy Manager Expenditure |
| | Mojela MJ- Deputy Manager Supply Chain Management |
| | Sekgota MD-Deputy Manger Reporting |
| | Mohlamme KV- Deputy Manager Assets |
| Office of the Executive Mayor | Vacant - Manager Office of the Executive Mayor |
| | Makhananisa R – Deputy Manager Public Participation |
| | Ngobeni O – Deputy Manager Communications |
| | Mabunda N- Deputy Manager Special Programmes |
| | Westhuizen V-Chief Fire Officer |
| Community Services | Pilusa MB – Senior Manager Community Services |
| | Mudau NRC Deputy Manager Environment and Waste Management |
| | Masingi T – Deputy Manager Environmental Health |
| | Masedi KS – Deputy Manager Traffic Services |
| | Westhuizen V – Chief Fire Officer |
| Water Services | Shilowa P – Senior Manager Water Services |
| | Rammalo AM – Deputy Manager Maintenance and operations Services |
| | Nkwinika – Deputy Manager water Quality |
| Technical Services | Mahayi L – Senior Manager Technical services |
| | M Mandiwana – PMU Manager |
| | Masipa MK – Deputy Manager Infrastructure Planning |

| THIRD TIER STRUCTURE | |
|--------------------------|--|
| Director | Director/Manager (State title and name) |
| | Mabulane TJ – Deputy Manager Energy |
| | Wasilota Y – Deputy Manager Implementation |
| | Madiope S – Deputy Manager Infrastructure and Design |
| | Mokgonyana PP – Deputy Manager Infrastructure Asset |
| Planning and Development | Monakedi T – Senior Manager Planning and Development |
| | Ngobeni TR – Deputy Manager Spatial Planning |
| | Maponya GT – Deputy Manager GIS |
| | Mr Malatji K.P – Deputy Manager LED |
| | T2.2.2 |

APPENDIX D–FUNCTIONS OF MUNICIPALITY / ENTITY

| MUNICIPAL/ENTITY FUNCTIONS | | |
|---|---|--|
| Municipal Functions | Function applicable to Municipality (Yes/No)* | Function applicable to Entity (Yes/No) |
| Constitution schedule 4, Part B functions | | |
| Air Pollution | Yes | n/a |
| Building Regulations | No | n/a |
| Child Care facilities | No | n/a |
| Electricity and gas reticulation | Yes | n/a |
| Firefighting services | Yes | n/a |
| Local tourism | Yes | n/a |
| Municipal airports | Yes | n/a |
| Municipal planning | Yes | n/a |
| Municipal Health Services | Yes | n/a |
| Municipal Public Transport | Yes | n/a |
| 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 | No | n/a |
| Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related | No | n/a |
| Storm water management systems in built up areas | No | n/a |
| Trading regulations | No | n/a |
| Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal systems | Yes | n/a |

APPENDIX E – WARD REPORTING

As a District Municipality, there are no wards that directly fall under the Mopani District Municipality.

| FUNCTIONALITY OF WARD COMMITTEES | | | | | |
|----------------------------------|--|--------------------------------|---|--|---|
| Ward Name (Number) | Name of ward Councillor and elected ward committee members | Committee established (Yes/No) | Number of monthly committee meetings held during the year | Number of monthly reports submitted to Speakers office on time | Number of quarterly public ward meetings held during year |
| N/A | N/A | N/A | N/A | N/A | N/A |
| | | | | | TE |

APPENDIX F: WARD INFORMATION/N

| CAPITAL PROJECTS: SIX LARGEST IN 2024/25 (FULL LIST AT APPENDIX N) | | | | |
|--|---|--------------|--------------|--------------|
| R' 000 | | | | |
| Ward No | Project Name & Detail | Start Date | End Date | Total Value |
| GLM | Sekgosese Water Scheme | 01 July 2024 | 30 June 2025 | R49 000 000 |
| BPM | Makhushane Water Scheme | 01 July 2024 | 30 June 2025 | R15 000 000 |
| BPM | Lulekani Water Scheme | 01 July 2024 | 30 June 2025 | R14 689 283 |
| GTM | Tours Water Reticulation to 25 Villages | 01 July 2024 | 30 June 2025 | R201 230 614 |
| GTM | Ritavi Water Scheme | 01 July 2024 | 30 June 2025 | R40 000 000 |
| GTM | Lephepane Bulk Water and reticulation | 01 July 2024 | 30 June 2025 | R 50 000 000 |

APPENDIX G –RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2024/25

REPORT OF THE AUDIT COMMITTEE TO THE EXECUTIVE MAYOR, MAYORAL COMMITTEE AND COUNCIL OF MOPANI DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2025

The Audit Committee is pleased to present our report for the financial year ended 30 June 2025.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee (AC) was established in terms of section 166 of the Municipal Finance Management Act (MFMA). Section 166 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA), as amended, requires a municipality to establish an independent audit committee which must advise the municipal council, political office-bearers, accounting officer and management on matters relating to internal financial controls and internal audits, risk management, and accounting policies; as well as provide advice on the adequacy, reliability and accuracy of financial reporting and information within the municipality. In addition, the committee advises on performance management, risk management, effective governance, compliance with the MFMA, the annual Division of Revenue Act, and any other applicable legislation and performance evaluation.

The Audit Committee was able to meet eight (8) times during the financial year under review as per the approved terms of reference. The meetings included the four (4) special and four (4) normal Audit Committee meetings. The Chief Audit Executive is the permanent invitees to the Audit Committee and has unrestricted access to bring any matter within the scope and responsibility of the Internal Audit Activity to the attention of the committee.

SUMMARY OF TENURE, QUALIFICATIONS, AND MEETING ATTENDANCES OF THE MEMBERS

The current Audit Committee was appointed on the 1st of September 2024 to the 31st of August 2027 for 3 years. The members of the audit committee were all independent from the municipality.

| NEW AUDIT COMMITTEE WITH EFFECT FROM 1 ST SEPTEMBER 2024 | | | |
|---|--|-----------------------------|-------------------------------|
| NAME OF THE MEMBER | QUALIFICATIONS | NUMBER OF MEETINGS ATTENDED | TENURE PERIOD (1) |
| Mr. A Tshikovhi (Chairperson) | Bachelor of Commerce in Accounting, Bachelor of Commerce Honours in Accounting, Post Graduate Diploma in Accounting Sciences (CTA), Master of Commerce in Accounting, Chartered Accountant registered with SAICA - CA(SA). | 8 | September 2024 to August 2027 |
| Mr. T Moroa (Member) | Bachelor of Commerce in Accounting, Bachelor of Commerce Honours in Accounting (CTA), Chartered Accountant registered with SAICA - CA(SA). | 8 | September 2024 to August 2027 |
| Mr. SAB Ngobeni (Member) | B Compt Honours, High Diploma in Computer Auditing, 2 MBA, MPA MCompt. | 8 | September 2024 to August 2027 |
| Ms. MP Ramutsheli (Member) | Masters in Internal Auditing, Certified Internal Auditor (CIA) and High Diploma in Computer Auditing. | 8 | September 2024 to August 2027 |

Four (4) ordinary audit committee meetings and four (4) special committee meetings were held during the year. The meetings were for the following purposes:

- Unaudited Draft Annual Financial Statements and Draft Annual Performance Report (before submission to the AGSA);
- 4th Quarter Audit Committee Meeting;
- AGSA 2024/2025 Audit Strategy and Engagement letter;
- AGSA 2024/2025 Audit Report;
- Disputes between management and AGSA;
- Mid-Year Budget and Performance Report;
- 2024/25 Budget Adjustment and SDBIP;
- Draft Annual Report;
- 2025/26 Internal Audit Plan;
- 2025/26 Draft Budget.

The Audit Committee meeting agendas are comprehensive and require diligent preparation by the committee members, and all members participate in the meetings with the highest levels of professionalism, commitment, integrity and objectivity. The AC meetings are attended by:

- Municipal Manager;
- All Senior Managers;
- Other officials (as and when required);
- Chief Audit Executive and relevant staff;
- Limpopo Provincial Treasury;
- CoGHSTA;
- SALGA; and
- AGSA.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee confirms that it has complied with its responsibilities arising from section 166 of Municipal Finance Management Act, 2003, (Act 56 of 2003), section 79 of Municipal Structures Act 117, 1998 (Act 117 of 1998) and paragraph 14 (2)(a) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 and the King IV Report on the Best Practices on Corporate Governance for South Africa. The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter and regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The systems of internal controls applied by the municipality over financial and risk management have slightly improved. In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls of the municipality have been fairly designed, however they are not fully efficient and effective. This is as a result of failure to identify control weaknesses and non-implementation of recommended enhancements to the controls and processes.

From the Audit Report of the Auditor-General South Africa on the annual financial statements of the municipality, the municipality received a qualified audit opinion for the year under review. Management did not fully resolve findings raised by Internal Audit and Auditor General in the year under review. We recommended that management should develop and implement audit action plan to address all the findings raised by the Auditor General and Internal Audit in order to strengthen the efficiency and effectiveness of the systems of internal controls over financial reporting.

We draw attention to the following areas flowing from the Committee's observations and internal audit findings reported during the year:

- lack of diligent basic discipline of accounting;
- lack of regular reconciliations;
- the continuing resource and capacity constraints resulting in skills and performance limitations in Budget and Treasury Office;
- non-compliance with SCM Regulations and Preferential Procurement Regulations;
- lack of sufficient management review and supervisory checks;
- delayed performance management reporting and monitoring processes;
- failure to hold management accountable for poor performance;
- asset management procedure manual not developed;
- asset register not timeously updated; and
- water distribution losses not monitored regularly;
- non implementation of Revenue enhancement strategy;
- projects and contract management not effectively implemented; and
- lack of standard operating procedure for effective expenditure management.

The areas highlighted above require the necessary management attention, as the first line of defence in combined assurance, it is critical to emphasise that these are serious enough to negatively impact the audit opinion if not attended to.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

- Management submitted draft Annual Financial Statements to the Audit Committee which were incomplete at the time of review. This limited the oversight responsibility of the Audit Committee on the Annual Financial Statement before submission to the Auditor General.
- The Audit Committee reviewed the audited annual financial statements to be included in the annual report.
- The Audit Committee reviewed the Municipality compliance with legal and regulatory provisions.
- The Audit Committee reviewed the Auditor General's management report and audit report.
- The Audit Committee reviewed significant adjustments resulting from the audit.

INTERNAL AUDIT

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Municipality in its audits. Internal Audit performed the audit of internal controls of the Municipality. The Audit Committee is not satisfied with the pace of improving the efficiency and effectiveness of the internal control environment during the financial year based on outcome of Internal Audit work. Majority of the overall opinion on internal audit project were not satisfactory as internal controls were not adequately planned and designed Management while in several instances controls were not effectively implemented to provide reasonable assurance. This is a negative reflection on the quality of internal controls planned and designed and also on management's commitment to quality and good governance. The Committee has noted that there is a need to improve supervisory checks, monitoring and oversight and by Management in managing internal controls.

RESOLVING INTERNAL CONTROL FINDINGS

Internal Audit conducted follow-up audit on internal audit findings issued previously to management. The implementation is not satisfactory. We are of the view that there is a need for more efforts from management to resolve all findings not yet implemented. That management should timeously implement recommendations as outlined and agreed to in the audit reports and Internal Audit Action Plan.

INTERNAL AUDIT EFFECTIVENESS

The Internal Audit activities are carried out by an in-house department operating in terms of an Internal Audit Charter and an annually approved audit plan. There has been no compromise of the independence or objectivity of the function during the year under review.

The Chief Audit Executive (CAE) reports functionally to the committee and administratively to the Municipal Manager with unfettered access to the Mayor. This will ensure that independence of the Internal Audit function is maintained.

Internal Audit has gone through an external quality assessment in the financial year 2024/25. This assessment exercise provided some assurance on whether Internal Audit processes and procedures “Generally Conforms” to the Institute of Internal Auditors (IIA) Core Principles for the Professional Practice of Internal Auditing Standards, Global Internal Audit Standards, and Code of Ethics, and that it conforms to its internal audit activity policies, procedures, practices and applicable legislative and regulatory requirements. The Audit Committee will monitor progress on this exercise and the outcome of the assessment reported.

To ensure continued effectiveness in the performance of audit function the CAE developed a Continuous Development Programme for internal audit staff. The programme outlines training programmes aligned to each staff members development needs. All Internal Audit staff attended the planned training as per the Audit Committee approved CPD programme.

COMBINED ASSURANCE

The responsibility for coordinating combined assurance rests with Internal Audit. Combined assurance framework improvements and advancements are under way. The implementation and integration of combined assurance remains work in progress and the Audit Committee regularly reviews developments in this area as part of its annual work plan. We recommend the establishment of a combined assurance forum to accelerate implementation of combined assurance in the municipality.

RISK MANAGEMENT

The Audit Committee is satisfied that risk management is continually improving within the municipality. However, management needs to ensure that there is improved co-ordination between risk management and strategic planning functions, so that resources can be allocated in an optimal manner to address the top risks of the Municipality. The risks that were not mitigated are carried forward to the 2024/25 risk register. The Audit Committee will monitor progress in the implementation of mitigation measures.

PRE-DETERMINED OBJECTIVES

The Audit Committee has noted no improvement in the aforementioned area. The audit opinion on pre-determined objectives remained unchanged at qualified audit opinion. This means there is no improvement in the preparation and reporting on pre-determined objectives. It was recommended that Management should improve on timely reporting of performance information with portfolio of evidence to avoid discrepancies in the performance report. The process should flow from the quarterly performance report to the annual performance report regularly. Pre-determined objectives is a standing item in Audit Committee meetings, concerted efforts are being made by management to sustainably improve in this area.

QUALITY OF IN-YEAR REPORTING

Management was able to table all quarterly financial reports and performance reports for the financial year 2024/25. Management failed to prepare quarterly financial statements as advised by the Committee. This limited the review by the Audit Committee. The Audit Committee continues to advise management to prepare quarterly financial statements in the coming financial year to allow adequate review by all relevant stakeholders.

ICT GOVERNANCE

The Audit Committee reviewed reports from ICT department in the year under review. The ICT remedial actions were not fully implemented and this is due to poor ICT Infrastructure, lack of capacity in the ICT department and financial constraints. The Audit Committee previously advised the Accounting Officer to resuscitate the ICT Steering Committee through the appointment of a qualified external Chairperson who will help capacitate the unit and improve controls thereof. The officials within the ICT department should undergo regular trainings in order to keep abreast with latest development in the ICT space. The Audit Committee will regularly provide oversight on this area as part of their mandate.

AUDITOR-GENERAL OF SOUTH AFRICA

The AC in consultation with management, agreed to the terms of the engagement and approved the Audit Strategy. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The Audit Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues. The AC concurs with and accept the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa. The auditors remained independent throughout the financial year.

REPORTING

The Audit Committee tabled all its quarterly reports to the Municipal Council, reporting on matters attended to during the relevant quarter.

APPRECIATION

The Audit Committee wishes to thank the Executive Mayor, Mayoral Committee, Council, Management and the staff for their continued commitment to improve effective control environment and good governance of Municipality. Our appreciation is also extended to the team from the Auditor-General South Africa for the independent value that they continue to add to the municipality.

Mr Ambani Tshikovhi CA(SA)

Audit Committee Chairperson

Mopani District Municipality

31 January 2026

APPENDIX H –LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

| LONG TERM CONTRACTS (19 LARGEST CONTRACTS ENTERED INTO 2024/25) | | | | | | |
|---|---|---|------------------------|-------------------------|-----------------|----------------|
| NO | Name of service provider (entity of municipal department) | Description of services rendered by the service provider | Start date of contract | Expiry date of contract | Project Manager | Contract Value |
| 1 | Moepeng Trading 40CC | Construction of Makhushane Water Scheme | 23 Nov 2021 | 06 Dec 2024 | Mr Mandiwana M | R46 799 474 |
| 2 | Nandzu Trade & General projects | Construction of (Ritavi 2 water scheme) | 19 Apr 2021 | 31 Aug 2024 | Mr Mandiwana M | R41 284 588 |
| 3 | Rembu Construction | Construction of Ritavi water scheme Phase3) | 10 Dec 2021 | 10 Oct 2024 | Mr Mandiwana M | R42 257 340 |
| 4 | Martmol Trading | Construction of Sekgosese Regional water scheme phase2B | 24 Jan 2022 | 25 Jan 2024 | Mr Mandiwana M | R40 128 913 |
| 5 | LEBP construction | Construction of Lulekani water scheme phase1 | 24 Jan 2022 | 24 Jan 2024 | Mr Mandiwana M | R44 225 286 |
| 6 | Selby Construction | Construction of Tours water reticulation) | 27 Jan 2022 | 17 Jan 2024 | Mr Mandiwana M | R44 761 253 |
| 7 | Good Example Trading | Construction of Sekgosese water scheme phase 2B | 13 Jan 2022 | 13 Jan 2024 | Mr Mandiwana M | R38 550 591 |
| 8 | Bukuta JV British | Construction Thabina Regional water scheme phase6) | 20 Jun 2022 | 20 Dec 2024 | Mr Mandiwana M | R41 227 619 |
| 9 | Martmol Trading CC | Construction of Ritavi 2 water scheme phase 4A Zangoma & Mohlaba village water reticulation | 29 Nov 2022 | 18 Oct 2024 | Mr Mandiwana M | R41 413 344 |
| 10 | Koephu Business Enterprise | Construction of Tours Reticulation water reticulation phase 2C | 22 Dec 2022 | 15 Dec 2025 | Mr Mandiwana M | R41 476 820 |
| 11 | Mamohlala Projects | Construction of Lulekani water scheme phase 2C | 12 Jan 2023 | 11 Jan 2025 | Mr Mandiwana M | R39 580 079 |
| 12 | TQM Projects Engineers | Construction of Tours water reticulation | 10 Mar 2023 | 08 Mar 2025 | Mr Mandiwana M | R41 839 780 |
| 13 | LebP Construction | Construction of Sekgosese regional ground water scheme 3b | 09 Mar 2023 | 12 Mar 2025 | Mr Mandiwana M | R46 713 622 |
| 14 | Brooklyn Projects 21 | Construction of Sekgosese regional ground water scheme 3c | 28 Nov 2022 | 28 Nov 2024 | Mr Mandiwana M | R43 547 779 |
| 15 | Good Example Trading (| Construction of Ritavi 2 water scheme phase 4b Petanenge village | 22 Dec 2022 | 22 Oct 2024 | Mr Mandiwana M | R45 132 889 |
| 16 | Nandzu Trade & General | Construction of Regional ground water scheme phase 3A | 10 Mar 2023 | 10 Mar 2025 | Mr Mandiwana M | R45 013 324 |
| 17 | Selby Construction | Construction of Tours water reticulation to 25 villages | 17 Jan 2022 | 17 Jan 2023 | Mr Mandiwana M | R41 406 105 |
| 18 | Bright Idea Project 838 CC | Construction of Tours water reticulation to 25 villages phase 2B) | 22 Dec 2022 | 22 Dec 2024 | Mr Mandiwana M | R41 109 261 |
| 19 | Qcobs CC (Maselapata water supply) | Construction of Maselapata water supply) | 08 Dec 2022 | 28 Apr 2024 | Mr Mandiwana M | R47 308 670 |

APPENDIX H –LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

| PROJECT DESCRIPTION | PROJECT NO | CONTRACTOR | CONTRACT AMOUNT | START DATE | END DATE |
|--|----------------|---|-----------------|------------|------------|
| Rural Household Sanitation (Ba-Phalaborwa LM) | MDM2024/25-015 | Jakhuso Enterprise | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Farisa Construction | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | ProCost & Associate | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Sabela Mathava Consultant | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Prime Afrika Trading | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Picabiz 367 | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Moribo wa Africa Trading Enterprise 33 | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Matome wa Monareng Security & Projects | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Masekana Trading & Projects | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Marungane Projects | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Bukuta | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Accelerated Growth Construction and Project | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| Rural Household Sanitation (Maruleng LM) | MDM2024/25-015 | Tzaneen Afri Investments | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | New Awakening | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Nkuriso Development | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Barto Trading | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Chester Berry | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| Rural Household Sanitation (Greater Letaba LM) | MDM2024/25-015 | Vinlee | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Uyamazi Construction | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Sekaka Building & Electrification | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Lokolang Tradin & projects | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Elucidate Trading Enterprise | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Rodmas Trading & Projects | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Machaba Tau | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| Rural Household Sanitation (Greater Tzaneen LM) | MDM2024/25-015 | Kamela ya Tshwale Construction & projects | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Soza Mhlongo Electrical | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Shiqoko Trading Enterprise | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Tshiratshashu Trading Enterprise | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Daily Double Trading 205 | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Aspidus 34 | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Kwekwevong Trading Enterprise | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Sgivo Trading Enterprise | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |

| PROJECT DESCRIPTION | PROJECT NO | CONTRACTOR | CONTRACT AMOUNT | START DATE | END DATE |
|---|----------------|---|-----------------|------------|------------|
| | MDM2024/25-015 | Mbhonya Trading & Projects | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | OnSpot Investment | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Bics Engineering & Supply | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Nale Num | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Magoveni civils Engineering Contractors | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Tycodefield | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| Rural Household Sanitation (Greater Giyani LM) | MDM2024/25-015 | RM Mashaba Projects | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Ntsiza Technical Services | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Megaworks Trading Enterprise | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | JTZ Family Trading Enterprise | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Boitshepo Consortium | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Gilmond Trading & Construction | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | BET Deep Trading & Projects | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Titanic Business Solution | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Thusanang Construction & Cleaning | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Percmo35 Construction | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Mamaila Trading Enterprise | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Maleboti Construction | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Xalamuka Built Environment | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | MTK3 Trading & Projects | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |
| | MDM2024/25-015 | Sello Ramotwala Civils | R 3 756 997,50 | 23/04/2025 | 31/12/2025 |

APPENDIX I—MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

No service provider performance schedule for 2024/25 financial year

APPENDIX J–DISCLOSURES OF FINANCIAL INTERESTS

| Disclosures of Financial Interests | | |
|------------------------------------|---------------------|---|
| Period 1 July 2024 to 30 June 2025 | | |
| Position | Name | Description of financial interest* (Nil/or details) |
| Executive Mayor | Cllr Shayi PJ | MTN Zakhele Nathi – 500 shares Erf 78 R 316 000 (Gravellote) Erf 80 R 316 000 (Gravellote) |
| Speaker | Cllr Maswanganyi NM | Juta River Lodge (paying work outside MDM & Directorship) Juta Family Trust Pfunanani Eating house Juta River Lodge Property (R100m) |
| Chief whip | Cllr Lewele M | Hope combined English medium School - R 60 000 |
| Mayoral Committee | Cllr L S Mohlala | House 4 Tembisa R 500 000 Stand D Namakgale R 80 000 Stand R3 Mashishimale R150 000 Stand R3 Mashishimale R 500 000 |
| | Cllr NR Khandlhela | NIL |
| | Cllr Maloko ML | Marylouie Trading (Trust) Maloko Brick yard (other financial interest) House Tzaneen 2 million |
| | Cllr MG Mangena | NIL |
| | Cllr MH Sefufi | Poultry Farms (selling chickens) Liquor Rest |
| | Cllr NN Baloyi | African Pride Holding Financial Services Land ownership Giyani |
| | Cllr DM Makhananisa | House Sekgosese R 2000 000 Vehicles R750 000 |
| | Cllr MS Magomane | Stand 554 Gravelotte R360 000 |
| | Cllr PM Matlou | House a Mohlabaneng village R750 000 Modjadjiskloof house R1 Million |
| | Cllr PS Mothomogolo | NIL |
| | Cllr B Shibambu | Nil |
| | Cllr MJ Rakgoale | NIL |
| | Cllr M Mathebula | NIL |
| | Cllr E Hlungwane | Rooms Namakgale R980 000 Rooms Namakgale R400 000 |
| | Cllr F Morwatshehla | NIL |
| | Cllr P Mampeule | Modjadi Resort, Balobedu Kingdom Farm Portion 6HA Khekhothi Village |
| | Cllr Senyolo TJS | SASSA Manager Empty stand extent 900 (R550 000) |

| Disclosures of Financial Interests | | |
|------------------------------------|----------------------|--|
| Period 1 July 2024 to 30 June 2025 | | |
| Position | Name | Description of financial interest* (Nil/or details) |
| | Cllr HN Tshimbani | NIL |
| | Cllr NJ Mbhalati | Residential stand & House R1.3m |
| | Cllr S S Mathebula | NIL |
| | Cllr J Mashele | NIL |
| | Cllr MM Mukhabele | Nkhaveleni co operations,Dali moss |
| | Cllr MW Mohale | NIL |
| | Cllr MS Baloyi | NIL |
| | Cllr ML Ramalepe | NIL |
| | Cllr S M Shai | NIL |
| | Cllr P Mashumu | NIL |
| Councillors | Cllr R Mavundza | NIL |
| | Cllr C Stoltz | House R 500 000 |
| | Cllr T Rabothata | NIL |
| | Cllr C Ramathoka | Nil |
| | Cllr SP Letebele | NIL |
| | Cllr SB Ramoshaba | NIL |
| | Cllr HD Lebeya | NIL |
| | Cllr D G Mkhabele | House Dan Village R500 000 |
| | Cllr S Mavasa | NIL |
| | Cllr MC Morwatshehla | NIL |
| | Cllr WM Maake | NIL |
| | Cllr M Madike | NIL |
| | Cllr R N Sekgobela | NIL |
| | Cllr MD Selaelo | NIL |
| | Cllr Z Ndlovu | NIL |
| | Cllr TA Mabasa | NIL |
| | Cllr TP Chaka | NIL |
| | Cllr SJ Masingi | NIL |
| | Cllr B Mabilo | NIL |
| | Cllr EJ Mathonsi | NIL |
| | Cllr SS Malatji | NIL |
| | Cllr B Soodi | NIL |
| | Cllr MG Mangena | NIL |
| | Cllr MS Baloyi | NIL |

| Disclosures of Financial Interests | | |
|--|-----------------|---|
| Period 1 July 2024 to 30 June 2025 | | |
| Position | Name | Description of financial interest* (Nil/or details) |
| Municipal Manager | Mr Mogano TJ | RSA Bonds shares R 100 000 Unit Trust R 200 000 TJ Mogano Investments 72% profit Homenet Rental R 5000 per month House R 650 000 (205m2) |
| Chief Financial Officer | Ms Mathevula SP | House R1.8M Town House R1.1m BEE Sasol Izalo R 10.00 P.S BEE Media 24 R10.00 p.s Director Vuxeni advisory Services R30 000 (revenue p.a) |
| Director: Community Services | Ms B Pillusa | House 1 – Residential R 13 000 000 House 2 – Residential R 1600 000 House 3 – Residential R 1 100 000 House 4 – Residential Flat R 400 000 |
| Director Corporate Services | Ms SN Ngobeni | MTN Group LTD (Zakhele) R2000 value Residential House R 3m (379,1m2) |
| Water & Engineering Services | Mr Shilowa P | WISA NGO-WATER R0 3QS QUALITY MANAG R 0 Dwelling plot R 800 000 Erven 4418 R 900 000 Stand No 37 PTO |
| Technical Services | Mr M Mahayi | Vankuna motocity R 0 new entity G.A home owner NPO Residential House R 2 100 000 Residential House R 2 400 000 Residential House R 8 000 000 Residential House R 3 200 000 |
| Director Planning & Development | Mr TA Monakedi | SACPLAN DIRECTOR REGULATORY BODY R0 CBE Director Public Compacy R0 TASQUARED Dynasty Director – Domant company R0 |
| *Financial interests to be disclosed even if they incurred for only part of the year. see MBRR SA34A | | TJ |

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

| R' 000 | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Description | 2023/24 | Current: 2023/24 | | 2024/25 | | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| <u>Financial Performance</u> | | | | | | |
| Property rates | | | | | | |
| Service charges | 219 685 | 325 753 | 325 753 | 223,984.00 | 306,839.00 | 365,726.00 |
| Interest received | 112 147 | 79 281 | 79 281 | 124,675.00 | 73,416.00 | 73,416.00 |
| Interest received (trading) | | | | | | |
| Investment revenue | 27 775 | 4 000 | 4 000 | 29,904.00 | 18,000.00 | 18,000.00 |
| Transfers recognised - operational | | | | | | |
| Other own revenue | 2 746 | 3 565 | 4 115 | 176,706.00 | 75,416.00 | 78,696.00 |
| Total Revenue (excluding capital transfers and contributions) | 362,355.00 | 412,599.00 | 413,149.00 | 555,269.00 | 473,671.00 | 535,838.00 |
| Employee costs | (520 952) | (473 007) | (528 437) | (572,227.00) | (526,096.00) | (535,077.00) |
| Remuneration of councillors | (16 181) | (12 468) | (20 113) | (18,017.00) | (23,761.00) | (27,074.00) |
| Depreciation & asset impairment | (299 587) | (450 000) | (293 348) | (231,117.00) | (300,018.00) | (300,318.00) |
| Finance charges | (73 830) | (54 828) | (27 978) | (18,942.00) | (30,734.00) | (30,434.00) |
| Materials and bulk purchases | (266 552) | (409 898) | (407 548) | (455,544.00) | (413,496.00) | (436,520.00) |
| Contracted services | (114 636) | (115 544) | (185 483) | (152,064.00) | (194,359.00) | (369,727.00) |
| Debt Impairemnt | (297 410) | (63 714) | (63 714) | (905,278.00) | (65,251.00) | (65,251.00) |
| Lease rentals on operating lease | (699 568) | - | - | (6,813.00) | | |
| Vip Toilets | - | - | - | | | |
| Transfers and grants | | | | | | |
| Notional expenses | (3 159) | - | - | | | |
| Consulting and professional fees | | | | | | |
| Operating expenses | (386 741) | (109 946) | (167 398) | (188,283.00) | (124,406.00) | (125,544.00) |
| | | | | | | |
| Total Expenditure | (2,001,853.00) | (1,689,405.00) | (1,694,019.00) | (2,548,285.00) | (1,678,121.00) | (1,889,945.00) |
| Surplus/(Deficit) | (1,639,498.00) | (1,276,806.00) | (1,280,870.00) | (1,993,016.00) | (1,204,450.00) | (1,354,107.00) |
| Transfers recognised - capital | - | - | - | 815,131.00 | 575,141.00 | 575,141.00 |
| Contributions recognised - capital & contributed assets | | | | | | |
| Surplus/(Deficit) after capital transfers & contributions | | | | (1,177,885.00) | (629,309.00) | (778,966.00) |
| Share of surplus/ (deficit) of associate | | | | | | |
| Surplus/(Deficit) for the year | | | | (1,177,885.00) | (629,309.00) | (778,966.00) |

| R' 000 | | | | | | |
|---|----------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Description | 2023/24 | Current: 2023/24 | | 2024/25 | | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| | | | | | | |
| <u>Capital expenditure & funds sources</u> | | | | | | |
| Capital expenditure | | | | | | |
| Transfers recognised - capital | | | | 815,131.00 | 575,141.00 | 575,141.00 |
| Public contributions & donations | | | | | | |
| Borrowing | | | | | | |
| Internally generated funds | | | | | | |
| Total sources of capital funds | | | | 815,131.00 | 575,141.00 | 575,141.00 |
| <u>Financial position</u> | | | | | | |
| Total current assets | 777 780 | 2 678 624 | 2 495 070 | 2,467,209.00 | 1,208,586.00 | 1,023,519.00 |
| Total non current assets | 10 414 882 | 11 427 139 | 11 422 879 | 10,139,499.00 | 9,207,471.00 | 9,182,768.00 |
| Total current liabilities | 1 660 258 | 2 870 490 | 2 949 449 | 1,688,147.00 | 1,513,118.00 | 1,501,002.00 |
| Total non current liabilities | 714 266 | 728 554 | 728 554 | 670,784.00 | 85,143.00 | 85,143.00 |
| Community wealth/Equity | - | - | - | - | - | - |
| | | | | | | |
| <u>Cash flows</u> | | | | | | |
| Net cash from (used) operating | 1,085,607.00 | 1,004,500.00 | 907,729.00 | 743,535.00 | 786,065.00 | 570,427.00 |
| Net cash from (used) investing | (923,105.00) | (447,409.00) | (478,476.00) | (760,747.00) | (510,808.00) | (489,215.00) |
| Net cash from (used) financing | | | | | - | - |
| Cash/cash equivalents at the year end | 180 979 | 726,274.00 | 598,436.00 | 163,526.00 | 293,734.00 | 99,689.00 |
| <i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i> <i>This table is aligned to MBRR table A1</i> | | | | | | |
| T 5.1.1 | | | | | | |

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

| R' 000 | | | | | | |
|-------------------------------------|------------|------------------|-----------------|--------------|-----------------|--------------------|
| Description | 2023/24 | Current: 2023/24 | | 2024/25 | | |
| | Actual | Original Budget | Adjusted Budget | Actual | Original Budget | Adjustments Budget |
| <u>Financial Performance</u> | | | | | | |
| Property rates | | | | | | |
| Service charges | 219,685.00 | 325,753.00 | 325,753.00 | 223,984.00 | 306,839.00 | 365,726.00 |
| Investment revenue | 27,775.00 | 4,000.00 | 4,000.00 | 29,904.00 | 18,000.00 | 18,000.00 |
| Transfers recognised - operational | | | | 1,431,844.00 | 1,353,289.00 | 1,353,289.00 |
| Transfer recognised Capital | | | | 815,131.00 | 575,141.00 | 575,141.00 |
| Other own revenue | 2,746.00 | 3,565.00 | 4,115.00 | 176,706.00 | 75,416.00 | 78,696.00 |

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

| Details | Budget | Adjustment Budget | Actual | Variance | |
|-----------------|---------|----------------------|---------|----------|----------------------|
| | | | | Budget | Adjustment Budget |
| WSIG | 347 834 | - | 347 834 | - | - |
| RRAMS | 2 476 | 0 | 2 476 | - | 0 |
| FMG | 3 000 | 0 | 3 000 | - | 0 |
| EPWP | 6 799 | 0 | 6 799 | - | 0 |
| LGW SETA | 1 750 | 0 | 1 750 | - | 0 |
| TOTAL | 361 859 | 0 | 361 859 | - | 0 |

APPENDIX M – CAPITAL PROGRAMME BY PROJECT BY WARD 2024/25

| CAPITAL PROGRAMME BY PROJECT BY WARD: 2024/25 | | |
|--|----------------------------------|--------------------------|
| Capital Project | Ward(s) affected | Works completed (Yes/No) |
| Water | | |
| Tours water reticulation | GTM | Yes |
| Water reticulation infrastructure for Middle Letaba water scheme cluster 6 | GGM | Yes |
| Ritavi 2 water scheme | GTM | Yes |
| Thabina to lenyenye water scheme | GTM | Yes |
| Selwane water scheme | BPM | Yes |
| Thapane Regional water scheme | GTM | Yes |
| Sanitation/Sewerage | | |
| Rural Household Sanitation (VIP Toilets) GGM | GGM | Yes |
| Rural Household Sanitation (VIP Toilets) GTM | GTM | Yes |
| Rural Household Sanitation (VIP Toilets) GLM | GLM | Yes |
| Rural Household Sanitation (VIP Toilets) BPM | BPM | Yes |
| Rural Household Sanitation (VIP Toilets) MLM | MLM | Yes |
| | | |
| Fire Services | | |
| Purchase & delivery of fire and rescue equipment's | <i>All wards in the district</i> | No |
| Purchase & deliver specialised fire and rescue vehicles | <i>All wards in the district</i> | No |
| T O | | |

APPENDIX N – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

| Households (HHs) | | | | |
|--|---------------------------------------|-------|--|---------|
| | *Service level above minimum standard | | **Service level below minimum standard | |
| | No. HHs | % HHs | No. HHs | % HHs |
| Water | 0 | % | 249925 | 84 |
| Sanitation | | % | 251976 | 85 |
| Electricity | | % | 257798 | 87 |
| Waste management | | % | 55300 | 19 |
| Housing | | % | 271518 | 92 |
| % HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements. | | | | T 5.8.2 |



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Mopani District Municipality Annual Financial Statements for the year ended 2024 - 25

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Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2025

General Information

Nature of business and principal activities

Integrated Development Planning for the district municipality as a whole, including a framework for integrated development plans for the local municipalities within the area of the district municipality, taking into account the integrated developments plans on those local municipalities,
Bulk supply of water that affects a significant proportion of municipalities in the district
Bulk sewerage purification works and main sewage disposal that affects a significant proportion of the municipalities in the district.
Municipal Health Services serving the area of the district municipality as a whole
Fire Fighting services serving the area of the district municipality as a whole.
Disaster Management services
Provision of the water and sanitation services

Accounting Officer

Mr T.J Mogano

Grading of local authority

4

Chief Finance Officer (CFO)

Ms SP Mathevula

Registered office

Government Building
Main Road
Giyani
0826

Business address

Government Building
Main Road
Giyani
0826

Postal address

Private Bag X9687
Giyani
0826

Bankers

First National Bank

Auditors

Auditor General - South Africa

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2025

General Information

Attorneys

Ngoako Seabela Attorneys
Mafa and Associates
Selokela Mashatole Attorneys
TJ Machete Attorneys
Tshikovhi Inc Attorneys
Wakaba & Partners
Mahowa Maribolla Inc
NN Mahumani Inc
Lebea and Associates
Verveen Attorneys
Seleka Attorneys Inc
Kgatlai Attorneys
Bethuel Makuka
Maboku Mangena Attorneys
Mphoke PK Magane Inc
Mmakola Matsemela Inc
Mvundlela Attorneys
TF Matlakala Attorneys
Moloko Phoko Attorneys
Modjadji Raphesu Attorneys
Mohale incorporated
Machaba Incorporated Attorneys
TT Ngobeni Attorneys
Raphela Incorporated Attorneys
Mello Attorneys
MM Baloyi Incorporated
Noko Maimela Incorporated

Audit Committee

A. Tshikovhi (Chairperson)
S.A.B. Ngobeni
T. Moroa
M.P. Ramutsheli

Executive Mayor

Cllr. P.J. Shayi
Cllr. NM. Maswanganyi (Speaker)
Cllr. M. Lewele (Chief Whip)

Mayoral committee

Cllr. NR. Khandhlhela
Cllr. MH. Sefufi
Cllr. NN. Baloyi
Cllr. ML. Maloko
Cllr. MS. Magomane
Cllr. MG. Mangena (Resigned)
Cllr. SL. Mohlala
Cllr. MD. Makhananisa
Cllr. BA. Shibambu

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2025

General Information

Other councillors

Cllr. CM. Ramathoka
Cllr. FM. Moroatshehla
Cllr. MMA. Mathebula
Cllr. TJ. Senyolo
Cllr. RN. Sekgobela
Cllr. AT. Rabothata
Cllr. BT. Mabilo
Cllr. E. Hlungwani
Cllr. HD. Lebeya
Cllr. MM. Mukhabele
Cllr. MP. Matlou
Cllr. NH. Tshimbana
Cllr. NJ. Mbhalati
Cllr. PJ. Mampeule
Cllr. PS. Mothomogolo (Chairperson of MPAC)
Cllr. RT. Mavundza
Cllr. SP. Letebele
Cllr. MJ. Rakgoale
Cllr. MN. Madike
Cllr. MW. Mohale
Cllr. S. Mavasa
Cllr. SS. Mathebula
Cllr. C. Stoltz
Cllr. DG. Mkhabela
Cllr. ML. Ramalepe
Cllr. SP. Mashumu
Cllr. WM. Maake
Cllr. J. Mashele
Cllr. MC. Morwatshehla
Cllr. MS. Baloyi
Cllr. SB. Ramoshaba
Cllr. SM. Shai
Cllr. MD. Selaelo
Cllr. TA. Mabaso
Cllr. Z. Ndhlovu
Cllr. IN. Shivambo
Cllr. MS. Mangena

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2025

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2025

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Abbreviations used:

| | |
|--------|---|
| COID | Compensation for Occupational Injuries and Diseases |
| DBSA | Development Bank of South Africa |
| GRAP | Generally Recognised Accounting Practice |
| IAS | International Accounting Standards |
| MFMA | Municipal Finance Management Act |
| mSCOA | Municipal Standard Chart of Accounts |
| SARS | South African Revenue Services |
| EPWP | Expanded Public Works Programme |
| PEMA | Post-Employment Medical Aid |
| SALGA | South African Local Government Association |
| SALGBC | South African Local Government Bargaining Council |
| MPAC | Municipal Public Accounts Committee |
| VAT | Value Added Taxation |
| PAYE | Pay As You Earn |
| UIF | Unemployment Insurance Fund |
| MDM | Mopani District Municipality |

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

The annual financial statements set out on pages 7 to 121, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2025 and were signed on its behalf by:

Mr T.J Mogano
Accounting Officer

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality operates in the Mopani district in South Africa and is involved in the following activities:

- Integrated Development Planning for the district municipality as a whole, including a framework for integrated development plans for the local municipalities within the area of the district municipality, taking into account the integrated developments plans on those local municipalities,
- Bulk supply of water that affects a significant proportion of municipalities in the district,
- Bulk sewerage purification works and main sewage disposal that affects a significant proportion of the municipalities in the district,
- Municipal Health Services serving the area of the district municipality as a whole,
- Fire Fighting services serving the area of the district municipality as a whole,
- Disaster Management services, and
- Provision of the water and sanitation services.

Net deficit of the municipality was R 197 691 630 (2024: surplus R 3 242 034 578).

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will be met on time. Contingent liabilities will be managed accordingly.

The municipality continues to receive its equitable share in line with Constitutional mandate and the Division of Revenue Act.

As at 30 June 2025, the municipality's current liabilities exceed the current assets by R779 062 717 (2024 : R1 400 843 987). However, the total assets of the municipality exceed total liabilities. The fact on its own does not bar the municipality to continue being a going concern given that going concern implies that the municipality will be in existence within 12 months of the balance sheet dates.

The following factors could have undermined the going concern assumptions indicated above if they were not properly managed as indicated:

- The municipality is experiencing challenges of collecting for revenue relating to water and sanitation. This is due to weakness in controls that are intended to manage of revenue at the local municipalities. The Local Municipalities are appointed as service providers and the District Municipality is the Water Service Authority;
- The litigation against the municipality to the value of R186 834 194 (2024: R186 633 645) provided continuity risk for the district municipality. However, management continues to monitor the risk by ensuring compliance.

Based on the above assessment done, the District Municipality is a going concern and thus should prepare its financial statements for the year ended 30 June 2025 under going concern assumptions. The municipality will continue with its endeavours to increase revenue and reserve, as well as, reducing the financial commitments to ensure good financial health.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

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

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

| Name | Nationality |
|---------------|--------------|
| Mr T.J Mogano | South Africa |

6. Bankers

The District Municipality banks with First National Bank.

7. Auditors

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

8. Accounting Officer's interest in contracts

The Accounting Officer declares that he has no interest whatsoever in the contracts of the Municipality.

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

| | Notes | 2025 R | 2024 Restated* R |
|--|-------|-----------------------|------------------------|
| Assets | | | |
| Current Assets | | | |
| Inventories | 3 | 24 979 793 | 32 540 932 |
| Operating lease asset | 11 | 3 639 521 | 3 639 521 |
| Receivables from exchange transactions | 4 | 2 074 753 358 | 2 785 019 496 |
| Receivables from non-exchange transactions | 5 | 174 465 482 | 126 862 075 |
| VAT receivable | 6 | 25 845 515 | 20 859 699 |
| Cash and cash equivalents | 7 | 163 526 193 | 180 738 863 |
| | | 2 467 209 862 | 3 149 660 586 |
| Non-Current Assets | | | |
| Property, plant and equipment | 8 | 10 110 571 791 | 9 710 502 659 |
| Intangible assets | 9 | 1 864 573 | 2 316 408 |
| Heritage assets | 10 | 432 000 | 432 000 |
| Receivables from exchange transactions | 4 | 23 200 000 | 38 666 667 |
| Operating lease asset | 11 | 3 431 222 | 7 070 743 |
| | | 10 139 499 586 | 9 758 988 477 |
| Total Assets | | 12 606 709 448 | 12 908 649 063 |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables from exchange transactions | 12 | 1 672 893 644 | 1 659 920 018 |
| Consumer deposits | 14 | 4 124 815 | 4 061 725 |
| Employee benefit obligation | 15 | 11 128 686 | 9 930 583 |
| Unspent conditional grants and receipts | 17 | - | 74 904 273 |
| | | 1 688 147 145 | 1 748 816 599 |
| Non-Current Liabilities | | | |
| Operating lease liability | 11 | 598 748 | 345 340 |
| Employee benefit obligation | 15 | 105 802 672 | 97 439 779 |
| Payables from exchange transactions | 12 | 564 383 119 | 616 577 955 |
| | | 670 784 539 | 714 363 074 |
| Total Liabilities | | 2 358 931 684 | 2 463 179 673 |
| Net Assets | | 10 247 777 764 | 10 445 469 390 |
| Accumulated surplus | | 10 247 777 764 | 10 445 469 390 |
| Total Net Assets | | 10 247 777 764 | 10 445 469 390 |

* See Note 45

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

| | | 2025 | 2024 |
|---|-------|------------------------|----------------------|
| | Notes | R | Restated* R |
| Revenue | | | |
| Revenue from exchange transactions | | | |
| Service charges | 18 | 223 864 906 | 195 962 703 |
| Interest charged on overdue consumer accounts | 19 | 124 674 826 | 112 046 921 |
| Other income | 20 | 4 615 828 | 2 746 943 |
| Interest received - investment | 21 | 29 311 249 | 27 775 043 |
| Total revenue from exchange transactions | | 382 466 809 | 338 531 610 |
| Revenue from non-exchange transactions | | | |
| Transfer revenue | | | |
| Government grants and subsidies | 22 | 2 244 313 699 | 2 347 327 558 |
| Revenue from debt forgiveness | 23 | 40 946 404 | 9 952 251 |
| Public contributions and donations | | 1 748 751 | - |
| Services in kind revenue | 24 | - | 526 654 |
| Other non-exchange income | 25 | 1 750 958 | 748 807 |
| Total revenue from non-exchange transactions | | 2 288 759 812 | 2 358 555 270 |
| Total revenue | | 2 671 226 621 | 2 697 086 880 |
| Expenditure | | | |
| Employee related costs | 26 | (527 227 692) | (502 435 507) |
| Remuneration of councillors | 27 | (18 017 587) | (16 181 245) |
| Depreciation and amortisation | 28 | (231 117 979) | (238 898 407) |
| Finance costs | 29 | (18 942 021) | (73 779 176) |
| Lease rentals on operating lease | 30 | (6 813 929) | (4 319 522) |
| Debt Impairment | 31 | (905 278 612) | 2 239 721 946 |
| Inventory consumed and bulk purchases | 32 | (455 544 233) | (376 798 820) |
| Contracted services | 33 | (152 064 322) | (113 802 451) |
| Transfers and Subsidies | | (54 430) | (18 965) |
| Notional expenses | 24 | - | (526 654) |
| Operating expenses | 34 | (188 283 058) | (166 846 089) |
| Consulting and professional fees | 35 | (108 958 086) | (80 926 176) |
| Repairs and maintenance | 36 | (123 696 803) | (92 559 809) |
| Household Sanitation (VIP Toilets) | 37 | (71 011 701) | (5 464 380) |
| Total expenditure | | (2 807 010 453) | 567 164 745 |
| Operating (deficit) surplus | | (135 783 832) | 3 264 251 625 |
| Gain (loss) on disposal of assets and liabilities | 39 | 1 052 415 | (1 091 434) |
| Actuarial gains | 15 | 1 228 992 | 837 646 |
| Impairment and write off - assets | 38 | (64 012 558) | (21 606 204) |
| Inventories losses/write-downs | 3 | (176 647) | (357 055) |
| | | (61 907 798) | (22 217 047) |
| (Deficit) surplus for the year | | (197 691 630) | 3 242 034 578 |

* See Note 45

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

| | Accumulated surplus / deficit R | Total net assets R |
|---|---------------------------------------|-----------------------|
| Opening balance as previously reported | 7 318 711 231 | 7 318 711 231 |
| Adjustments | | |
| Prior year adjustments 45 | (115 276 419) | (115 276 419) |
| Balance at 01 July 2023 as restated* | 7 203 434 812 | 7 203 434 812 |
| Changes in net assets | | |
| Surplus for the year | 3 242 034 578 | 3 242 034 578 |
| Total changes | 3 242 034 578 | 3 242 034 578 |
| Restated* Balance at 01 July 2024 | 10 445 469 394 | 10 445 469 394 |
| Changes in net assets | | |
| Surplus for the year | (197 691 630) | (197 691 630) |
| Total changes | (197 691 630) | (197 691 630) |
| Balance at 30 June 2025 | 10 247 777 764 | 10 247 777 764 |

* See Note 45

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

| | Note(s) | 2025 R | 2024 Restated* R |
|---|---------|----------------------|------------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Sale of goods and services | | 169 504 830 | 61 419 667 |
| Grants | | 2 123 556 981 | 2 241 187 710 |
| Interest income | | 29 311 249 | 27 775 043 |
| VAT refunds | | 287 023 687 | 169 395 862 |
| Other receipts | | 5 504 942 | 3 035 451 |
| | | 2 614 901 689 | 2 502 813 733 |
| Payments | | | |
| Employee costs | | (563 025 951) | (530 729 338) |
| Suppliers | | (1 306 897 011) | (959 729 286) |
| Finance costs | | (1 443 581) | (149 032) |
| | | (1 871 366 543) | (1 490 607 656) |
| Net cash flows from operating activities | 40 | 743 535 146 | 1 012 206 077 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (763 090 250) | (849 944 551) |
| Proceeds from sale of property, plant and equipment | | 2 342 434 | - |
| Net cash flows from investing activities | | (760 747 816) | (849 944 551) |
| Net increase/(decrease) in cash and cash equivalents | | (17 212 670) | 162 261 526 |
| Cash and cash equivalents at the beginning of the year | | 180 738 863 | 18 477 337 |
| Cash and cash equivalents at the end of the year | 7 | 163 526 193 | 180 738 863 |

* See Note 45

Mopani District Municipality

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual R | Reference |
|---|------------------------|----------------------|------------------------|--|--|-----------|
| | R | R | R | R | | |
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Revenue from exchange transactions | | | | | | |
| Service charges | 306 839 000 | 58 888 000 | 365 727 000 | 223 864 906 | (141 862 094) | [BC1] |
| Interest charged on overdue consumer | 73 416 000 | - | 73 416 000 | 124 674 826 | 51 258 826 | [BC3] |
| Other income | 2 000 000 | - | 2 000 000 | 4 615 828 | 2 615 828 | [BC2] |
| Investment revenue | 18 000 000 | - | 18 000 000 | 29 311 249 | 11 311 249 | [BC3] |
| Gains on disposal of assets | - | 3 280 000 | 3 280 000 | - | (3 280 000) | |
| Total revenue from exchange transactions | 400 255 000 | 62 168 000 | 462 423 000 | 382 466 809 | (79 956 191) | |
| Revenue from non-exchange transactions | | | | | | |
| Transfer revenue | | | | | | |
| Government grants and subsidies | 1 928 430 000 | (47 998 000) | 1 880 432 000 | 2 244 313 699 | 363 881 699 | [BC4] |
| Levies | - | - | - | 40 946 404 | 40 946 404 | [BC13] |
| Public contributions and donations | - | - | - | 1 748 751 | 1 748 751 | |
| Other non-exchange income | - | - | - | 1 750 958 | 1 750 958 | |
| Total revenue from non-exchange transactions | 1 928 430 000 | (47 998 000) | 1 880 432 000 | 2 288 759 812 | 408 327 812 | |
| Total revenue | 2 328 685 000 | 14 170 000 | 2 342 855 000 | 2 671 226 621 | 328 371 621 | |
| Expenditure | | | | | | |
| Employee related costs | (526 096 000) | (8 981 000) | (535 077 000) | (527 227 692) | 7 849 308 | [BC5] |
| Remuneration of councillors | (23 761 000) | (3 313 000) | (27 074 000) | (18 017 587) | 9 056 413 | [BC6] |
| Depreciation and amortisation | (300 018 000) | (300 000) | (300 318 000) | (231 117 979) | 69 200 021 | [BC7] |
| Impairment loss/ Reversal of impairments | - | - | - | (64 012 558) | (64 012 558) | [BC16] |
| Finance costs | (30 734 000) | 300 000 | (30 434 000) | (18 942 021) | 11 491 979 | [BC8] |
| Lease rentals on operating lease | - | - | - | (6 813 929) | (6 813 929) | |
| Debt Impairment | (65 251 000) | - | (65 251 000) | (905 278 612) | (840 027 612) | [BC9] |
| Inventory consumed and bulk purchases | (413 496 000) | (23 024 000) | (436 520 000) | (455 544 233) | (19 024 233) | [BC10] |
| Contracted Services | (194 359 000) | (175 368 000) | (369 727 000) | (152 064 322) | 217 662 678 | [BC11] |
| Transfers and Subsidies | - | - | - | (54 430) | (54 430) | |
| Operating expenses | (124 406 000) | (1 138 000) | (125 544 000) | (491 949 648) | (366 405 648) | [BC12] |
| Other Losses | (861 000) | - | (861 000) | - | 861 000 | |
| Total expenditure | (1 678 982 000) | (211 824 000) | (1 890 806 000) | (2 871 023 011) | (980 217 011) | |
| Operating deficit | 649 703 000 | (197 654 000) | 452 049 000 | (199 796 390) | (651 845 390) | |
| Gain on disposal of assets and liabilities | - | - | - | 1 052 415 | 1 052 415 | |
| Actuarial gains/losses | - | - | - | 1 228 992 | 1 228 992 | |
| Inventories losses/write-downs | - | - | - | (176 647) | (176 647) | |
| | - | - | - | 2 104 760 | 2 104 760 | |
| Surplus | 649 703 000 | (197 654 000) | 452 049 000 | (197 691 630) | (649 740 630) | |

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual R | Reference |
|--|-----------------------|----------------------|-----------------------|--|--|-----------|
| | R | R | R | R | | |
| Statement of Financial Position | | | | | | |
| Assets | | | | | | |
| Current Assets | | | | | | |
| Inventories | 35 941 000 | (23 024 000) | 12 917 000 | 24 979 793 | 12 062 793 | [BC18] |
| Operating lease asset | 10 538 000 | - | 10 538 000 | 3 639 521 | (6 898 479) | |
| Receivables from exchange transactions | 337 094 000 | (202 260 000) | 134 834 000 | 2 074 753 358 | 1 939 919 358 | [BC19] |
| Receivables from non-exchange transactions | 43 218 000 | - | 43 218 000 | 174 465 482 | 131 247 482 | [BC20] |
| VAT receivable | 352 896 000 | 32 177 000 | 385 073 000 | 25 845 515 | (359 227 485) | [BC15] |
| Cash and cash equivalents | 428 899 000 | 8 040 000 | 436 939 000 | 163 526 193 | (273 412 807) | [BC23] |
| | 1 208 586 000 | (185 067 000) | 1 023 519 000 | 2 467 209 862 | 1 443 690 862 | |
| Non-Current Assets | | | | | | |
| Property, plant and equipment | 9 198 758 000 | (24 726 000) | 9 174 032 000 | 10 110 571 791 | 936 539 791 | [BC24] |
| Intangible assets | 4 958 000 | 23 000 | 4 981 000 | 1 864 573 | (3 116 427) | [BC25] |
| Heritage assets | 432 000 | - | 432 000 | 432 000 | - | |
| Receivables from exchange transactions | - | - | - | 23 200 000 | 23 200 000 | [BC19] |
| Operating lease asset | 3 323 000 | - | 3 323 000 | 3 431 222 | 108 222 | [BC27] |
| | 9 207 471 000 | (24 703 000) | 9 182 768 000 | 10 139 499 586 | 956 731 586 | |
| Total Assets | 10 416 057 000 | (209 770 000) | 10 206 287 000 | 12 606 709 448 | 2 400 422 448 | |
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Payables from exchange transactions | 1 044 292 000 | (20 949 000) | 1 023 343 000 | 1 672 893 644 | 649 550 644 | |
| VAT payable | 296 398 000 | 8 833 000 | 305 231 000 | - | (305 231 000) | [BC15] |
| Consumer deposits | 4 006 000 | - | 4 006 000 | 4 124 815 | 118 815 | |
| Employee benefit obligation | - | - | - | 11 128 686 | 11 128 686 | [BC30] |
| Unspent conditional grants and receipts | 106 936 000 | - | 106 936 000 | - | (106 936 000) | [BC31] |
| Provisions | 61 486 000 | - | 61 486 000 | - | (61 486 000) | [BC26] |
| | 1 513 118 000 | (12 116 000) | 1 501 002 000 | 1 688 147 145 | 187 145 145 | |
| Non-Current Liabilities | | | | | | |
| Operating lease liability | - | - | - | 598 748 | 598 748 | |
| Employee benefit obligation | 56 924 000 | - | 56 924 000 | 105 802 672 | 48 878 672 | [BC30] |
| Provisions | 28 219 000 | - | 28 219 000 | - | (28 219 000) | [BC26] |
| Payables from exchange transactions | - | - | - | 564 383 119 | 564 383 119 | [BC29] |
| | 85 143 000 | - | 85 143 000 | 670 784 539 | 585 641 539 | |
| Total Liabilities | 1 598 261 000 | (12 116 000) | 1 586 145 000 | 2 358 931 684 | 772 786 684 | |
| Net Assets | 8 817 796 000 | (197 654 000) | 8 620 142 000 | 10 247 777 764 | 1 627 635 764 | |
| Net Assets | | | | | | |
| Reserves | | | | | | |
| Accumulated surplus | 8 817 796 000 | (197 654 000) | 8 620 142 000 | 10 247 777 764 | 1 627 635 764 | [BC21] |

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Budget on Accrual Basis

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

[BC1]The 2024/25 projections were based on the tariffs as approved by the District in consultation with the locals. All municipalities basic tariff has been increased by 5%..

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Budget on Accrual Basis

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

[BC2] This is due to high volume of tender documents sold and the collection of revenue on other services like fire services and EHP.

[BC3] The positive cashflow position throughout financial year with high interest received more than anticipated.

[BC3] The variance is due to non payment by customers

[BC4] The variance is due to the allocation of WSIG 6B grants.

[BC5] The variance is due to reduction of overtime to essential service workers.

[BC6] The variance in council remuneration was due to the projection on the determination of upper limits

[BC7] The variance is due to under budgeting of depreciation and amortisation

[BC8] The variance is informed by the write-off of interest by LNW and DWS

[BC9] The variance is due to increased rate of non-payment by consumers.

[BC10/11/12] The variance is due to reclassification among operating expenses.

[BC13] The variance is due to levies and SETA grants not budgeted

[BC14] -

[BC15] The variance on VAT receivable and VAT payable

[BC16] The variance is due to impairment loss which was not budgeted for.

[BC17]

[BC18] The variance is due to slow moving of inventory

[BC19] The variance is due to local municipalities not transferring to the District revenue collected

[BC20] The variance is due to WSIG and Mamefja Sekororo grants.

[BC21] The variance is due to correction of prior period error

[BC22]

[BC23] The variance is due to management of cash flow

[BC24] The variance is due to work in progress and additions to assets.

[BC25] The variance is due to additions to the intangible assets.

[BC26] Landfill site provision is no longer applicable

[BC27] The variance is due to operating lease not adequately budgeted for

[BC28] .

[BC29] The amount was not budgeted..

[BC30] The amount was not budgeted adequately.

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

[BC31]

Mopani District Municipality

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|------------------------|----------------------|------------------------|------------------------------------|--|-----------|
| | R | R | R | R | R | |
| Cash Flow Statement | | | | | | |
| Cash flows from operating activities | | | | | | |
| Receipts | | | | | | |
| Sale of goods and services | 10 759 000 | - | 10 759 000 | 169 504 830 | 158 745 830 | |
| Grants | 1 928 430 000 | (95 996 000) | 1 832 434 000 | 2 123 556 981 | 291 122 981 | |
| Interest income | 18 000 000 | - | 18 000 000 | 29 311 249 | 11 311 249 | |
| Other receipts | - | - | - | 5 504 942 | 5 504 942 | |
| VAT refunds | 145 613 000 | 86 995 000 | 232 608 000 | 287 023 687 | 54 415 687 | |
| | 2 102 802 000 | (9 001 000) | 2 093 801 000 | 2 614 901 689 | 521 100 689 | |
| Payments | | | | | | |
| Suppliers and employees | (1 286 003 000) | (206 937 000) | (1 492 940 000) | (1 869 922 962) | (376 982 962) | |
| Finance costs | (30 734 000) | 300 000 | (30 434 000) | (1 443 581) | 28 990 419 | |
| | (1 316 737 000) | (206 637 000) | (1 523 374 000) | (1 871 366 543) | (347 992 543) | |
| Net cash flows from operating activities | 786 065 000 | (215 638 000) | 570 427 000 | 743 535 146 | 173 108 146 | |
| Cash flows from investing activities | | | | | | |
| Purchase of property, plant and equipment | (510 808 000) | 21 593 000 | (489 215 000) | (763 090 250) | (273 875 250) | |
| Proceeds from sale of property, plant and equipment | - | - | - | 2 342 434 | 2 342 434 | |
| Net cash flows from investing activities | (510 808 000) | 21 593 000 | (489 215 000) | (760 747 816) | (271 532 816) | |
| Net increase/(decrease) in cash and cash equivalents | 275 257 000 | (194 045 000) | 81 212 000 | (17 212 670) | (98 424 670) | |
| Cash and cash equivalents at the beginning of the year | 18 477 000 | - | 18 477 000 | 180 738 863 | 162 261 863 | |
| Cash and cash equivalents at the end of the year | 293 734 000 | (194 045 000) | 99 689 000 | 163 526 193 | 63 837 193 | |

Mopani District Municipality

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Accounting Policies

| | Note(s) | 2025 R | 2024 R |
|--|---------|-----------|-----------|
|--|---------|-----------|-----------|

1. Significant account policies

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

1.1 Basis of preparations

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

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

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

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

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

1.5 Offsetting

Financial assets and liabilities are offset, and net amount reported on the statement of Financial Position only when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.6 Significant judgements and sources of estimation uncertainty

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

Receivables from exchange transactions

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

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

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net replacement cost. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus.

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Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of 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 assumptions 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 in use tangible assets are inherently uncertain and could materially change over time.

Useful lives of waste and water network and other assets

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

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

Effective interest rate

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

Allowance for doubtful debts

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

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are as follows:

The municipality assesses whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit. The municipality also considers whether it has the power to direct significant terms and conditions of the transaction in determining whether it is an agent or principal.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Additional information is disclosed in Note 55.

Mopani District Municipality

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Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.6 Significant judgements and sources of estimation uncertainty (continued)

Impairment of statutory receivables

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

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

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

Point that water meet the definition of inventory

Key judgements made and assumptions applied to establish where water, minerals, oils and gas and other non-regenerative resources meet the definition of inventory, are as follows:

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

Designation of assets as non-cash-generating, or cash-generating

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

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

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

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

Long services awards

The entitlement to long service award benefits is based on the employee remaining in service and the completion of a minimum service period of 10 years. Independent qualified actuaries carry out valuations of these obligations using the projected unit method. The assumptions used in determining the liability include the discount rate. Any changes in these assumptions will impact on the carrying amount of long service award. Additional information is disclosed in Note 15.

Subsequent events

Recognised amounts in the financial statements are adjusted to reflect events arising after the reporting date that provide evidence of conditions that existed at the reporting date. Events after the reporting date that are indicative of conditions that arose after the balance sheet date are disclosed by way of note to the financial statements.

Disclosure for each material category of non - adjusting events after the reporting date is done disclosing the nature of the event and the estimation of its financial effect of a statement that such an estimation cannot be made.

1.7 Property, plant and equipment

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

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Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

Initial measurement

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

Subsequent measurement

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

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

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

| Item | Depreciation method | Average useful life |
|------------------------------|---------------------|---------------------|
| Land | Straight-line | Indefinite |
| Buildings | Straight-line | 10 - 30 years |
| Plant and machinery | Straight-line | 4 - 10 years |
| Furniture and fixtures | Straight-line | 5 - 7 years |
| Motor vehicles | Straight-line | 7 - 15 years |
| IT equipment | Straight-line | 4 years |
| Specialised vehicles | Straight-line | 15 years |
| Water reservoir reticulation | Straight-line | 5 - 60 years |
| Sewerage purification | Straight-line | 5 - 60 years |

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Accounting Policies

1.7 Property, plant and equipment (continued)

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

Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease.

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

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

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

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

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

Derecognition

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 8).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

1.8 Intangible assets

An asset is identifiable if it either:

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

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

Initial recognition

An intangible asset is recognised when:

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

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

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

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1.8 Intangible assets (continued)

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Subsequent measurement

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

| Item | Depreciation method | Average useful life |
|-------------------|---------------------|---------------------|
| Computer software | Straight-line | 5 years |
| Licenses | Straight-line | 5 years |

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

Derecognition

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

1.9 Heritage assets

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

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

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

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

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1.9 Heritage assets (continued)

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

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

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

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 8).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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

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

1.10 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.

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1.10 Financial instruments (continued)

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

Financial instruments comprise of financial assets and liabilities in accordance with GRAP 104.

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

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

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

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

A financial asset is:

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

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

A residual interest is any contract that entitles the holder to an interest in the assets of a municipality after deducting all of its liabilities net assets.

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.

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

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

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

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

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

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

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

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1.10 Financial instruments (continued)

Classification

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

| Class | Category |
|--|--|
| Cash and cash equivalents | Financial asset measured at amortised cost |
| Receivables from exchange transactions | Financial asset measured at amortised cost |

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

| Class | Category |
|-------------------------------------|--|
| Payables from exchange transactions | Financial liability measured at amortised cost |
| Consumer deposits | Financial liability measured at amortised cost |

Initial recognition

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

The municipality recognises 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.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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

- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, 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.

Short term receivables and payables are not discounted were initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

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Accounting Policies

1.10 Financial instruments (continued)

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

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.

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1.10 Financial instruments (continued)

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

1.11 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

The municipality does not charge any interest on statutory receivables.

Other charges

The municipality does not levy any other charges statutory receivables.

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1.11 Statutory receivables (continued)

Impairment losses

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

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

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

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

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

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

Any previously recognised impairment loss is adjusted 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 receivables would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

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

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

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

1.12 Leases

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

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

Operating leases - lessee

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

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1.13 Inventories

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

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

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

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

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

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

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

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 weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

Water inventory

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

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

1.14 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets.

Designation

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

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

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

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

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

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

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

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

1.15 Net Assets

Net assets consist of residual interest of the municipality after deducting all of its liabilities.

1.16 Employee benefits

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

The Municipality provides short term benefits, long term benefits and long service awards for its employees and councillors.

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1.16 Employee benefits (continued)

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service..

Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end and is shown as an accrual in the Statement of Financial Position.

Bonus Provisions

The Municipality recognises the expected cost of bonuses as a provision only when the Municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made at reporting date.

Post-employment benefits

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

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

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

Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the entity accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the entity account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

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1.16 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

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

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

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

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

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1.16 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

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

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

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

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;

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Accounting Policies

1.16 Employee benefits (continued)

- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

The municipality provides post-employment medical care benefits to retired employees after completion of a minimum service period. The expected cost of these benefits is accrued over the life expectancy of the retired employees.

The Municipality has an obligation to provide Long-service Allowance Benefits to all its employees.

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Accounting Policies

1.16 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Long-service Allowance

The Municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance 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-term incentives are accounted for through the statement of financial performance.

1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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Accounting Policies

1.17 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 43.

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

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 unrecognised contractual commitments.

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

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

1.19 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.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see Note 56).

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1.19 Revenue from exchange transactions (continued)

Services charges

Service charges relating to water is based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

Interest income

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

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

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

1.20 Revenue from non-exchange transactions

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.

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.

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

Recognition

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

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

Measurement

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

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

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

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

Unconditional grants

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

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1.20 Revenue from non-exchange transactions (continued)

Conditional grants

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

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Re-imbursive Grant Receivable

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.

Grants are recognized as non-exchange receivables to the extent that the Municipality has incurred expenditure prior to receiving the grant payout.

Gifts and donations, including goods in-kind

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

Services in-kind

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

Transfers

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

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

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

1.21 Investment income

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

1.22 Borrowing costs

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

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1.22 Borrowing costs (continued)

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

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Accounting Policies

1.23 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.24 Comparative figures

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

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

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Accounting Policies

1.25 Unauthorised expenditure

Unauthorised expenditure means:

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

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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

1.26 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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

1.27 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).

Irregular expenditure disclosed in the annual financial statements will comprise irregular expenditure incurred in the current year, whilst irregular expenditure incurred in the previous financial year will be disclosed as a comparative amount in the annual financial statements.

1.28 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

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Accounting Policies

1.29 Budget information

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

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

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

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

1.30 Related parties

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

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

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

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

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

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

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

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

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

1.31 Events after reporting date

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

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

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

1.32 Additional disclosure in terms of Municipal Finance Management Act

The Municipal Finance Management Act requires the Municipality to disclose details of amounts invoiced, amounts paid and outstanding balances relating to Contributions to organised local government, Audit fees, payments to SARS in respect of employee taxes (PAYE, UIF and SDL), Pension and Medical Aid Deductions as well as VAT. The Municipality collects such information from its records and disclosed it in Note 52.

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Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.33 Taxes - Value added tax

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to the South African Revenue Service is included as part of receivables in the Statement of Financial Position. The Municipality is registered at SARS for VAT on the payment basis. VAT control debit and credit accounts (recognised on transaction(s) date before payments) are presented on a net basis and they do not form part of financial instruments. Once payments are received or paid, the VAT receivable or payable from/(to) SARS is presented on a net basis and is accounted as a statutory receivable under GRAP 108 or statutory payable in line with GRAP 19.

VAT input accrual is recorded on the transaction date as a receivable and is reported under current assets together with VAT receivable on the same note in the Statement of Financial Position.

VAT output accrual is recorded as a payable on transaction date and is reported under current liabilities (VAT payable) on the Statement of Financial Position.

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

| | 2025 R | 2024 R |
|--|-----------|-----------|
|--|-----------|-----------|

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2025 or later periods:

GRAP 2023 Improvements to the Standards of GRAP 2023

The Board undertakes periodic revisions of the Standards of GRAP in line with best practice internationally among standard setters. The Improvements to the Standards of GRAP include changes resulting from amendments to the International Public Sector Accounting Standards and the International Financial Reporting Standards, as well as general improvements identified through consultation with stakeholders. The Improvements to the Standards of GRAP (2023) was approved by the Board and issued in November 2023.

GRAP1 - Presentation of Financial Statements

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant".

General Improvements

- Provide clarity to the terms "publicly available" and "publicly accountable".
- Remove encouraged disclosures with limited information value.

GRAP2 - Cash Flow Statements

General Improvements

Amend disclosures to read as "useful additional information that may be disclosed" as opposed to "encouraged disclosures".

GRAP3 - Accounting Policies, Changes in Accounting Estimates and Errors

Narrow scope amendments to IAS 8 Feb 2021

Change in the definition of an accounting estimate because the previous definition was not sufficiently clear.

General Improvements

Clarify that the requirements only apply to Standards of GRAP that are not yet effective for which the Minister of Finance has already determined an effective date.

GRAP5 - Borrowing Costs

Amendments to the IPSAS on Borrowing Costs (IPSAS 5) – Non-authoritative Guidance 2021

Add the Illustrative Examples in IPSAS 5 to GRAP 5.

GRAP13 - Leases

General Improvements

Remove encouraged disclosures with limited information value.

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP17 - Property, Plant and Equipment

Improvements to IPSAS 2021

Amendments are made to prohibit proceeds from selling items produced before that asset is available, to be deducted from the cost of property, plant and equipment.

GRAP19 - Provisions, Contingent Liabilities and Contingent Assets

General Improvements

Remove encouraged disclosures with limited information value.

GRAP20 - Related Party Disclosures

General Improvements

Update the definition of "significant influence" to align with the Standard of GRAP on Investments in Associates and Joint Ventures (GRAP 36).

GRAP23 - Revenue from Non-exchange Transactions (Taxes and Transfers)

General Improvements

Remove encouraged disclosures with limited information value.

GRAP24 - Presentation of Budget Information in Financial Statements

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant".

General Improvements

- Provide clarity to the terms "publicly available" and "publicly accountable".
- Simplify the disclosures on the presentation of a reconciliation to improve the quality of reporting, by not prescribing the line items to reconcile to.
- Re-instate the Illustrative Examples that were deleted when GRAP 24 became effective.

GRAP27 - Agriculture

General Improvements

Remove encouraged disclosures and repackage it as "useful information" in another section of the Standard.

GRAP31 - Intangible Assets

General Improvements

- Clarify when the Standard of GRAP on Service Concession Arrangements: Grantor (GRAP 32) is applicable.
- Remove reference to fully depreciated assets.
- Remove encouraged disclosures with limited information value.

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP104 - Financial Instruments

Improvements to IPSAS 2021

- Interest Rate Benchmark Reform - Amendments to provide a practical expedient not to treat changes in contractual cash flows as a modification.
- Amendments to clarify the fees that an entity includes when it applies the "10 percent" test to derecognise a financial liability.

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant".

General Improvements

Remove encouraged disclosures with limited information value.

iGRAP20 - Accounting for Adjustments to Revenue

Narrow scope amendments to IAS 8 Feb 2021

Change in the definition of an accounting estimate because the previous definition was not sufficiently clear.

Directive 12 - The Selection of an Appropriate Reporting Framework by Public Entities

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant".

Guideline on The Application of Materiality to Financial Statements

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant".

General Improvements

Amendments resulting from the review of the Standard of GRAP on Cash Flow Statements (GRAP 2) and the Standard of GRAP on Presentation of Budget Information in Financial Statements (GRAP 24).

The effective date of these improvements have not yet been set.

The municipality expects to adopt the standard for the first time when the minister sets the effective date of the standards.

The impact of this standard is currently being assessed.

GRAP 1 (amended): Presentation of Financial Statements (Going Concern)

The Board undertook a project in 2021 to consider the guidance and disclosure requirements on going concern in the relevant Standards of GRAP. As an outcome of this project, the Board agreed to include additional guidance and disclosures on going concern in this Standard. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

Applicability of going concern in the public sector

An entity prepares its financial statements on a going concern basis unless there is an intention to liquidate the entity, to cease operating, or if there is no realistic alternative but to do so. A liquidation or cessation of an entity's operations will result in the termination of all its functions.

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

In South Africa, specific legislative requirements need to be followed before a decision is taken to liquidate a public sector entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities. The "intention" to liquidate an entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities needs to be established. This intention can be reflected in a number of ways and may encompass legislation passed in Parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, board, council or equivalent, a regulation or a notice, or other official means.

The liquidation or cessation of a public sector entity's operations is rare, and only in the case of dissolution without any continuation of the entity's operations will the going concern basis cease to apply. When all, or some of the functions of an entity are transferred to another entity, or when a decision is taken to merge one or more entities, the application of the going concern basis remains appropriate. This is because the entity's functions will continue to be provided in a modified form, even though they are executed by another entity.

The Board agreed to include explanatory guidance in this Standard on the application of the going concern assumption by public sector entities.

Where some of an entity's functions are transferred in a transfer of functions, and the remaining functions are discontinued, there are two separate transactions. The Board concluded that management should assess these transactions separately based on the functions transferred, those to be discontinued (if any), and those that may be retained and continued (if any), to determine if preparing the entity's financial statements on a going concern basis remains appropriate.

Disclosure on going concern

The Board's project highlighted a need for specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices, guidance and requirements in other countries and/or from other standard-setting bodies on these matters.

To address the diversity in the information disclosed on going concern, the Board agreed to expand the disclosure requirements in this Standard to ensure that consistent disclosures are provided.

The effective date of these revisions have not yet been set.

The municipality expects to adopt the standard for the first time in when the minister sets the effective date for the standard.

The municipality is unable to reliably estimate the impact of the standard on the annual financial statements.

GRAP 103 (as revised): Heritage Assets

Background

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as "the review") in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

Key amendments to GRAP 103

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have "cultural significance" and defines a heritage asset as "an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations". "Cultural significance" has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The effective date of these revisions have not yet been set.

The municipality expects to adopt the standard for the first time when the minister sets the effective date for these revisions.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is for years beginning or/after 01 April 2025.

The municipality expects to adopt the revisions for the first time on 01 April 2025.

The impact of this standard is currently being assessed.

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Notes to the Annual Financial Statements

| | 2025 R | 2024 R |
|--|--------------------|--------------------|
| 3. Inventories | | |
| Consumable stores | 23 978 665 | 31 956 115 |
| Water for distribution | 1 177 775 | 941 872 |
| | 25 156 440 | 32 897 987 |
| Inventories (write-downs) | (176 647) | (357 055) |
| | 24 979 793 | 32 540 932 |
| Inventories recognised as an expense during the year : | 409 229 907 | 376 953 698 |
| Inventory recognised is made up of the following : | | |
| Borehole spares | 22 130 813 | 19 833 755 |
| Potable water distributed | 387 169 094 | 355 827 149 |
| | 409 299 907 | 375 660 904 |
| Inventory pledged as security | | |
| No inventory was pledged as security in the period under review. | | |
| Water distribution | | |
| Distributed water is made up of the following : | | |
| Water inventory breakdown : | | |
| Opening water | 939 771 | 826 388 |
| Potable Water Purchases (Lepelle Northern Water) | 204 826 124 | 187 071 518 |
| Raw water purchases (Department of Water and Sanitation) | 51 826 563 | 44 590 516 |
| Cost of purifying raw water | 130 694 757 | 124 278 498 |
| Potable water distributed | (387 169 095) | (355 827 149) |
| | 1 118 120 | 939 771 |
| Closing water inventory is made up of the following | | |
| Potable water | 697 285 | 563 655 |
| Water inventory in progress | 417 636 | 373 502 |
| Raw water | 3 199 | 2 614 |
| | 1 118 120 | 939 771 |
| Inventories gains/(write-downs) | | |
| Inventories losses/write-downs | (176 647) | (357 055) |
| <p>[1] Stock count variances are due to losses or excess of spares in the records when compared to the physical spares at the satellite stores. Stock losses are due to lost spares while gains are a result of previously unidentified spares that are found in the satellite stores.</p> <p>[2] The adjustment for changes due to average costs is a result of spares being purchased at a different prices at different intervals which we use to measure spares issued as well as closing inventory. The effect of such changes are reflected as a variance.</p> <p>[3] The adjustment to the lower of cost and net replacement value is due the write down of closing stock as required by GRAP 12.</p> <p>[4] There was a burglary at the Nsami Store on 5 April 2025.</p> | | |
| Inventory (write downs) / gains | | |
| Stock count variances [1] | 43 701 | - |
| Adjustments to changes in average cost [2] | 708 681 | (357 055) |

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Notes to the Annual Financial Statements

| | 2025 R | 2024 R |
|---|----------------------|----------------------|
| 3. New standards and interpretations (continued) | | |
| Adjustment to lower of cost and net replacement value [3] | (1 138) | - |
| Stock theft [4] | (927 891) | - |
| | (176 647) | (357 055) |
| 4. Receivables from exchange transactions | | |
| Ba - Phalaborwa Municipality [4.1] | (1 557 983 511) | (603 430 396) |
| Consumer debtors - Water and sanitation [4.2] | 3 471 979 219 | 3 182 976 928 |
| Eskom - deposits | 11 518 424 | 10 641 583 |
| Payroll control | 2 302 656 | 1 574 519 |
| Prepaid expenditure [4.3] | 13 097 328 | 446 553 |
| Service providers [4.4] | 439 586 | (219 105) |
| Staff debtors [4.5] | 91 603 | 75 232 |
| VAT input accrued | 156 508 053 | 231 620 849 |
| | 2 097 953 358 | 2 823 686 163 |
| Non-current assets | 23 200 000 | 38 666 667 |
| Current assets | 2 074 753 358 | 2 785 019 496 |
| | 2 097 953 358 | 2 823 686 163 |
| Other non-financial asset receivables included in receivables from exchange transactions above are as follows: | | |
| Prepaid expenditure | 13 097 328 | 446 553 |
| Staff debtors | 91 603 | 75 232 |
| Payroll Control | 2 433 647 | 1 574 519 |
| | 15 622 578 | 2 096 304 |
| Financial asset receivables included in receivables from exchange transactions above | 2 082 330 780 | 2 821 589 859 |
| Total receivables from exchange transactions | 2 097 953 358 | 2 823 686 163 |

There are no statutory receivables in the receivables from exchange transactions disclosed above.

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Notes to the Annual Financial Statements

| | 2025 R | 2024 R |
|--|-----------|-----------|
|--|-----------|-----------|

4. Receivables from exchange transactions (continued)

4.1. Ba - Phalaborwa Municipality

The debt owed by Ba-Phalaborwa Local Municipality has been impaired at year end following the assessment performed by Council. This was based on recovery statistics from payments received. The table below details the gross amount as well as impairment:

| Description | | |
|-----------------------|-------------|-------------|
| Gross carrying amount | 414 013 025 | 343 896 684 |

The loan account is broken down into loan accounts and agency fees as tabulated below:

| Description | | |
|---------------------|--------------------|--------------------|
| Loan Balance | 414 013 025 | 343 896 684 |
| Agency Fees Payable | (93 677 193) | (82 334 346) |
| | 320 335 832 | 261 562 338 |

| 2025 | Ba-Phalaborwa | Total |
|---------------------|------------------|------------------|
| Loan Balance | 414 013 025 | 414 013 025 |
| Agency Fees Payable | (93 677 193) | (93 677 193) |
| Subtotal | 320 335 832 | 320 335 832 |
| Impairment | (318 240 936) | (318 240 936) |
| | 2 094 896 | 2 094 896 |

| 2024 | Ba-Phalaborwa | Total |
|---------------------|-------------------|-------------------|
| Loan Balance | 343 896 684 | 343 896 684 |
| Agency Fees Payable | (82 334 364) | (82 334 364) |
| Subtotal | 261 562 320 | 261 562 320 |
| Less Impairment | (234 195 220) | (234 195 220) |
| | 27 367 100 | 27 367 100 |

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Notes to the Annual Financial Statements

| | 2025 R | 2024 R |
|--|------------------------|------------------------|
| 4. Receivables from exchange transactions (continued) | | |
| 4.2. Consumer debtors - Water and sanitation | | |
| The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to their historical information about how they service their municipal accounts. | | |
| Gross balances | | |
| Sewerage | 955 144 305 | 585 178 856 |
| Water | 1 594 514 712 | 1 781 786 698 |
| | 2 549 659 017 | 2 366 965 554 |
| Less: Allowance for impairment | | |
| Sewerage | (926 283 628) | (581 688 485) |
| Water | (1 477 580 518) | (1 703 984 190) |
| | (2 403 864 146) | (2 285 672 675) |
| Net balance | | |
| Sewerage | 28 860 677 | 3 490 371 |
| Water | 116 934 194 | 77 802 508 |
| | 145 794 871 | 81 292 879 |
| Sewerage - Ageing | | |
| Current (0 -30 days) | 11 409 878 | 6 097 375 |
| 31 - 60 days | 10 810 422 | 4 898 304 |
| 61 - 90 days | 8 096 265 | 4 720 961 |
| 91 - 120 days | 9 396 936 | 4 619 425 |
| 121 - 365 days | 915 467 699 | 561 915 212 |
| | 955 181 200 | 582 251 277 |
| Water - Ageing | | |
| Current (0 -30 days) | 27 372 128 | 28 388 336 |
| 31 - 60 days | 19 259 883 | 17 909 341 |
| 61 - 90 days | 20 359 401 | 17 921 991 |
| 91 - 120 days | 15 455 296 | 16 684 237 |
| 121 - 365 days | 1 512 078 004 | 1 703 810 374 |
| | 1 594 524 712 | 1 784 714 279 |

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Notes to the Annual Financial Statements

| | 2025 R | 2024 R |
|--|----------------------|----------------------|
| 4. Receivables from exchange transactions (continued) | | |
| Summary of debtors by customer classification | | |
| Residential | | |
| Current (0 -30 days) | 25 984 360 | 23 804 255 |
| 31 - 60 days | 20 803 125 | 17 179 454 |
| 61 - 90 days | 18 013 447 | 17 139 526 |
| 91 - 120 days | 20 091 005 | 17 066 670 |
| 121 - 365 days | 1 991 872 032 | 1 771 159 348 |
| Subtotal | 2 076 763 969 | 2 147 474 285 |
| Less: Allowance for impairment | (1 961 764 522) | (1 835 922 777) |
| | 114 999 447 | 10 426 476 |
| Business | | |
| Current (0 -30 days) | 7 940 892 | 7 299 134 |
| 31 - 60 days | 5 232 347 | 3 263 228 |
| 61 - 90 days | 2 785 446 | 3 023 895 |
| 91 - 120 days | 2 282 743 | 2 371 848 |
| 121 - 365 days | 243 130 454 | 198 766 969 |
| Subtotal | 261 371 882 | 83 234 602 |
| Less: Allowance for impairment | (235 451 647) | (203 231 531) |
| | 25 920 235 | 11 493 543 |
| National and provincial government | | |
| Current (0 -30 days) | 4 855 858 | 3 382 321 |
| 31 - 60 days | 4 034 833 | 2 364 963 |
| 61 - 90 days | 7 656 772 | 2 479 531 |
| 91 - 120 days | 2 432 484 | 1 865 144 |
| 121 - 365 days | 192 543 217 | 295 799 269 |
| Subtotal | 211 523 164 | 75 879 180 |
| Less: Allowance for impairment | (149 294 126) | (246 518 367) |
| | 62 229 038 | 59 372 861 |
| Reconciliation of allowance for impairment | | |
| Balance at beginning of the year | 2 277 735 298 | 1 858 477 540 |
| Amounts written off as uncollectible | (691 191) | - |
| Contributions to allowance | 69 455 274 | 419 257 758 |
| | 2 346 499 381 | 2 277 735 298 |

Receivables breakdown by municipality

The table below shows the gross consumer debtors by category and municipality of origin as well as related impairment.

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Notes to the Annual Financial Statements

| | 2025 | | | | | | 2024 |
|---|-----------------|---------------|---------------|--------------|-------------|------------|-----------------|
| | R | | | | | | R |
| | | | | | | | |
| 4. Receivables from exchange transactions (continued) | | | | | | | |
| 2025 | Ba-Phalaborwa | Tzaneen | Giyani | Letaba | Maruleng | Vhembe | Total |
| Sewerage | 806 390 225 | 36 916 370 | 47 976 990 | 62 955 202 | 905 517 | - | 955 144 304 |
| Water | 1 011 428 331 | 188 003 200 | 260 120 596 | 72 495 249 | 5 113 487 | 57 353 850 | 1 594 514 713 |
| Subtotal | 1 817 818 556 | 224 919 570 | 308 097 586 | 135 450 451 | 6 019 004 | 57 353 850 | 2 549 659 017 |
| Less: Allowance for impairment sewerage | (798 595 228) | (16 478 618) | (47 955 253) | (62 641 305) | (613 224) | - | (926 283 628) |
| Less: Allowance for impairment - Water | (1 000 183 660) | (84 068 677) | (259 890 256) | (71 727 692) | (4 356 383) | - | (1 420 226 668) |
| | 19 039 668 | 124 372 275 | 252 077 | 1 081 454 | 1 049 397 | 57 353 850 | 203 148 721 |
| | | | | | | | |
| 2024 | Ba-Phalaborwa | Tzaneen | Giyani | Letaba | Maruleng | Vhembe | Total |
| Sewerage | 264 327 859 | 40 376 937 | 222 482 016 | 57 273 574 | 718 470 | - | 585 178 856 |
| Water | 1 416 985 161 | 178 130 912 | 56 767 376 | 68 073 013 | 5 560 829 | 56 269 407 | 1 781 786 698 |
| Subtotal | 1 681 313 020 | 218 507 849 | 279 249 392 | 125 346 587 | 6 279 299 | 56 269 407 | 2 366 965 554 |
| Less: Allowance for impairment Sewerage | (262 479 219) | (39 042 741) | (222 254 908) | (57 047 860) | (863 758) | - | (581 688 486) |
| Less: Allowance for impairment - Water | (1 405 286 019) | (170 054 171) | (56 706 319) | (67 478 500) | (4 459 181) | - | (1 703 984 190) |
| | 13 547 782 | 9 410 937 | 288 165 | 820 227 | 956 360 | 56 269 407 | 81 292 878 |

Consumer debtors pledged as security

There were no consumer receivables that were pledged as security against any of the municipal liabilities at year end.

4.3. Prepaid expenditure

Prepaid expenditure relates to expenses that have been paid in the current year that relate to the following accounting period. In the current year, the prepayments were made up of the following:

| | | |
|--------------------|-------------------|----------------|
| Category | | |
| Fuel prepayments | 2 219 032 | 446 553 |
| Insurance premiums | 2 506 534 | - |
| SALGA premiums | 5 740 507 | - |
| Eskom prepayments | 2 613 255 | - |
| | 13 079 328 | 446 553 |

4.4. Service providers

Service provider debtors are stated at net carrying amount after deducting the allowance for impairment as detailed in the table below:

| | | |
|---------------------------|------------------|----------------|
| Description | | |
| Gross carrying amount | 11 996 188 | 8 706 242 |
| Less impairment allowance | (8 451 563) | (8 451 563) |
| | 3 544 625 | 254 679 |

4.5. Staff debtors

Staff debtors are stated at net carrying amount after deducting the allowance for impairment as detailed in the table below:

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|--|----------------|----------------|
| 4. Receivables from exchange transactions (continued) | | |
| Description | | |
| Gross carrying amount | 4 107 220 | 4 151 913 |
| Less impairment allowance | (3 792 208) | (3 792 208) |
| | 315 012 | 359 705 |

Trade and other receivables pledged as security

There were no receivables from exchange transactions that were pledged as security against any of the municipal liabilities at year end.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to their historical information about how they service their municipal accounts.

5. Receivables from non-exchange transactions

| | | |
|--|--------------------|--------------------|
| National Treasury [1] | 26 242 727 | - |
| Department of Water and Sanitation [2] | 148 222 755 | 126 862 075 |
| | 174 465 482 | 126 862 075 |

Statutory receivables included in receivables from non-exchange transactions above are as follows:

| | | |
|------------------------------------|--------------------|--------------------|
| Department of Water and Sanitation | 148 222 755 | 126 862 075 |
| National Treasury | 26 242 727 | - |
| | 174 465 482 | 126 862 075 |

| | | |
|---|--------------------|--------------------|
| Total receivables from non-exchange transactions | 174 465 482 | 126 862 075 |
|---|--------------------|--------------------|

Statutory receivables general information

Transaction(s) arising from statute

[1] The amount receivable from National Treasury represents over deductions by them on amounts withheld against the Municipality's equitable share amounting to R26 242 727. Treasury withheld this portion in the 2023/2024 financial year and again in the 2024/25 financial year resulting in double deduction. In the previous year, National treasury informed the Municipality of this deduction and was duly implemented. However, the Municipality further requested a debt settlement for unspent conditional grants against its Equitable shares in 2024/25 financial year amounting to R101 million (including the R26 million) in the current financial year again. National Treasury made the requisite deductions in the current financial year as reflected in the Equitable Share amount received, which resulted in an overpayment or double payment of the aforesaid unspent amount.

[2] Funding receivable from Department of Water and Sanitation represents grants receivable from Department of Water and Sanitation to the municipality upon completion of work done. In terms of the grant arrangements, the municipality first appoints contractors and performs the work on the projects and then uses the value of work performed to claim from the Department of Water and Sanitation. The receivable at the end of year represents invoices claimed from the Department of Water and Sanitation but not yet received at year end.

Interest or other charges levied/charged

The Municipality does not charge any interest on outstanding statutory receivables.

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

No impairment was considered necessary as all DWS receivables were subsequently received after year end. None of these receivables have been pledged as security for the Municipality's financial liabilities.

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| | 2025 R | 2024 R |
|--|--------------------|--------------------|
| 5. Receivables from non-exchange transactions (continued) | | |
| Receivables from non-exchange transactions pledged as security | | |
| There are no receivables from non-exchange transactions that were pledged as security. | | |
| Grants Receivable are made up of the following | | |
| DWS - WSIG Schedule 6B Grants | 132 188 036 | 113 588 132 |
| DWS - RBIG Mametja Sekororo | 16 034 718 | 13 273 943 |
| | 148 222 754 | 126 862 075 |

These relate to project claim invoices outstanding from the Department of Water and Sanitation for which work has already been performed.

6. VAT receivable

| | | |
|-----|------------|------------|
| VAT | 25 845 515 | 20 859 699 |
|-----|------------|------------|

The VAT receivable is made up of the following:

| | | |
|-----------------------|-------------------|-------------------|
| VAT Input accrued [1] | (5) | 3 |
| VAT due from SARS [2] | 25 845 520 | 20 859 696 |
| | 25 845 515 | 20 859 699 |

VAT Input accrued [1]

This relates to the portion of input (invoices) that the Municipality has not yet paid over to suppliers (Accrual). Therefore, the Municipality is not yet entitled to claim from SARS until it pays them. In terms of the ASB's Fact sheet 11 - Classification of VAT it is not appropriate to net off this portion with that of sales output accrual reported under VAT payables in note 13.

VAT due from SARS [2]

This represents the VAT returns submitted to SARS and assessed but the refunds were only received by the Municipality after year end. This is a statutory receivable based on the ASB's ASB's Fact sheet 11 - Classification of VAT which clarified the matter. The balance is analysed as tabulated below:

| | | |
|---|-------------------|-------------------|
| Opening balance | 20 859 696 | 69 458 683 |
| Input VAT for the year | 314 826 676 | 141 575 440 |
| Output VAT for the year | (22 059 502) | (20 778 565) |
| Refunds received | (287 023 687) | (169 395 862) |
| Interest and penalties charged | (757 663) | - |
| Closing balance (Statutory receivable) | 25 845 520 | 20 859 696 |

7. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---------------------|--------------------|--------------------|
| Bank balances | 44 795 383 | 18 190 815 |
| Short-term deposits | 118 730 810 | 162 548 048 |
| | 163 526 193 | 180 738 863 |

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

Credit quality of cash at bank and short term deposits, excluding cash on hand has been disclosed on Note 46.

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| | 2025 R | 2024 R |
|--|-----------|-----------|
|--|-----------|-----------|

7. Cash and cash equivalents (continued)

Cash and cash equivalents pledged as collateral

No item of cash and cash equivalents has been pledged as security.

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | | Cash book balances | | |
|--|-------------------------|--------------------|-------------------|--------------------|--------------------|-------------------|
| | 30 June 2025 | 30 June 2024 | 30 June 2023 | 30 June 2025 | 30 June 2024 | 30 June 2023 |
| FNB - Public Sector Cheque - 62854372093 [1] | 44 795 383 | 18 190 816 | 3 200 900 | 44 795 383 | 18 190 816 | 3 496 614 |
| FNB - Money On Call - 62858452205 | 109 767 404 | 73 143 773 | 6 777 170 | 109 767 404 | 73 143 773 | 6 777 170 |
| FNB - Money On Call - 62858453568 | 8 963 406 | 89 404 274 | 8 533 192 | 8 963 406 | 89 404 274 | 8 533 192 |
| Total | 163 526 193 | 180 738 863 | 18 511 262 | 163 526 193 | 180 738 863 | 18 806 976 |

[1] The difference between the cash book balance and bank statement was due to valid reconciling items which all cleared after year end.

8. Property, plant and equipment

| | 2025 | | | 2024 | | |
|-------------------------------------|-----------------------|---|-----------------------|-----------------------|---|----------------------|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Buildings | 194 217 079 | (131 332 266) | 62 884 813 | 194 217 079 | (98 559 675) | 95 657 404 |
| Infrastructure | 10 124 733 115 | (2 901 112 682) | 7 223 620 433 | 9 291 424 541 | (2 636 911 435) | 6 654 513 106 |
| Land | 11 980 776 | - | 11 980 776 | 11 980 776 | - | 11 980 776 |
| Other property, plant and equipment | 204 540 382 | (127 673 452) | 76 866 930 | 187 477 694 | (116 539 766) | 70 937 928 |
| Work in progress | 2 735 218 839 | - | 2 735 218 839 | 2 877 413 445 | - | 2 877 413 445 |
| Total | 13 270 690 191 | (3 160 118 400) | 10 110 571 791 | 12 562 513 535 | (2 852 010 876) | 9 710 502 659 |

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Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

| | Opening balance | Additions | Disposals | Transfers | Revaluations | Depreciation | Impairment loss | Total |
|-------------------------------------|----------------------|--------------------|--------------------|---------------|--------------|----------------------|---------------------|-----------------------|
| Buildings | 95 657 404 | - | - | - | - | (7 515 687) | (25 256 904) | 62 884 813 |
| Infrastructure | 6 654 513 106 | 21 804 741 | - | 811 503 832 | - | (227 460 243) | (36 741 003) | 7 223 620 433 |
| Land | 11 980 776 | - | - | - | - | - | - | 11 980 776 |
| Other property, plant and equipment | 70 937 928 | 27 156 043 | (1 290 034) | - | - | (18 273 195) | (1 663 812) | 76 866 930 |
| Work in progress | 2 877 413 445 | 669 659 226 | - | (811 503 832) | - | - | (350 000) | 2 735 218 839 |
| | 9 710 502 659 | 718 620 010 | (1 290 034) | - | - | (253 249 125) | (64 011 719) | 10 110 571 791 |

Reconciliation of property, plant and equipment - 2024

| | Opening balance | Additions | Disposals | Transfers | Depreciation | Impairment loss | Total |
|-------------------------------------|----------------------|--------------------|--------------------|---------------|----------------------|---------------------|----------------------|
| Buildings | 102 544 106 | 638 600 | - | - | (7 525 302) | - | 95 657 404 |
| Infrastructure | 6 711 278 678 | 32 588 204 | (34 958) | 166 773 564 | (237 793 129) | (18 299 253) | 6 654 513 106 |
| Land | 11 980 776 | - | - | - | - | - | 11 980 776 |
| Other property, plant and equipment | 85 783 561 | 5 633 255 | (1 056 476) | - | (17 930 507) | (1 491 905) | 70 937 928 |
| Work in progress | 2 098 779 340 | 947 222 514 | - | (166 773 564) | - | (1 814 845) | 2 877 413 445 |
| | 9 010 366 461 | 986 082 573 | (1 091 434) | - | (263 248 938) | (21 606 003) | 9 710 502 659 |

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Annual Financial Statements for the year ended 30 June 2025

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| | 2025 R | 2024 R |
|--|----------------------|----------------------|
| 8. Property, plant and equipment (continued) | | |
| Pledged as security | | |
| There were no assets held as security for any of the municipal liabilities. | | |
| Compensation received for losses on property, plant and equipment – included in operating profit. | | |
| Insurance claims | 1 093 700 | 50 674 |
| Other information | | |
| Property, plant and equipment in the process of being constructed or developed | | |
| Cumulative expenditure recognised in the carrying value of property, plant and equipment | | |
| Sanitation network | 318 512 | 318 512 |
| Water network | 79 947 148 | 82 887 501 |
| Buildings | 2 651 575 203 | 2 790 829 453 |
| | 2 731 840 863 | 2 874 035 466 |

Change in estimates - Assessment of Remaining Useful Life

In terms of the requirements of GRAP 17 the useful lives of all asset items were reviewed by management at year end. The remaining useful live expectations of some asset items differed from previous estimates. This resulted in a revision of some of the previous estimates which was accounted for as a change in accounting estimate. The effect of this revision is an decrease in the depreciation charges for the current period of 2025:R29 658 627

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| | 2025 R | 2024 R |
|--|-------------|-------------|
| 8. Property, plant and equipment (continued) | | |
| Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected | | |
| Refurbishment of Nkowankowa sewer plant | 5 519 000 | 5 519 000 |
| Appointed contractors withdrew from the project. A 3-year capital plan including outer years for sourcing funds was developed to ensure completion of the project. The planned expenditure (MIG) of R 123 000 000.00 for the period 2026-2029. | | |
| Refurbishment of Foskor sewer pump | 2 091 552 | 2 091 552 |
| The project was delayed due to testing of pumps. | | |
| Sekgosese Ground water development scheme [1] | 234 841 499 | 93 768 037 |
| The overall project is a multi-year project, construction work has recommenced. | | |
| Construction of water reticulation in GA-Wally village | 4 650 971 | 4 650 971 |
| The project was delayed due to other phase being under construction. | | |
| Refurbishment DWAF | 10 269 856 | 10 269 856 |
| The project was delayed as result of Eskom connection and bulk line water supply. | | |
| Borehole development | - | 18 884 841 |
| The project is complete and functional.. | | |
| Upgrading of water reticulation Maruleng | 45 635 103 | 45 635 103 |
| The project was delayed my project managemnt- awaiting another phase (Bulk line) to be functional. | | |
| Selwane Water Phase 2 D | 9 895 782 | 9 895 782 |
| The project is awaiting another phase ,selwane phase 2c. | | |
| Tours Bulk Water Scheme | 277 485 210 | 177 070 525 |
| The project was delayed due to pressure challenges on the bulk. | | |
| Upgrading of Senwamokgope Sewage Plant | - | 21 987 362 |
| The project is complete and functional in the current year. | | |
| Upgrading of Phalaborwa Sewage Plant | - | 20 034 401 |
| The project is complete and functional in the current year. | | |
| Upgrading of Nkowankowa Sewage Plant | 16 350 998 | 16 350 998 |
| A 3-year capital plan including outer years for sourcing funds was developed to ensure completion of the project. The planned expenditure (MIG) of R 123 000 000.00 for the period 2026-2029. | | |
| Kampersrus Sewage Plant | 56 786 033 | 56 786 033 |
| The project was delayed as result of Eskom connection. | | |

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| | 2025 R | 2024 R |
|--|------------|------------|
| 8. Property, plant and equipment (continued) | | |
| Namakgale Sewerage Project | - | 3 518 468 |
| The project is complete and functional in the current year. | | |
| Upgrade of Water Reticulation GTM | 15 740 464 | 15 740 464 |
| The project was delayed due to the contractor abandoning site. | | |
| Kampersrus Water Supply | 32 780 364 | 32 780 364 |
| The project was delayed due to other phase being under construction. | | |
| Tours - Refurbishment | - | 15 526 533 |
| The project is complete and functional in the current year. | | |
| Hoedspruit Bulk Water Supply | 59 556 733 | 59 556 733 |
| The project was delayed due to land disputes (SANDF).. | | |
| Extension of scope for Sekgosese and Worcester Schemes - Senakwe | 1 843 586 | 1 843 586 |
| The project was delayed as result of Eskom connection. | | |
| Extension of scope for Sekgosese and Worcester Schemes - Kuranta | - | 1 972 479 |
| The project is complete and functional in the current year. | | |
| Upgrading of Maapane Water Reticulation Network | 1 | 1 |
| A 3-year capital plan including outer years for sourcing funds was developed to ensure completion of the project. The planned expenditure (MIG) is R 10 000 000.00 for the period 2027-2028. | | |
| Upgrading of the internal water reticulation and extensions-Kuranta | - | 824 904 |
| The project is complete and functional in the current year. | | |
| Makosha Village: Construction of A 1.7 km, 110 mm PVC Bulk pipeline and 300kl elevated Steel Tank | 55 102 | 55 102 |
| The project was delayed due to pressure testing | | |
| Refurbishment of Control panels for clear water at Giyani water Works | 1 306 060 | 1 306 060 |
| The project is complete and functional in the current year. | | |
| Assesment and refurbishing of water infrustructure in the willows and sedawa village | - | 4 611 115 |
| The project is complete and functional in the current year. | | |
| Drought Relief (WSIG) Boreholes | - | 41 521 948 |
| The project is complete and functional in the current year. | | |
| Assesment and refurbishing of water infrustructure of electro mechanical components Khanyisa village | 3 436 050 | 3 436 050 |
| The project was delayed due to other phase being under construction. | | |

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| | 2025 R | 2024 R |
|--|--------------------|--------------------|
| 8. Property, plant and equipment (continued) | | |
| Lephephane water reticulation | 31 931 818 | 31 931 818 |
| The project is delayed due to other phase being under construction (Phase 2B). | | |
| Lulekani water scheme (Namakgale) | 3 822 181 | 3 822 181 |
| The project was delayed as result of Eskom connection. | | |
| Upgrade and refurbishment of middle letaba water treatment works | 10 588 499 | 10 588 499 |
| The outstanding works is pressure testing the pipeline. | | |
| Molalane Water works | 7 687 660 | 7 687 660 |
| The project was delayed due to other phase being under construction. | | |
| Repair and Installation of Pumps and Motor (Nkambako Water Works) | 3 120 350 | 3 120 350 |
| The project was delayed due to other phase being under construction. | | |
| Construction of water Reticulation Ngove | - | 13 912 |
| The project is complete and functional in the current year. | | |
| Nkambako Water Treatment works | - | 10 559 294 |
| The project has been completed | | |
| Sekgopo Water Supply COVID 19 | 3 475 881 | 4 838 510 |
| The project was delayed due to other phase being under construction. | | |
| Refurbishment of Kgapane Waste WaterTreatment | - | 4 446 132 |
| The project is complete and functional in the current year. | | |
| Tours Water Reticulation COVID 19 | 26 968 066 | 32 561 462 |
| The project was delayed due to other phase being under construction. | | |
| Tours Bulk Water Scheme (Upgrading of Tours Water Treatment) | - | 36 422 512 |
| The project is complete and functional in the current year. | | |
| Dzumeri upgrading of internal Reticulation | - | 26 155 |
| The project is complete and functional in the current year. | | |
| Makhuvha_upgrading of internal water reticulation newtwork | - | 335 970 |
| The project is complete and functional in the current year | | |
| Maruleng LM Ground Water Augmentation | 2 605 072 | 2 605 072 |
| The project was delayed due to other phase being under construction. | | |
| | 868 443 891 | 814 597 795 |

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| | 2025 R | 2024 R |
|--|-----------|-----------|
| 8. Property, plant and equipment (continued) | | |
| Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s) | | |
| Buildings (Mopani Office buildings) | 1 | 1 |
| The municipality abandoned construction of new office building at the Tzaneen Disaster Centre due to termination of service provider (Kgafela Cosntruction) which subsequently led to Litigation. The project was impaired to the carrying value of R1 in the 2017/2018 financial period. | | |
| Modjadji Royal Pavilion and extension of fencing | 1 | 1 |
| The municipality abandoned project due to land dispute between the royal household and the municipality. The royal household gave the municipality another site to execute the project other than the initially provided at the beginning of the project. The project was also impaired to the carrying value of R1 in the 2017/18 financial period. | | |
| Namakgale Sewer Project | 1 | 1 |
| The municipality abandoned project due to the fact that the municipality terminated contract with consultant responsible for running the project. The project was also impaired to the carrying value of R1 in the 2017/18 financial period. | | |
| Refurbishment - Giyani water works (Impaired to R1) | 1 | 1 |
| The municipality abandoned the project because of the building structure that was cracking from the foundation. The refurbishments were impaired to R1 in the 2020-2021 financial period, | | |
| | 4 | 4 |

The four projects impaired had a total cost of R72 405 458 when they were impaired.

Reconciliation of Work-in-Progress 2025

| | Buildings | Sanitation | Water | Total |
|-----------------|----------------|-------------------|----------------------|----------------------|
| Opening balance | 318 512 | 82 887 501 | 2 790 829 453 | 2 874 035 466 |
| Additions | - | 941 950 | 668 717 279 | 669 659 229 |
| Transfers | - | (3 782 303) | (807 721 529) | (811 503 832) |
| Impairment | - | (100 000) | (250 000) | (350 000) |
| | 318 512 | 79 947 148 | 2 651 575 203 | 2 731 840 863 |

Reconciliation of Work-in-Progress 2024

| | Buildings | Sanitation | Water | Total |
|-----------------|----------------|-------------------|----------------------|----------------------|
| Opening balance | 318 512 | 83 394 901 | 2 011 687 816 | 2 095 401 229 |
| Additions | - | - | 947 222 514 | 947 222 514 |
| Transfers | - | - | (166 773 564) | (166 773 564) |
| Impairment | - | (507 400) | (1 307 313) | (1 814 713) |
| | 318 512 | 82 887 501 | 2 790 829 453 | 2 874 035 466 |

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|---|--------------------|-------------------|
| 8. Property, plant and equipment (continued) | | |
| Expenditure incurred to repair and maintain property, plant and equipment | | |
| Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance | | |
| Maintenance of buildings and facilities | 2 006 123 | 2 796 195 |
| Maintenance of infrastructure | 95 055 381 | 78 592 064 |
| Motor vehicle and other general municipal services | 26 635 299 | 11 171 550 |
| | 123 696 803 | 92 559 809 |

Fixed assets register

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.

9. Intangible assets

| | 2025 | | | 2024 | | |
|-------------------|------------------|---|----------------|------------------|---|----------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software | 5 456 672 | (3 592 099) | 1 864 573 | 5 456 672 | (3 140 264) | 2 316 408 |

Reconciliation of intangible assets - 2025

| | Opening balance | Amortisation | Total |
|-------------------|-----------------|--------------|-----------|
| Computer software | 2 316 408 | (451 835) | 1 864 573 |

Reconciliation of intangible assets - 2024

| | Opening balance | Additions | Amortisation | Total |
|-------------------|-----------------|-----------|--------------|-----------|
| Computer software | 2 804 853 | - | (488 445) | 2 316 408 |

Pledged as security

None of the intangible assets has been pledged as security for any liability of the municipality.

10. Heritage assets

| | 2025 | | | 2024 | | |
|---------------|------------------|-------------------------------|----------------|------------------|-------------------------------|----------------|
| | Cost / Valuation | Accumulated impairment losses | Carrying value | Cost / Valuation | Accumulated impairment losses | Carrying value |
| Mayoral chain | 432 000 | - | 432 000 | 432 000 | - | 432 000 |

Reconciliation of heritage assets 2025

| | Opening balance | Total |
|---------------|-----------------|---------|
| Mayoral chain | 432 000 | 432 000 |

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|--|----------------------------|----------------------|
| 10. Heritage assets (continued) | | |
| Reconciliation of heritage assets 2024 | | |
| Mayoral chain | Opening balance 432 000 | Total 432 000 |
| Pledged as security | | |
| None of the heritage assets has been pledged as security for any liability of the Municipality. | | |
| 11. Operating lease asset | | |
| Non-current assets | 3 431 222 | 7 070 743 |
| Current assets | 3 639 521 | 3 639 521 |
| Non-current liabilities | (598 748) | (345 340) |
| | 6 471 995 | 10 364 924 |
| <p>[1] The Municipality is leasing a pipeline from Blyde River Water Utility company for a period of 20 years effective from 01 April 2008 to 31 March 2028. Under the arrangement, the municipality is entitled to abstract 152 803 cubic meters of water per month from the Blyderivierspoort dam without any further payments. The lease payments were agreed at R15 950 144 including VAT and this was paid upfront at the commencement of lease. The municipality is liable for contingent rent should it abstract more than the 152 803 cubic meters in a month. This is to be charged at R0.83 per cubic meter.</p> <p>[2] The Municipality is leasing a landline telephone system from MAB Technologies for a period of 37 months effective from 01 March 2024 to 31 March 2027. The Municipality paid for the rentals in full at the inception of the contract. Under the arrangement, the municipality is entitled to use the telephone system without any further payments and MAB Technologies is required to maintain it. The municipality will not take ownership of assets at the end of the contract.</p> <p>[3] The current liability is in regards to the office lease agreement in place between Mopani District Municipality (lessee) and the Department of Public Works (Lessor) at the Giyani Government Complex in Giyani. The lease has a 5 year term with an annual escalation of 7%. The lease has been recognised on a straight-line basis over the lease term.</p> | | |
| 12. Payables from exchange transactions | | |
| Bonus accrual [12.1] | 10 508 703 | 9 984 218 |
| Debtors with credit balances [12.2] | 1 396 933 | 1 384 617 |
| Greater Giyani Municipality [12.7] | 47 795 107 | 46 775 957 |
| Greater Letaba Municipality [12.7] | 187 616 000 | 179 077 268 |
| Greater Tzaneen Municipality [12.7] | 389 499 154 | 381 726 536 |
| Leave accrual [12.3] | 46 343 450 | 43 008 553 |
| Maruleng Municipality [12.7] | 49 229 532 | 44 129 712 |
| Retentions | 269 951 867 | 230 135 364 |
| Trade creditors at local municipalities | (29 232) | 2 404 514 |
| Trade payables [12.4 & 12.5] | 955 585 810 | 1 067 448 987 |
| VAT output accrued | 279 379 439 | 270 422 247 |
| | 2 237 276 763 | 2 276 497 973 |
| Current liabilities | 1 672 893 644 | 1 659 920 018 |
| Non-current liabilities | 564 383 119 | 616 577 955 |
| | 2 237 276 763 | 2 276 497 973 |

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12. Payables from exchange transactions (continued)

12.1. Bonus accrual

Municipality employees have structured their salary packages to include 13th cheque as bonus on the anniversary of their employment date except for employees who were transferred from Health Department and Water Department as their bonus is linked to the date, they joined the municipality. This arrangement is not applicable to Section 57 employees. In addition to the Bonus Maruleng Local Municipality has however cascaded the performance management system to its employees wherein the staff responsible for water and sanitation has been affected by the arrangement and receive the performance bonus relating to a performance. In addition to Bonus accrual the MDM has included the performance bonus awarded by Maruleng Local Municipality.

12.2. Debtors with credit balances

This relates to overpaid accounts by consumers.

12.3. Leave accrual

The municipality grants its employees 21 working days leave per year, except for section 57 employees who are entitled to 24 working days per calendar period. This leave is cumulative up to a limit of 48 working days.

There is no discounting applied to the calculation of the annual leave provisions. The leave provision is based on the estimated salaries and is capped at 48 days.

12.4. All other payables from exchange transactions

These relate to operational creditors of the municipality.

12.5. Trade payables

These represent outstanding municipal liabilities for its main operations are are tabulated below:

| | | |
|--|--------------------|----------------------|
| Department of Water and Sanitation [1] | 385 646 858 | 387 543 040 |
| Lepelle Northern Water [2] | 317 856 784 | 335 792 029 |
| SITA | - | 423 796 |
| Trade creditors [3] | 252 082 168 | 343 690 122 |
| | 955 585 810 | 1 067 448 987 |

[1] The municipality signed a settlement agreement with the Department of Water and Sanitation a monthly payment of R2.5 million until the debt is fully paid up.

[2] The municipality entered into a settlement with Lepelle Northern Water wherein the municipality committed to pay R30 000 000 in the 2024 financial year, R72 000 000 in the 2025 financial year, R84 000 000 in the 2026 financial year and R97 000 000 in the 2027 financial year. Lepelle Northern Water agreed to write off historic collection penalty and historic interest totalling to R160 942 118. The write off is dependent on the actual amount of repayments made by the Municipality for the settlement of the historical debt. In the current year, the amount written off amounted to R40 946 404 (2024: R9 952 251). The total interest that has been written off to date is R50 898 655.

[3] These relate to operational creditors including accruals of the municipality.

12.6. Financial liabilities in payables from exchange transactions

The table below shows the reconciliation of payables from exchange transactions to financial liabilities disclosed in note 41.

| | | |
|---|----------------------|----------------------|
| | 2 237 276 763 | 2 276 497 973 |
| Less: Bonus accrual - employee benefits | (10 508 703) | (9 984 218) |
| Less: Leave accrual - employee benefits | (46 343 450) | (43 008 553) |
| | 2 180 424 610 | 2 223 505 202 |

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|--|-----------|-----------|

12. Payables from exchange transactions (continued)

12.7 Local municipalities loan accounts

The loan accounts of the local municipalities are broken down into loan accounts and agency fees as tabulated below:

| 2025 | Tzaneen | Giyani | Letaba | Maruleng | Total |
|---------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
| Loan Balance | 373 905 846 | 36 195 429 | 183 463 197 | 45 306 966 | 638 871 438 |
| Agency Fees Payable | 15 593 308 | 7 800 956 | 3 500 535 | 2 304 685 | 29 199 484 |
| | 389 499 154 | 43 996 385 | 186 963 732 | 47 611 651 | 668 070 922 |

| 2024 | Tzaneen | Giyani | Letaba | Maruleng | Total |
|---------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
| Loan Balance | 368 856 965 | 37 038 072 | 175 872 101 | 37 299 636 | 619 066 774 |
| Agency Fees Payable | 12 869 571 | 7 216 470 | 3 205 167 | 1 920 357 | 25 211 565 |
| | 381 726 536 | 44 254 542 | 179 077 268 | 39 219 993 | 644 278 339 |

13. VAT payable

[1] VAT output accrued relates to the value of water and sanitation related invoices raised by the Municipality but not yet settled by the consumers. This obligation is only payable to SARS on receipt of outstanding money from the consumers. Since the payment is not yet due to SARS, it is reflected as an "accrual" until received from consumers. In terms of the ASB's Fact sheet 11 - Classification of VAT it is not appropriate to net off this portion with that of VAT input accrual reported under VAT receivables in note 6.

14. Consumer deposits

| | | |
|-------|-----------|-----------|
| Water | 4 124 815 | 4 061 725 |
|-------|-----------|-----------|

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15. Employee benefit obligations

Defined benefit plan

Defined benefit plan for the municipality consists of post-employment medical aid plan and long service award. In accordance with prevailing legislation, the defined benefits funds are actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used. The latest valuation was performed as at 30 June 2025 by ARCH Actuarial Consulting.

The municipality has no legal obligations to settle this liability with any immediate contributions or additional once off contributions.

The municipality intends to contribute to each defined benefit post-retirement medical scheme in accordance with the latest recommendations of the actuary to each scheme.

[A] Post-employment medical benefit plan (PEMA)

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependents may continue membership of the medical scheme.

Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependents. Some options also differentiate on the basis of income.

Eligible employees will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement. All continuation members and their eligible dependents receive a 60% subsidy. Upon a member's death-in-service or death-in-retirement the surviving dependents will not continue to receive a subsidy.

This obligation is not cash backed at the end of the year. Further, the municipality does not have separate investments or assets to fund this (the obligation is wholly unfunded).

[B] Long service award (LSA)

The municipality provides long-service award to its permanent employees.

The Municipality offers employees LSA for every five years of service completed, from five years of service to 45 years of service, inclusive.

In accordance with the prevailing legislation, the defined benefits funds are actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used. The latest valuation was performed as at 30 June 2025.

The benefits awarded for long term are calculated as follows:

| Completed service (In years) | Long services Bonuses (% of annual Earnings) |
|------------------------------|--|
| 5 years | (2%) 5/250 x annual earnings |
| 10 years | (6%) 15/250 x annual earnings |
| 15 years | (10%) 25/250 x annual earnings |
| 20, 25, 30, 35, 40, 45 years | (14%) 35/250 x annual earnings |

The municipality has no legal obligation to settle this liability with any immediate contributions or additional once-off contribution.

This obligation is not cash backed at the end of the year. Further, the municipality does not have separate investments or assets to fund this (the obligation is wholly unfunded).

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| 15. Employee benefit obligations (continued) | | |
| [C] Post-retirement medical aid plan and Long service award | | |
| Valuation Method | | |
| The projected Unit Credit Funding method has been used to determine the past service liabilities at the valuation date and expense in the year following the valuation date. | | |
| Liability of employer | | |
| Liabilities of an employer may be split between a past-service (or accrued) element and a future-service element. This serves to recognise the manner in which the accounting standards suggest that the liabilities be accrued uniformly over an employee's period of service. The method of accrual that has been used in this valuation is based on length of service at the valuation date relative to total potential service until the expected retirement date. | | |
| Valuation assets | | |
| As at the valuation date, the medical aid liability and long service award of the Municipality are unfunded. (No dedicated assets have been set aside to meet this liability. We therefore did not consider any assets as part of our valuation. | | |
| The amounts recognised in the statement of financial position are as follows: | | |
| Carrying value | | |
| Present value of the defined benefit obligation-wholly unfunded | (69 943 690) | (63 105 482) |
| Present value of the defined benefit obligation-partly or wholly funded | (46 987 668) | (44 264 880) |
| | (116 931 358) | (107 370 362) |
| Non-current liabilities | (105 802 672) | (97 439 779) |
| Current liabilities | (11 128 686) | (9 930 583) |
| | (116 931 358) | (107 370 362) |
| Changes in the present value of the defined benefit obligation are as follows: | | |
| Opening balance | 107 072 049 | 85 142 964 |
| Benefits paid | (8 230 510) | (7 355 268) |
| Net expense recognised in the statement of financial performance | 17 791 507 | 29 284 353 |
| | 116 633 046 | 107 072 049 |
| Net expense recognised in the statement of financial performance | | |
| Current service cost | 7 017 447 | 20 123 279 |
| Interest cost | 12 003 052 | 9 998 720 |
| Actuarial (gains) losses | (1 228 992) | (837 646) |
| | 17 791 507 | 29 284 353 |
| Calculation of actuarial gains and losses | | |
| Actuarial (gains) losses – Obligation | (1 228 992) | (837 646) |

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15. Employee benefit obligations (continued)

Key assumptions used

[A] Post-employment medical aid plan

In estimating the liability for the post-employment health care benefits a number of assumptions are required. The GRAP 25 statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the post-employment health care arrangement – this is determined by actual experience and by the benefits provided. The method and assumptions influence how the past service liability and future-service costs

are recognised over time. The key financial and demographic assumptions are summarised below:

Financial variables

The most important financial variables used in our valuation are the discount and medical aid inflation rates. We have assumed the following values for these variables:

| | | |
|---|---------|---------|
| Discount rates used | 11.30 % | 12.27 % |
| Expected rate of return on assets | 5.30 % | 5.44 % |
| Expected rate of return on reimbursement rights | 4.80 % | 7.75 % |

Demographic Assumptions

| | | |
|--|-----------|-----------|
| Average retirement age | 62 | 62 |
| Continuation of membership at retirement | 75.00 % | 75.00 % |
| Proportion with a spouse dependent at retirement | 60.00 % | 60.00 % |
| Proportion of eligible in-service non-members joining a scheme by retirement | 15.00 % | 15.00 % |
| Mortality during retirement | SA85-90 | SA85-90 |
| Mortality post-retirement | PA (90)-1 | PA (90)-1 |

[B] Long service award

Key assumptions for long service awards are as follows:

Financial variables

| | | |
|---|--------|---------|
| Discount rate used | 9.80 % | 11.05 % |
| General earnings inflation rate (Long-term) | 4.80 % | 6.20 % |
| Net effective discount rate | - % | 4.56 % |

The earnings used in the valuation include assumed increase of 4% as per the SALGBC Circular No.: 23/2021.

Demographic assumptions

| | | |
|-----------------------------|----------|----------|
| Average retirement age | 62 | 62 |
| Mortality during employment | SA 85-90 | SA 85-90 |

Withdrawal from service

| Age | Female | Male |
|-----|--------|--------|
| 20 | 9.00 % | 9.00 % |
| 30 | 6.00 % | 6.00 % |
| 40 | 5.00 % | 5.00 % |
| 50 | 3.00 % | 3.00 % |
| 55 | 0.00 % | 0.00 % |

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| 15. Employee benefit obligations (continued) | | |
| Membership for Post-employment medical aid data: | | |
| The number of members entitled to receive post-employment medical aid subsidies from the municipality were: | | |
| Category | 30-06-2025 Valuation | 30-06-2024 Valuation |
| Current (In-service) members | 444 | 403 |
| Continuation members (Pensioners) | 34 | 33 |
| In-service (employee) non-members | 214 | 250 |
| | 692 | 686 |

Accrued Contractual Liability

The figures below reflect the total value of the accrued contractual liability of the municipality in respect of the municipality in respect of post-employment medical aid benefit offered to employees:

| | | |
|-----------------------------------|-------------------|-------------------|
| Category | | |
| Current (In-service) members | 31 427 000 | 27 969 000 |
| Continuation members (Pensioners) | 15 164 000 | 13 914 000 |
| In-service (employee) non-members | 7 715 000 | 7 877 000 |
| | 54 306 000 | 49 760 000 |

Financial Assumptions

[i] Discount rate

A discount rate of 9.8% per annum has been used. The corresponding index-linked yield at this term is 5.30%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2025.

[ii] Health care inflation rate

The medical contribution inflation rate was set with reference to the past relationship between the (yield curve based) discount rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period.

This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

The next contribution increase was assumed to occur with effect from 1 January 2025.

[iii] Replacement Ratio

This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

Demographic assumptions

Demographic assumptions are required to estimate the changing profile of current employees and retirees who are eligible for post-employment benefits.

[i] Pre-retirement Mortality

SA85-90 ultimate table, adjusted for female lives.

[ii] Post-retirement Mortality

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15. Employee benefit obligations (continued)

PA (90) ultimate table, adjusted down by one year of age, and a 1% annual compound mortality improvement from 2010. This means that we expect 1% fewer people to die next year. In the year thereafter, we expect 1.99% fewer people to die, i.e. 1.99% is derived from $[1-(1-1\%)^2]$ and so on.

[iii] Withdrawal from service

If an eligible employee leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below:

| Age | Females | Males |
|-----|---------|--------|
| 20 | 9.00 % | 9.00 % |
| 25 | 8.00 % | 8.00 % |
| 30 | 6.00 % | 6.00 % |
| 35 | 5.00 % | 5.00 % |
| 40 | 5.00 % | 5.00 % |
| 45 | 4.00 % | 4.00 % |
| 50 | 3.00 % | 3.00 % |
| 55 | 0.00 % | 0.00 % |
| >55 | 0.00 % | 0.00 % |

[iv] Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average which then implicitly allows for expected rates of ill-health and early retirement.

[v] Continuation of Membership

It has been assumed that 75% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

[vi] Proportion of Eligible In-Service Non-Members Joining a Scheme by Retirement

It has been assumed that 15% of eligible in-service non-members will be on a medical scheme at retirement (should they not exit employment before then).

[vii] Family Profile

It has been assumed that female spouses will be four years younger than their male counterparts. Furthermore, we've assumed that 60% of eligible employees on a health care arrangement at retirement will have a spouse dependent on their medical aid. For current retiree members, actual medical aid dependents were used and the potential for remarriage was ignored.

Sensitivity Analysis for Post-Employment Medical Aid

The liability at the Valuation Date was recalculated to show the effect of:

- a 1% increase and decrease in the assumed rate of health care cost inflation;
- a 1% increase and decrease in the discount rate;
- a one-year age reduction in the assumed rates of post-employment mortality;
- a one-year decrease in the assumed average retirement age;
- a 10% decrease in the assumed proportion of in-service members that continue to receive the subsidy after retirement.

In order to illustrate the sensitivity of the results to changes in certain key variables, the liability has been recalculated using the assumptions as below:

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|---|----------|--------------------|----------------------|------------|-----------|
| 15. Employee benefit obligations (continued) | | | | | |
| Assumption | Change | In-service members | Continuation members | Total | % Change |
| Central assumption | 0.00 % | 35 846 000 | 13 914 000 | 49 760 000 | 0.00 % |
| Health care inflation | 1.00 % | 38 620 000 | 14 786 000 | 53 406 000 | 7.00 % |
| | (1.00)% | 32 482 000 | 13 025 000 | 45 507 000 | (9.00)% |
| Discount rate | 1.00 % | 31 360 000 | 12 873 000 | 44 233 000 | (11.00)% |
| | (1.00)% | 41 339 000 | 15 117 000 | 56 456 000 | 13.00 % |
| Post-retirement mortality | 1 year | 34 931 000 | 13 518 000 | 48 449 000 | (3.00)% |
| | -1 year | 36 749 000 | 14 306 000 | 51 055 000 | 3.00 % |
| Average retirement age | -1 year | 39 266 000 | 13 914 000 | 53 180 000 | 7.00 % |
| Continuation of members at retirement | (10.00)% | 31 068 000 | 13 914 000 | 44 982 000 | (10.00)% |

The table above indicates, for example, that if medical inflation is 1% greater than the long-term assumption made, the liability will be 7% higher than that shown.

The sensitivity analysis on current-service and interest cost for the year ending 30 June 2025.

| Assumption | Change | Current Service Costs | Interest Cost | Total | % Change |
|---------------------------------------|----------|-----------------------|---------------|-----------|----------|
| Central assumptions | 0.00 % | 2 042 000 | 5 600 000 | 7 642 000 | 0.00 % |
| Health care inflation rate | 1.00 % | 2 235 000 | 6 022 000 | 8 257 000 | 8.00 % |
| | (1.00)% | 1 795 000 | 5 108 000 | 6 903 000 | (10.00)% |
| Discount rate | 1.00 % | 1 726 000 | 5 360 000 | 7 086 000 | (7.00)% |
| | (1.00)% | 2 440 000 | 5 862 000 | 8 302 000 | 9.00 % |
| Post-employment mortality | 1 year | 1 991 000 | 5 450 000 | 7 441 000 | (3.00)% |
| | -1 year | 2 093 000 | 5 748 000 | 7 841 000 | 3.00 % |
| Average retirement age | -1 year | 2 148 000 | 6 015 000 | 8 163 000 | 7.00 % |
| Continuation of members at retirement | (10.00)% | 1 770 000 | 5 017 000 | 6 787 000 | (11.00)% |

[B] Sensitivity analysis for long service awards

The liability at the valuation date was recalculated to show the effect of:

- a 1% increase and decrease in the assumed general earnings inflation rate;
- a 1% increase and decrease in the discount rate;
- a two-year increase and decrease in the assumed average retirement age of eligible employees; and
- a two-fold increase and 50% increase in the assumed rates of withdrawal from services.

Sensitivity analysis on the unfunded liability

| Assumption | Change | Liability | % Change |
|----------------------------|----------|------------|----------|
| Central assumptions | 0.00 % | 41 493 000 | 0.00 % |
| General earnings inflation | 1.00 % | 43 552 000 | 5.00 % |
| | (1.00)% | 39 606 000 | (5.00)% |
| Discount rate | 1.00 % | 39 531 000 | (5.00)% |
| | (1.00)% | 43 664 000 | 5.00 % |
| Average retirement age | 2 years | 44 745 000 | 8.00 % |
| | -2 years | 38 165 000 | (8.00)% |
| Withdrawals | x2 | 37 449 000 | (10.00)% |
| | x0.50 | 44 133 000 | 6.00 % |

Sensitivity analysis on current service and interest costs for the year ending 30 June 2025:

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|---|----------|--------------------------|---------------|-----------|-----------|
| 15. Employee benefit obligations (continued) | | | | | |
| Assumption | Change | Current Service Costs | Interest Cost | Total | % Change |
| Central assumptions | 0.00 % | 3 773 000 | 3 906 000 | 7 679 000 | 0.00 % |
| General earnings inflation | 1.00 % | 4 042 000 | 4 118 000 | 8 160 000 | 6.00 % |
| | (1.00)% | 3 531 000 | 3 711 000 | 7 242 000 | (6.00)% |
| Discount rate | 1.00 % | 3 558 000 | 4 039 000 | 7 597 000 | (1.00)% |
| | (1.00)% | 4 014 000 | 3 755 000 | 7 769 000 | 1.00 % |
| Average retirement age | 2 years | 3 994 000 | 4 327 000 | 8 321 000 | 8.00 % |
| | -2 years | 3 553 000 | 3 538 000 | 7 091 000 | (8.00)% |
| Withdrawal rates | x2 | 3 109 000 | 3 469 000 | 6 578 000 | (14.00)% |
| | x0.50 | 4 238 000 | 4 189 000 | 8 427 000 | 10.00 % |

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|--|-----------|-----------|
|--|-----------|-----------|

15. Employee benefit obligations (continued)

Key Assumptions for Long service award

Financial variables

[i] Discount Rate

A discount rate of 9.8% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards, for each employee. The 9.8% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 5.08%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2025.

The liability-weighted average term of the total liability is 8.25 years.

[ii] Earnings Inflation Rate

This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the LSA are based on an employee's earnings at the date of the award.

The assumption is traditionally split into two components, namely General Earnings Inflation and Promotional Earnings Escalation. The latter is considered under demographic assumptions.

[iii] General Earnings Inflation

This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

Demographic assumptions

Demographic assumptions are required about the future characteristics of current employees who are eligible for LSA.

[i] Promotional Earnings Scale

The annual inflation rates below are in addition to the General Earnings Inflation assumption of 6.20% per annum for all employees:

| Age band | Additional promotional scale |
|----------|------------------------------|
| 20 - 24 | 5.00 % |
| 25 - 29 | 4.00 % |
| 30 - 34 | 3.00 % |
| 35 - 39 | 2.00 % |
| 40 - 44 | 1.00 % |
| > 44 | 0.00 % |

[ii] Average Retirement Age

The normal retirement age of employees is 65. It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement. Employees who have passed the assumed average retirement age have been assumed to retire at their next birthday.

[iii] Pre-retirement Mortality

SA85-90 ultimate table, adjusted down for female lives.

[iv] Withdrawal from Service

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|--|-----------|-----------|

15. Employee benefit obligations (continued)

If an employee leaves, the employer's liability in respect of that employee ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below:

| Age | Females | Males |
|-----|---------|--------|
| 20 | 9.00 % | 9.00 % |
| 25 | 8.00 % | 8.00 % |
| 30 | 6.00 % | 6.00 % |
| 35 | 5.00 % | 5.00 % |
| 40 | 5.00 % | 5.00 % |
| 45 | 4.00 % | 4.00 % |
| 50 | 3.00 % | 3.00 % |
| 55 | 0.00 % | 0.00 % |
| >55 | 0.00 % | 0.00 % |

Disclosures on the actuarial valuations of Mopani employees stationed at local municipalities

The actuarial valuation for Mopani employers that are stationed at local municipalities were performed by different actuaries. The actuaries at the respective local municipality relied on the information as per the submission from the local municipality concerned. The methodologies used for valuations of PEMA and LSA are similar across the board

The number of employees stationed at local municipalities is too insignificant in comparison to the employees at MDM to have any negative influence on the total value of liability. It is against this background that further detailed assumptions and sensitivity analysis per local municipality are not disclosed.

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

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

| | 2025 R | 2024 R | 2023 R | 2022 R | 2021 R |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Defined benefit obligation | (69 943 690) | (63 105 482) | (56 995 253) | (53 464 820) | (44 803 443) |
| Plan assets | (46 987 668) | (44 264 880) | (28 108 067) | (23 584 088) | (25 914 513) |

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| | 2025 R | 2024 R |
|--|-----------|-----------|
|--|-----------|-----------|

15. Employee benefit obligations (continued)

Defined contribution plans

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

| | | |
|---|------------|------------|
| The total economic entity contribution to such schemes recognised as an expense | 52 248 782 | 49 330 620 |
|---|------------|------------|

Employee benefits obligation breakdown by municipality

The table below shows the Employee benefits obligation category and municipality of origin:

| 2025 | Mopani | Ba-Phalaborwa | Tzaneen | Giyani | Letaba | Maruleng |
|----------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| PEMA | 52 698 000 | 5 664 178 | 5 102 122 | 1 420 798 | 1 841 044 | 1 143 875 |
| LSA | 41 493 000 | 1 063 406 | 2 983 000 | 263 000 | 470 474 | 513 000 |
| Total | 94 191 000 | 6 727 584 | 8 085 122 | 1 683 798 | 2 311 518 | 1 656 875 |
| Less current portion | (9 770 000) | (448 120) | (689 048) | (56 286) | (86 837) | (78 395) |
| | 84 421 000 | 6 279 464 | 7 396 074 | 1 627 512 | 2 224 681 | 1 578 480 |

| 2024 | Mopani | Ba-Phalaborwa | Tzaneen | Giyani | Letaba | Maruleng |
|----------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| PEMA | 49 760 000 | 4 987 987 | 4 544 000 | 1 259 000 | 1 792 402 | 762 000 |
| LSA | 38 760 000 | 893 242 | 3 291 000 | 264 000 | 447 850 | 407 000 |
| Total | 88 520 000 | 5 881 229 | 7 835 000 | 1 523 000 | 2 240 252 | 1 169 000 |
| Less current portion | (8 674 000) | (338 531) | (762 503) | (44 624) | (64 718) | (38 645) |
| | 79 846 000 | 5 542 698 | 7 072 497 | 1 478 376 | 2 175 534 | 1 130 355 |

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| | 2025 R | 2024 R |
|--|-----------|-----------|
|--|-----------|-----------|

16. Multi-employer plans

The municipality makes provision for post-retirement benefits to eligible councilors and employees who belong to different pension schemes.

All councilors belong to the pension fund for municipal councilors.

Employees belong to a variety of approved Pension funds and provident funds as described below.

All these afore-mentioned funds are multi-employer plans and are subjected to either a tri-annual, bi-annual or annual actuarial valuations, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

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

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefits plans is to make the specified contributions. Where councilors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R52 248 782 (2024 :R49 330 620) represents contributions paid to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The retirement funds have been valued by making use of the discounted cash flow method of valuation.

Defined Benefit Schemes -Valuation outcome

Municipal Employee Pension Fund:

The scheme is subject to a tri-annual actuarial valuation. We could not obtain the latest actuarial valuation report to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme.

Defined Contribution Schemes

Municipal Council pension fund:

The scheme is subject to a tri-annual actuarial valuation. We could not obtain the latest actuarial valuation report to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme.

Municipal Employees Gratuity Fund:

The scheme is subject to a tri-annual actuarial valuation. We could not obtain the latest actuarial valuation report to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme.

National Fund for Municipal Workers:

The Scheme is subject to an annual actuarial valuation. We could not obtain the latest actuarial valuation report to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme.

Government Employee Pension Fund:

The scheme is subject to an actuarial valuation at least once in every 3 years. We could not obtain the latest actuarial valuation report to determine impact on future contribution relating this scheme. We are unable to assess performance of the scheme.

The results of the March 2020 actuarial valuation show that the Fund is 108.3% funded, The Funding policy requires that the Board of Trustees ensure that the funding level of liabilities is above 90%. This is in line with Rule 7.2 of the Rules of the Fund, which states that the employer contributions should be sufficient to ensure that the Fund is able to always meet its obligations, subject to a funding level of liabilities of at least 90%.

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| | 2025 R | 2024 R |
|---|--------------------|--------------------|
| 17. Unspent conditional grants and receipts | | |
| Unspent conditional grants and receipts comprises of: | | |
| Heading | | |
| Drought Relief WISG [1] | - | 6 777 182 |
| RBIG - COVID 19 relief grant [2] | - | 36 090 000 |
| Water Services Infrastructure Grant | - | 32 037 091 |
| | - | 74 904 273 |
| Movement during the year | | |
| Balance at the beginning of the year | 74 904 273 | 106 936 475 |
| Additions during the year | 531 637 000 | 483 144 000 |
| Income recognition during the year | (531 637 000) | (488 911 202) |
| Unapproved rollover | (74 904 273) | (26 265 000) |
| | - | 74 904 273 |
| The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and | | |
| Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. | | |
| See note 22 for reconciliation of grants from National/Provincial Government. | | |
| Repayment of unspent conditional grants | | |
| The Municipality has completed a repayment arrangement with National Treasury wherein all the R101 million of unspent grants from prior years will be repaid to National Treasury through deductions from the Equitable share due to the Municipality in the current year. National Treasury deducted an amount of R33.7 million per tranche over three payments in July 2024, December 2024 and March 2025 from the Equitable Share Grant. | | |
| 18. Service charges | | |
| Sale of water | 180 159 229 | 153 484 413 |
| Sewerage and sanitation charges | 43 705 677 | 42 478 292 |
| VAT Recovery | - | (2) |
| | 223 864 906 | 195 962 703 |
| 19. Interest charged on overdue consumer accounts | | |
| Interest charged on overdue consumer accounts | 124 674 826 | 112 046 921 |
| This relates to interest charged by the municipality for late payment of water and sanitation accounts by consumers. | | |
| 20. Other income | | |
| Insurance claims | 1 093 700 | 50 674 |
| Reconnection fees | 118 846 | 67 996 |
| Sundry income | 2 766 723 | 1 399 312 |
| Tender fees [1] | 636 559 | 1 228 961 |
| | 4 615 828 | 2 746 943 |

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| | 2025 R | 2024 R |
|---|------------|------------|
| 21. Interest received - investment | | |
| Interest revenue | | |
| Interest received - Investment | 29 311 249 | 27 775 043 |

The increase is due to an increase in money in the call account which has been unutilised throughout the whole year and has been invested.

22. Government grants and subsidies

Operating grants

| | | |
|--------------------------|----------------------|----------------------|
| Equitable share | 1 343 490 000 | 1 265 409 000 |
| EPWP grant | 6 799 000 | 8 226 000 |
| Finance management grant | 3 000 000 | 3 000 000 |
| | 1 353 289 000 | 1 276 635 000 |

Capital grants

| | | |
|-------------------------------------|----------------------|----------------------|
| Municipal infrastructure grant | 519 361 999 | 469 548 000 |
| Water services infrastructure grant | - | 5 722 202 |
| Rural roads asset management grant | 2 476 000 | 2 415 000 |
| WSIG Schedule 6B grants | 366 425 925 | 586 081 727 |
| RBIG Mamefja Sekororo grant | 2 760 775 | 6 925 629 |
| | 891 024 699 | 1 070 692 558 |
| | 2 244 313 699 | 2 347 327 558 |

Conditional and Unconditional

Included in above are the following grants and subsidies received:

| | | |
|-------------------------------|----------------------|----------------------|
| Conditional grants received | 900 823 699 | 1 081 918 558 |
| Unconditional grants received | 1 343 490 000 | 1 265 409 000 |
| | 2 244 313 699 | 2 347 327 558 |

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal infrastructure grant

| | | |
|---|---------------|---------------|
| Current-year receipts | 519 362 000 | 469 548 000 |
| Conditions met - transferred to revenue | (519 362 000) | (469 548 000) |
| | - | - |

The purpose of this grant is to improve access to basic service infrastructure for poor communities.

Finance management grant

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

The Finance Management Grant (FMG) is the grant to assist with the appointment of finance interns and also to augment the salary for the Chief Financial Officer and lastly to capacitate the employees to meet minimum competency requirement to work in finance.

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| | 2025 R | 2024 R |
|--|-------------|-------------|
| 22. Government grants and subsidies (continued) | | |
| Rural roads asset management grant | | |
| Balance unspent at beginning of year | - | 45 000 |
| Current-year receipts | 2 476 000 | 2 370 000 |
| Conditions met - transferred to revenue | (2 476 000) | (2 415 000) |
| | - | - |

The purpose of the grant is to improve data on rural roads to guide infrastructure development.

Expanded Public Works Programme Integrated Grant

| | | |
|---|-------------|-------------|
| Current-year receipts | 6 799 000 | 8 226 000 |
| Conditions met - transferred to revenue | (6 799 000) | (8 226 000) |
| | - | - |

The purpose of the grant is to improve opportunities for sustainable employment based on experiential learning attained through the programme.

WSIG schedule 6B grants

| | | |
|---|---------------|---------------|
| Balance unspent at beginning of year | (113 588 132) | (39 906 361) |
| Current-year receipts | 347 826 021 | 512 399 956 |
| Conditions met - transferred to revenue | (366 425 925) | (586 081 727) |
| | (132 188 036) | (113 588 132) |

The purpose of the grant is to finance construction of water and sanitation infrastructure in the communities.

The closing balance is negative representing amounts receivable from the Department of Water Affairs at the end of the year as reported in note 5.

RBIG Mamefja Sekororo

| | | |
|---|--------------|--------------|
| Balance unspent at beginning of year | (13 273 943) | (12 099 259) |
| Current-year receipts | - | 5 750 944 |
| Conditions met - transferred to revenue | (2 760 775) | (6 925 628) |
| | (16 034 718) | (13 273 943) |

The purpose of the grant is to finance construction of the Mamefja Sekororo Water infrastructure.

The closing balance is negative representing amounts receivable from the Department of Water Affairs at the end of the year as reported in note 5.

RBIG - COVID 19 relief grant

| | | |
|---------------------------------------|--------------|------------|
| Balance unspent at beginning of year | 36 090 000 | 36 090 000 |
| Set-off against Equitable Share Grant | (36 090 000) | - |
| | - | 36 090 000 |

The municipality received a COVID 19 relief grant from the Department of Water Affairs amounting to R36 090 000 in 2021 financial year. The purpose of the grant was to assist the municipality in providing water to the communities during the COVID pandemic period.

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| | 2025 R | 2024 R |
|--|--------------|-------------------|
| 22. Government grants and subsidies (continued) | | |
| Water service infrastructure grant | | |
| Balance unspent at beginning of year | 32 037 091 | 64 024 293 |
| Conditions met - transferred to revenue | - | (5 722 202) |
| Set-off against Equitable Share Grant | (32 037 091) | (26 265 000) |
| | - | 32 037 091 |

The purpose of this grant is to support refurbishment of water services infrastructure projects.

Drought Relief WISG

| | | |
|---------------------------------------|-------------|------------------|
| Balance unspent at beginning of year | 6 777 182 | 6 777 182 |
| Set-off against Equitable Share Grant | (6 777 182) | - |
| | - | 6 777 182 |

The Department of Water and Sanitation allocated the municipality Drought relief grant in the financial period 2018/2019. The municipality could not fully spend the allocation. The grant allocation was not extended to period under review.

23. Revenue from debt forgiveness

| | | |
|---|------------|-----------|
| Lepelle Northern Water debt write-off [1] | 40 946 404 | 9 952 251 |
|---|------------|-----------|

[1] This amount arose due to debt write off by Lepelle Northern Water on the amount owed by the District Municipality following conclusion of a debt settlement agreement. In terms of the agreement, the municipality committed to pay R30 000 000 in the 2024 financial year, R72 000 000 in the 2025 financial year, R84 000 000 in the 2026 financial year and R97 000 000 in the 2027 financial year. Lepelle Northern Water agreed to write off historic collection penalty and historic interest totalling to R160 942 118. The write off is dependent on the actual amount of repayments made by the Municipality for the settlement of the historical debt. In the current year, the amount written off in the current year amounted to R40 946 404 (2024 : R9 952 251).

24. Service in-kind

The nature and type of major classes of services in-kind received, are as follows

Services in-kind that are significant to the municipality's operations and/or service delivery objectives

| | | |
|--|---|---------|
| Free use of offices belonging to other organs of state [1] | - | 526 654 |
|--|---|---------|

Notional expenses

| | | |
|-----------------------------------|---|-----------|
| Notional rent on office space [1] | - | (526 654) |
|-----------------------------------|---|-----------|

[1] The municipality has been occupying an office space at Giyani Government Complex, under the property which belongs to the Department of Public Works. The municipality has been using this property from year 2003 for free up to 31 August 2023 after which a lease agreement was entered into for five (5) years commencing 01 September 2023. The municipality occupies the space of about 4872 square meters in office complex. The municipality has been occupying this office space without paying any rental to the Department of public works. Therefore, this qualified to be regarded as a service in kind. The deemed right of use of the building was significant to its operations and/or service delivery objectives as the building was used for housing of key departments which are integral to the execution of water and sanitation services to the community. The rental was valued by the Department of Public Works. The benefit affected the 2023/24 financial by two(2) months' worth of rentals and none in the current year since the Municipality is now paying for these services under the new lease agreement.

25. Other non-exchange income

| | | |
|-----------------|-----------|---------|
| LGW SETA income | 1 750 958 | 748 807 |
|-----------------|-----------|---------|

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| | 2025 R | 2024 R |
|--|--------------------|--------------------|
| 26. Employee related costs | | |
| Bargaining council | 115 369 | 105 799 |
| Basic | 308 251 524 | 285 469 802 |
| Bonus | 22 622 146 | 21 227 091 |
| Car allowance | 42 784 375 | 39 109 760 |
| Defined contribution plans | 52 248 782 | 49 330 620 |
| Housing benefits and allowances | 5 105 030 | 4 857 796 |
| Leave expenditure | 18 692 331 | 13 550 703 |
| Long-service awards - service cost | 4 153 675 | 17 358 048 |
| Medical aid - company contributions | 24 909 161 | 22 082 231 |
| Non-pensionable allowance | 142 380 | 237 300 |
| Other allowances and levies | 10 489 578 | 10 192 031 |
| Overtime payments | 25 998 807 | 28 147 530 |
| Post-employment medical aid - service cost | 2 863 772 | 2 765 231 |
| SDL | 4 308 246 | 3 996 038 |
| UIF | 1 993 642 | 1 896 661 |
| Workman compensation | 2 548 874 | 2 108 866 |
| | 527 227 692 | 502 435 507 |

Detailed senior management remuneration disclosures for Section 57 managers have been disclosed in note 44.

27. Remuneration of councillors

| | | |
|-------------------|-------------------|-------------------|
| Executive Mayor | 1 135 041 | 1 046 025 |
| Speaker | 819 186 | 927 835 |
| Chief Whip | 40 590 | 884 307 |
| Other councillors | 16 022 770 | 13 323 078 |
| | 18 017 587 | 16 181 245 |

In-kind benefits

The Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor and the Speaker have use of Council owned vehicles for official duties.

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

Detailed councillors' remuneration disclosures have been disclosed in note 44.

28. Depreciation and amortisation

| | | |
|-------------------------------|--------------------|--------------------|
| Property, plant and equipment | 230 666 144 | 238 409 962 |
| Intangible assets | 451 835 | 488 445 |
| | 231 117 979 | 238 898 407 |

29. Finance costs

| | | |
|--|-------------------|-------------------|
| Interest on late payment of trade and other payables | 6 938 969 | 63 780 456 |
| Post-employment benefits | 12 003 052 | 9 998 720 |
| | 18 942 021 | 73 779 176 |

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| | 2025 R | 2024 R |
|---|------------------|------------------|
| 30. Lease rentals on operating lease | | |
| Premises | | |
| Contractual amounts [1] | 3 174 408 | 2 645 340 |
| Infrastructure | | |
| Contractual amounts [2] | 3 639 521 | 1 674 182 |
| | 6 813 929 | 4 319 522 |

[1] The current liability is in regards to the office lease agreement in place between Mopani District Municipality (lessee) and the Department of Public Works (Lessor) at the Giyani Government Complex in Giyani. The lease has a 5 year term with an annual escalation of 7%. The lease has been recognised on a straight-line basis over the lease term.

[2] The Municipality is leasing a pipeline from Blyde River Water Utility company for a period of 20 years effective from 01 April 2008 to 31 March 2028. Under the arrangement, the municipality is entitled to abstract 152 803 cubic meters of water per month from the Blyderivierspoort dam without any further payments. The lease payments were agreed at R15 950 144 including VAT and this was paid upfront at the commencement of lease. The municipality is liable for contingent rent should it abstract more than the 152 803 cubic meters in a month. This is to be charged at R0.83 per cubic meter.

31. Debt impairment

| | | |
|---|--------------------|------------------------|
| Debt impairment - Consumer debtors | 905 207 366 | (2 275 458 422) |
| Debt impairment - Ba-Phalaborwa loan account | - | 35 692 610 |
| Debt impairment - Staff debtors and service providers | 71 246 | 43 866 |
| | 905 278 612 | (2 239 721 946) |

32. Inventory consumed and bulk purchases

| | | |
|-----------------|--------------------|--------------------|
| Borehole Spares | 24 552 423 | 19 487 726 |
| Chemicals | 7 156 708 | 1 606 468 |
| Water | 423 835 102 | 355 704 626 |
| | 455 544 233 | 376 798 820 |

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| | 2025 R | 2024 R |
|--|--------------------|--------------------|
| 32. Inventory consumed and bulk purchases (continued) | | |
| Water losses | | |
| Production losses | 2025 | 2024 |
| Raw abstracted Volumes (m3) | 33 001 957 | 34 117 576 |
| Produced Volumes (m3) | (29 708 366) | (30 786 432) |
| | - | - |
| Loss | 3 293 591 | 3 331 144 |
| Distribution losses | | |
| Produced and purchased volumes (m3) | 48 376 116 | 49 434 224 |
| Distributed Volumes (m3) | (35 987 799) | (37 184 181) |
| | - | - |
| Total | 12 388 317 | 12 250 043 |
| Percentage Loss: | | |
| Production losses | 9.980 % | 9.764 % |
| Distribution losses | 25.608 % | 24.780 % |
| Losses in Rand value | | |
| Production loss | 5 267 525 | 4 353 700 |
| Distribution losses | 130 572 853 | 122 177 881 |
| | 135 840 378 | 126 531 581 |
| 33. Contracted services | | |
| Agency fees | 13 331 099 | 12 827 094 |
| Meter management | 1 555 164 | 575 451 |
| Security services | 137 178 059 | 100 399 906 |
| | 152 064 322 | 113 802 451 |

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| | 2025 R | 2024 R |
|---|--------------------|--------------------|
| 34. Operating expenses | | |
| Advertising | 1 117 784 | 449 830 |
| Audit committee remuneration | 2 075 523 | 2 224 453 |
| Auditors remuneration | 14 564 953 | 11 420 278 |
| Bank charges | 220 008 | 236 118 |
| Catering services | 4 620 424 | 3 969 755 |
| Consumable stores | 8 426 056 | 8 673 808 |
| Conferences and seminars | 2 809 176 | 2 655 523 |
| Electricity | 24 925 532 | 28 171 347 |
| Files and records management | 1 600 | 318 004 |
| Fines and penalties | 690 102 | - |
| Laboratory expenses | 307 028 | - |
| Fuel and oil | 12 035 060 | 15 265 935 |
| IT expenses | 97 560 | 414 035 |
| Insurance | 4 577 560 | 3 518 406 |
| Motor vehicle expenses | 563 820 | 718 047 |
| Municipal services | 102 839 | 283 127 |
| Municipal tribunal and planning members | 555 485 | 303 054 |
| Other expenses | 4 665 626 | 2 545 421 |
| Printing and stationery | 4 131 943 | 1 181 436 |
| Protective clothing | 3 024 764 | 6 401 136 |
| Road management system | 2 353 043 | 2 336 989 |
| Software expenses | 7 315 000 | 2 200 639 |
| Subscriptions and membership fees | 5 725 889 | 5 393 257 |
| Telephone and fax | 7 394 062 | 5 551 394 |
| Township establishment | 2 454 391 | - |
| Training | 2 479 450 | 716 882 |
| Travel - local | 26 250 879 | 20 162 891 |
| Waste management | - | 175 266 |
| Water tanker services | 44 797 501 | 41 559 058 |
| | 188 283 058 | 166 846 089 |

35. Consultation and professional fees

| | | |
|---------------------------------|--------------------|-------------------|
| Accounting and advisory | 9 043 813 | 12 783 102 |
| Asset management | 7 750 868 | 4 055 239 |
| Legal advice and litigation [1] | 73 453 251 | 46 985 220 |
| Project management | 18 099 504 | 17 007 515 |
| Transport plan | 610 650 | 95 100 |
| | 108 958 086 | 80 926 176 |

[1] The increase in legal expenses is due to a high number of disciplinary and investigation cases in the current year.

The breakdown of legal expenses for the year are as follows :

| | |
|------------------|-------------------|
| Investigations | 21 973 312 |
| Litigations | 27 099 164 |
| Labour relations | 24 380 775 |
| | 73 453 251 |

36. Repairs and maintenance

| | | |
|--|--------------------|-------------------|
| Maintenance of buildings and facilities | 2 006 123 | 2 796 195 |
| Maintenance of infrastructure | 95 055 381 | 78 592 064 |
| Motor Vehicle and other general municipal services | 26 635 299 | 11 171 550 |
| | 123 696 803 | 92 559 809 |

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| | 2025 R | 2024 R |
|---|--------------------|----------------------|
| 37. Household Sanitation (VIP Toilets) | | |
| The increase in the cost for Household Sanitation costs is due to the resumption of the programme to provide Ventilated Improved Pit (VIP) toilets in the current year. | | |
| VIP Toilets | 71 011 701 | 5 464 380 |
| 38. Impairment and write off - assets | | |
| Impairments | | |
| Property, plant and equipment | 64 012 558 | 21 606 204 |
| The assessment of property, plant and equipment conditions was performed in current year and impairment loss was identified on some items of property, plant and equipment. The review led to the recognition of an impairment loss of R64 012 558 (2024: R21 606 204). | | |
| 39. (Loss) gain on disposal of assets and liabilities | | |
| (Loss)/gain on disposal of items of Property, plant and equipment | 1 052 415 | (58 575) |
| 40. Cash generated from operations | | |
| (Deficit) surplus | (197 691 630) | 3 242 034 578 |
| Adjustments for: | | |
| Depreciation and amortisation | 253 700 976 | 263 737 383 |
| (Loss) gain on sale of assets and liabilities | (1 052 415) | 1 091 434 |
| Impairment loss | 64 012 558 | 21 606 204 |
| Debt impairment | 905 278 612 | (2 239 721 946) |
| Movements in operating lease assets and accruals | 6 813 929 | 4 319 522 |
| Movements in retirement benefit assets and liabilities | 9 560 996 | 21 933 068 |
| Inventory losses or write-downs | 176 647 | 357 055 |
| Services in kind revenue | - | (526 654) |
| Notional expenses | - | 526 654 |
| Donations | (1 748 751) | - |
| Income due to debt forgiveness | (40 946 404) | (9 952 251) |
| Changes in working capital: | | |
| Inventories | 7 384 490 | 6 876 245 |
| Receivables from exchange transactions | (179 775 356) | (248 194 567) |
| Operating lease liability | 253 408 | 345 340 |
| Other receivables from non-exchange transactions | (47 603 407) | (74 856 456) |
| Payables from exchange transactions | 47 943 350 | 18 029 436 |
| VAT receivable | (4 756 270) | 48 369 433 |
| Unspent conditional grants and receipts | (74 904 269) | (32 032 201) |
| Consumer deposits | 63 090 | (29 360) |
| Operating lease asset | (3 174 408) | (11 706 840) |
| | 743 535 146 | 1 012 206 077 |

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| | 2025 R | 2024 R |
|---|--------------------------|----------------------|
| 41. Financial instruments disclosure | | |
| Categories of financial instruments | | |
| 2025 | | |
| Financial assets | | |
| | At amortised cost | Total |
| Receivables from exchange transactions | 2 082 330 780 | 2 082 330 780 |
| Cash and cash equivalents | 163 526 193 | 163 526 193 |
| | 2 245 856 973 | 2 245 856 973 |
| Financial liabilities | | |
| | At amortised cost | Total |
| Payables from exchange transactions | 2 180 424 610 | 2 180 424 610 |
| Consumer deposits | 4 124 815 | 4 124 815 |
| | 2 184 549 425 | 2 184 549 425 |
| 2024 | | |
| Financial assets | | |
| | At amortised cost | Total |
| Receivables from exchange transactions | 2 821 589 859 | 2 821 589 859 |
| Cash and cash equivalents | 180 738 863 | 180 738 863 |
| | 3 002 328 722 | 3 002 328 722 |
| Financial liabilities | | |
| | At amortised cost | Total |
| Payables from exchange transactions | 2 223 505 202 | 2 223 505 202 |
| Consumer deposits | 4 061 725 | 4 061 725 |
| | 2 227 566 927 | 2 227 566 927 |
| Financial instruments in Statement of financial performance | | |
| 2025 | | |
| | At amortised cost | Total |
| Interest income (calculated using effective interest method) for financial instruments at amortised cost | 153 986 075 | 153 986 075 |
| Interest expense (calculated using effective interest method) for financial instruments at amortised cost | (6 938 969) | (6 938 969) |
| Impairment loss | (905 207 366) | (905 207 366) |
| | (758 160 260) | (758 160 260) |
| 2024 | | |
| | At amortised cost | Total |
| Interest income (calculated using effective interest method) for financial instruments at amortised cost | 139 821 964 | 139 821 964 |
| Interest expense (calculated using effective interest method) for financial instruments at amortised cost | (63 780 456) | (63 780 456) |
| Impairment loss | 2 239 765 812 | 2 239 765 812 |
| | 2 315 807 320 | 2 315 807 320 |

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| | 2025 R | 2024 R |
|--|----------------------|----------------------|
| 42. Commitments | | |
| Authorised capital expenditure | | |
| Already contracted for but not provided for | | |
| • Property, plant and equipment | 932 161 895 | 966 891 403 |
| Total capital commitments | | |
| Already contracted for but not provided for | 932 161 895 | 966 891 403 |
| Authorised operational expenditure | | |
| Already contracted for but not provided for | | |
| • Services | 124 744 051 | 147 739 279 |
| Total operational commitments | | |
| Already contracted for but not provided for | 124 744 051 | 147 739 279 |
| Total commitments | | |
| Total commitments | | |
| Authorised capital expenditure | 932 161 895 | 966 891 403 |
| Authorised operational expenditure | 124 744 051 | 147 739 279 |
| | 1 056 905 946 | 1 114 630 682 |

Capital commitment represent future, capital expenditure. The municipality has an obligation to spend these amounts due to signed contracts with suppliers and approval as per Medium-Term Revenue and Expenditure Framework (MTREF). This committed expenditure relates to capital expenditure projects that are in line with municipalities service delivery. The balance of the commitments will be financed by the equitable share that will be received from National Treasury.

Prior period errors

Certain errors were identified and corrected retrospectively for commitments disclosure of the 2023/2024 financial year. The table below shows the impact:

| Details | Amount |
|-----------------------------|----------------------|
| Amount Previously disclosed | 1 304 688 100 |
| Correction of errors [1] | (190 057 418) |
| Balance restated | 1 114 630 682 |

[1] The errors were due to the following :

- Capital Commitments

The error of R187 919 676 was due to retentions and cessions which were omitted in the previous year and have been subsequently corrected.

- Operational Commitments

The error of R2 137 742 was due to the reduction of values of contracts due to financial constraints as well as accounting for VAT on certain payments.

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| | 2025 R | 2024 R |
|--|------------|------------|
| 43. Contingencies | | |
| Litigation is in the process against the municipality relating to a number of disputes. The municipality's lawyers and management treat each case in its merits and does not see likelihood of these cases being successful. The contingent raised is based on litigation the municipality has instituted against third parties and management has assessed there is high possibility of the litigation working out in their favour. | | |
| Pending Legal Cases | | |
| This matter involves a legal claim instituted against the two Municipalities by way of action proceedings (Summons) under High Court case number 7211/2014 in terms whereof a certain Anna Magaretha Botes (hereinafter referred to as Ms. Botes), claims the total sum of R950 000.00 against the Greater Letaba Local Municipality and Mopani District Municipality jointly and severally, the one paying the other to be absolved, for personal injuries allegedly suffered by Ms. Botes when she fell into an open manhole near her residential property. This action is defended by both the two Municipalities acting separately. The matter is before the high court. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 950 000 | 950 000 |
| Matter between Palm Kwekery and MDM for failure to prevent wildfire that spread onto their properties and damaged their crops. The summons were issued by 4 plaintiffs but the first 2 withdrew their claim leaving just 2 pending claims. The matter is before the high court. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 3 269 640 | 3 269 640 |
| Matter between Oryx Pipes and MDM for a cession payment of outstanding invoice on the Nandoni pipeline project. Summons were issued for the full invoice amount. The parties have exchanged pleadings. The lawyers are currently engaging the municipal officials on which documents to discover as per the Plaintiff's request. The matter is before the high court. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 2 183 903 | 2 183 903 |
| Matter between EMC Consulting and MDM application for settlement of account on work done for the sefotse and ditshosine/ ramahlatsi bulk water and reticulation. The matter is set for trial on 17 to 18 November 2025. The matter is before the high court. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 29 730 284 | 29 730 284 |
| Matter between Kgafela Construction and MDM for termination of contract for the building of Offices in Tzaneen. A counter claim was instituted against Kgafela Construction by the Municipality. We are awaiting trial date. The matter is before the high court. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 43 611 996 | 43 611 996 |
| Matter between SGL Engineering and MDM for Nkowankowa Sewer Project. The case was initially dismissed in favour of the municipality. SGL Engineering appealed and the matter. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 2 412 435 | 2 412 435 |
| Matter between MN Nengovhela and MDM. Civil non-payment of a claim for work done by the municipality. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 4 500 136 | 4 500 136 |
| Matter between BD Finance and MDM in regards to a cession payment is currently on pre-trial and is awaiting trial date. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 375 000 | 375 000 |

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| | 2025 R | 2024 R |
|---|------------|------------|
| 43. Contingencies (continued) | | |
| A claim by MN Nengovhela for alleged work done at Senakwe project. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 461 664 | 461 664 |
| A claim by Sipiwe Engineering and MDM for failing to make payment in respect of service rendered and disbursement incurred up to the completion of stage 3 for design development on the Thapane project. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 17 554 634 | 17 554 634 |
| A civil matter between Hlimbyi and MDM. Hlimbyi is claiming unpaid invoices relating to escalation costs security contract it had with the municipality. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 2 978 401 | 2 978 401 |
| Sebata has instituted Arbitration proceedings claiming an amount of for alleged work done prior to the termination of contract. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 4 608 397 | 4 608 397 |
| Matter between Kgatla Family and MDM/Civil Element. The family is suing for damages to property on during the Thapane water scheme phase 28 project. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 995 000 | 995 000 |
| Matter between Lilitalethu Trading and MDM. Lilitalethu Trading served with MDM a provisional sentence summons for retention on a completed project. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 1 817 564 | 1 817 564 |
| Matter between Nkuriso and MDM. Nkuriso is claiming damage for services that were rendered and the municipality refuses to settle the account. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 25 180 676 | 25 180 676 |
| Matter between CV Chabane and MDM. The defendant is suing MDM for work done on Kampersrus Sewage Plant Project. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 5 120 169 | 5 120 169 |
| Matter between MDM and Endecon Ubuntu. Endecon launched legal action for work done. The case is in trial. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 1 530 513 | 1 530 513 |
| Matter involving MDM and Chem Tech. This is claim for alleged services rendered. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 822 192 | 822 192 |
| Matter involving MDM and Joachim Johannes Nienaber relating to a motor vehicle accident claim. The matter is on pre-trial. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 190 913 | 190 913 |
| Matter involving MDM and BMK Electro mechanics relating to a civil contract claim for work done. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 2 500 690 | 2 500 690 |
| Matter involving MDM and Mpumamanzi Group relating to a civil – claim for alleged work done. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 269 788 | 269 788 |

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| | 2025 R | 2024 R |
|--|--------------------|--------------------|
| 43. Contingencies (continued) | | |
| Matter involving MDM and Uranus Consulting Engineering for failure to pay for service rendered. The matter is trial ready. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 3 432 331 | 3 432 331 |
| Matter between Maite Nkoana and MDM seeking compensation relating to her car damages. The matter is trial ready. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 37 384 | 37 384 |
| Matter between Modiro Consulting and MDM. Modiro is suing for services rendered as a sub-contractor. The plaintiff is not in possession of a signed SLA. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 1 129 464 | 1 129 464 |
| Matter between JNK Trusses , MDM (first respondent) and an MDM employee (second respondent). The MDM employee was involved in an accident with the plaintiff's motor vehicle. The plaintiff claims the accident was solely due to negligence on the side of the MDM employee. As the employee was acting within the course and scope of his employment, the vicarious liability lies with MDM. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 104 774 | - |
| Matter between Zenobia Trading 242 CC and MDM. Zenobia is claiming for allege services rendered. The pleadings are still in process after initial pre-trial where Zenobia Trading 242 CC had informed MDM that they intend on amending their particulars of the claim. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 7 197 119 | 7 197 119 |
| Matter between Mokgobatlou and MDM where the individual claims have been appointed as a borehole operator and are now claiming for services rendered for the municipality. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 74 506 | 74 506 |
| Matter between Louis Leon Joubert , MDM (first respondent) and Greater Tzaneen Municipality (second respondent). The plaintiff was operating a compost business on the landfill owned by Greater Tzaneen Municipality. A fire broke out on the property leading to loss of inventory, vehicles and equipment that belonged to the plaintiff. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 14 378 808 | 14 378 808 |
| Matter between MDM and MP Malesela & others. These individuals claim to have been appointed as borehole operators and are now claiming for services rendered for the municipality. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 3 465 814 | 3 465 814 |
| Matter between HLTC (Pty) and MDM. The plaintiff is claiming for unpaid retention amount despite completing the project. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 634 558 | 634 558 |
| Matter between MDM and Makasela Consulting & Projects. A claim by Makasela Consulting & Projects and MDM for failing to make payment for completion of designs. The case was dismissed in favour of MDM but they have since appealed at the Supreme Court. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 5 219 666 | 5 219 666 |
| Matter between MK Ramaselele and MDM where the individual claims to have been appointed as a borehole operator and are now claiming for services rendered for the municipality. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 95 775 | - |
| | 186 834 194 | 186 633 645 |

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| | 2025 R | 2024 R |
|--|-------------------|-------------------|
| 43. Contingencies (continued) | | |
| Contingent assets | | |
| The municipality is suing the contractor and the contractor is counter suing MDM for cancellation of same contract by Kgafela. The matter is trial ready. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 14 140 977 | 14 140 977 |
| Matter between MDM and Tsurikomi SSV JV. The municipality is claiming refunds for overpayment on Kampersrus sewer phase 2. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 1 393 881 | 1 393 881 |
| Matter Between MDM and Modiro Consulting. MDM Is claiming recovery of funds as a result of negligence by the consulting engineer. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 3 503 266 | 3 503 266 |
| Matter between MDM and Twin Corner Construction. The municipality is claiming refunds for payment made for services not performed. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 17 369 353 | 17 369 353 |
| Matter between MDM and Councillors in regards to overpayment of Upper limit. Efforts on making collections from councillors are ongoing. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 3 344 825 | 3 344 826 |
| Matter between Patoka Trading and MDM. Patoka CC withdrew the case, the court ordered them to pay the costs of withdrawal and applications. The final amount due is yet to be determined by Master of taxation. | - | - |
| Matter between Sipiwe Engineering and MDM. Sipiwe withdrew the case and the court ordered that they pay wasted costs on the matter. The final amount due is yet to be determined by Master of taxation. | - | - |
| Matter between MDM and Lepelle Northern Water. MDM is claiming for amounts paid over to debt collectors but was not subsequently handed over to Lepelle Northern Water. The agreement between Lepelle Northern Water and the debt collectors has been deemed invalid by the High Court hence MDM is seeking restoration of the repaid amounts. The prospects of success are good for the municipality as per the assessment provided by the legal expert. We currently do not have a pending settlement offer. | 46 700 583 | 46 700 583 |
| | 86 452 885 | 86 452 886 |

Prior period errors

The Municipality discovered errors of overstatement of contingent liabilities which have now been corrected retrospectively in current year. The table below details the corrections:

| Details | Contingent liabilities | Contingent assets |
|---|------------------------|-------------------|
| Amount previously reported | (155 398 859) | 37 371 732 |
| Matter between Palm Kwekery and MDM for failure to prevent wildfire that spread onto their properties and damaged their crops. The summons were issued by 4 plaintiffs but the first 2 withdrew their claim leaving just 2 pending claims. The likelihood of the action against the district municipality being successful is considered as very likely by the lawyers and management of MDM. | 1 414 500 | - |
| Matter between MDM and MP Malesela & others. These individuals claim to have been appointed as borehole operators and are now claiming for services rendered for the municipality. | (3 465 814) | - |

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| | 2025 R | 2024 R |
|--|----------------------|-------------------|
| 43. Contingencies (continued) | | |
| Matter between SGL Engineering and MDM for Nkowankowa Sewer Project. Case has been dismissed in favour of the municipality. No liability due by the municipality. | (2 412 435) | - |
| Matter between Dr Mazana and MDM for accident due to road maintenance. | 27 384 | - |
| Matter between Patoka Trading and MDM. Patoka is suing for damages relating to use of property without permission. | 1 663 000 | - |
| Matter involving MDM and Manengo Ngobeni for a civil – claim for damages as a result of a car accident. | 63 884 | - |
| Happy Nkuna case no 46/2023. Mr Nkuna issued summons as a result of damage to his tyre due to a pothole. Mr Nkuna was served with plea. | 109 536 | - |
| Matter between Modiro Consulting and MDM. Modiro is suing for services rendered as a subcontractor. The plaintiff is not in possession of a signed SLA. The likelihood of success of the action against MDM is considered low. | (1 129 464) | - |
| Matter between Zenobia Trading 242 CC and MDM. Zenobia is claiming for alleged services rendered. The pleadings are still in process after initial pre-trial where Zenobia Trading 242 CC had informed MDM that they intend on amending their particulars of the claim. | (7 197 119) | - |
| Matter between Mokgobatlou and MDM where the individual claims to have been appointed as a borehole operator and are now claiming for services rendered for the municipality. | (74 506) | - |
| Matter between Louis Leon Joubert, MDM (first respondent) and Greater Tzaneen Municipality (second respondent). The plaintiff was operating a compost business on the landfill owned by Greater Tzaneen Municipality. A fire broke out on the property leading to loss of inventory, vehicles and equipment that belonged to the plaintiff. | (14 378 808) | - |
| Matter between HLTC (Pty) and MDM. The plaintiff is claiming for unpaid retention amount despite completing the project. The prospects of MDM successfully defending the case are considered really high. | (634 558) | - |
| Matter between MDM and Makasela Consulting & Projects. A claim by Makasela Consulting & Projects and MDM for failing to make payment for completion of designs. The case was dismissed in favour of MDM but they have since appealed at the Supreme Court. | (5 219 666) | - |
| Matter between MDM and Lepelle Northern Water. MDM is claiming for amounts paid over to debt collectors but was not subsequently handed over to Lepelle Northern Water. The agreement between Lepelle Northern Water and the debt collectors has been deemed invalid by the High Court hence MDM is seeking restoration of the repaid amounts. | - | 46 700 583 |
| Matter between MDM and Tsurikomi SSV JV. The municipality is claiming refunds for overpayment on Kampersrus sewer phase 2. The likelihood of the action by the district municipality being successful is considered as very likely by the lawyers and management of MDM. | - | 20 000 |
| Matter between MDM and Twin Corner Construction. The municipality is claiming refunds for payment made for services not performed. The likelihood of the action by the district municipality being successful is considered as very likely by the lawyers and management of MDM. | - | 2 605 082 |
| Matter between MDM and Councillors in regards to overpayment of Upper limit. Efforts on making collections from councillors are ongoing. The likelihood of the action by the district municipality being successful is considered as very likely by the lawyers and management of MDM. | - | (244 511) |
| | (186 632 925) | 86 452 886 |

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| | 2025 R | 2024 R |
|----------------------------|--|-----------|
| 44. Related parties | | |
| Relationships | | |
| Accounting Officer | Refer to accounting officers' report note 5. | |
| Councillors | Refer to General Information page 2. | |
| Members of key management | Mr. Mogano TJ (Municipal Manager) Ms. Mathevula SP (Chief Financial Officer) Ms. Ngobeni SN (Corporate Services) Mr. Shilowa JP (Water Services) Mr. Mahayi ML (Engineering Services) Ms. Ntimbani C (Community Services - until 31 July 2023) Mr. Monakedi TA (Planning and Development) Ms. Pilusa MB (Community Services - From 01 June 2024) Mr. Mudau NR (Acting: Community Services - August 2023 to January 2024) Mr. Masingi TF (Acting: Community Services - March 2024 to April 2024) Mr. Mojela J (Acting: Chief Financial Officer - From December 2024 to May 2025) Ms. LI Nkoane (Acting: Chief Financial Officer - June 2025 to date) | |

Related party balances

| 2025 | Members of key management | Councillors | Total |
|----------------------------|------------------------------|---------------|---------------|
| Staff receivables | 189 427 | 828 993 | 1 018 420 |
| Subtotal | 189 427 | 828 993 | 1 018 420 |
| Less impairment recognised | (189 216) | (751 727) | (940 943) |
| | 211 | 77 266 | 77 477 |

| 2024 | Members of key management | Councillors | Total |
|----------------------------|------------------------------|---------------|---------------|
| Staff receivables | 189 427 | 828 993 | 1 018 420 |
| Subtotal | 189 427 | 828 993 | 1 018 420 |
| Less impairment recognised | (189 216) | (751 727) | (940 943) |
| | 211 | 77 266 | 77 477 |

The impairment was recognised based on the related party (senior management and council) having left the municipality without signing repayment agreements, no payments received in the past year and in some cases the related party having been deceased. The municipality assessed these factors as objective evidence of impairment.

The municipality has no guarantee in relation to the debt raised.

Compensation to accounting officer and other key management

| | | |
|------------------------------------|-------------------|-------------------|
| Basic salary | 9 352 529 | 7 844 212 |
| Car allowances | 3 016 605 | 2 743 091 |
| Other short-term employee benefits | 1 951 508 | 1 144 380 |
| Acting allowances | 168 726 | 155 597 |
| Cellphone Allowance * | 168 000 | 111 000 |
| | 14 657 368 | 11 998 280 |

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| | 2025 R | 2024 R |
|--|-----------|-----------|
|--|-----------|-----------|

44. Related parties (continued)

Key management information

Remuneration of management

Management class: Section 57 Directors

2025

| | Basic salary | Car allowances | Other short-term employee benefits | Acting allowances | Cellphone Allowance | Total |
|--|------------------|------------------|--|----------------------|------------------------|-------------------|
| Name | | | | | | |
| TJ. Mogano (Municipal Manager) | 1 346 278 | 415 452 | 220 879 | - | 24 000 | 2 006 609 |
| SP Mathevula (Chief Financial Officer) | 1 100 547 | 339 615 | 79 071 | - | 24 000 | 1 543 233 |
| SN. Ngobeni (Corporate Services) | 1 065 701 | 292 462 | 262 021 | - | 24 000 | 1 644 184 |
| JP. Shilowa (Water services) | 1 100 547 | 339 615 | 33 244 | - | 24 000 | 1 497 406 |
| ML. Mahayi (Engineering Services) | 1 100 547 | 339 615 | 120 865 | - | 24 000 | 1 585 027 |
| TA. Monakedi (Planning and development) | 1 084 283 | 334 597 | 267 743 | - | 24 000 | 1 710 623 |
| MB. Pilusa (Community Services - From 01 June 2024) | 1 022 463 | 339 615 | 305 177 | - | 24 000 | 1 691 255 |
| J. Mojela (Acting Chief Financial Office From December 2024 to May 2025) | 722 656 | 309 206 | 322 021 | 159 659 | - | 1 513 542 |
| LI Nkoane (Acting Chief Financial Office June 2015 to date) | 809 507 | 306 428 | 340 487 | 9 067 | - | 1 465 489 |
| | 9 352 529 | 3 016 605 | 1 951 508 | 168 726 | 168 000 | 14 657 368 |

2024

| | Basic salary | Car allowances | Other short-term employee benefits | Acting allowances | Cellphone Allowance | Total |
|---|------------------|------------------|--|----------------------|------------------------|-------------------|
| Name | | | | | | |
| TJ. Mogano (Municipal Manager) | 1 224 039 | 384 700 | 56 905 | - | 18 000 | 1 683 644 |
| SP Mathevula (Chief Financial Officer) | 991 016 | 314 473 | 47 847 | - | 18 000 | 1 371 336 |
| SN. Ngobeni (Corporate Services) | 998 303 | 236 762 | 134 640 | - | 18 000 | 1 387 705 |
| JP. Shilowa (Water services) | 1 000 591 | 314 473 | 52 573 | - | 18 000 | 1 385 637 |
| ML. Mahayi (Engineering Services) | 989 491 | 319 191 | 50 557 | - | 18 000 | 1 377 239 |
| C. Ntimbani (Community Services - until 31 July 2023) | 106 397 | 31 919 | 104 278 | - | 1 500 | 244 094 |
| TA. Monakedi (Planning and development) | 946 565 | 314 474 | 33 959 | - | 18 000 | 1 312 998 |
| MB. Pilusa (Community Services - From 01 June 2024) | 82 192 | 27 397 | 2 768 | - | 1 500 | 113 857 |
| NR. Mudau (Acting director: Community Services - August 2023 to January 2024) | 770 858 | 311 482 | 393 626 | 77 644 | - | 1 553 610 |
| TF. Masingi (Acting director: Community Services - March 2024 to April 2024) | 734 760 | 488 220 | 267 227 | 77 953 | - | 1 568 160 |
| | 7 844 212 | 2 743 091 | 1 144 380 | 155 597 | 111 000 | 11 998 280 |

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| | | | | | 2025 R | 2024 R |
|---|--------------|---------------------|------------------|-------|-------------------|-----------|
| 44. Related parties (continued) | | | | | | |
| The director of Community Service SC Ntimbani resigned in July 2023. NR. Mudau and TF. Masingi acted from August 2023 to April 2024 when MB Pilusa was hired. | | | | | | |
| Councillors | | | | | | |
| 2025 | | | | | | |
| 2025 | Basic Salary | Cellphone Allowance | Travel Allowance | Other | Sitting Allowance | Total |
| Cllr. P.J. Shayi | 1 012 989 | 43 200 | 8 278 | - | - | 1 064 467 |
| Cllr. NM. Maswanganyi | 810 390 | 43 200 | - | 363 | - | 853 953 |
| Cllr. SL Mohlala | 439 830 | - | 311 707 | 488 | - | 752 025 |
| Cllr. MH. Sefufi | 760 404 | 43 200 | 260 355 | - | - | 1 063 959 |
| Cllr. ML. Maloko | 423 836 | 21 600 | 178 086 | - | - | 623 522 |
| Cllr. NN. Baloyi | 760 404 | 43 200 | 53 806 | - | - | 857 410 |
| Cllr. CM. Ramathoka | 138 | - | 36 925 | - | 53 920 | 90 983 |
| Cllr. FM. Moroatshehla | 14 662 | - | 57 839 | - | - | 72 501 |
| Cllr. MMA. Mathebula | 90 832 | - | 149 508 | - | 9 091 | 249 431 |
| Cllr. T.J. Senyolo | 11 852 | - | 29 912 | - | - | 41 764 |
| Cllr. RN. Sekgobela | 70 | - | 51 258 | - | 36 326 | 87 654 |
| Cllr. AT. Rabothata | 8 975 | - | 74 770 | - | 46 909 | 130 654 |
| Cllr. BT. Mabilo | 11 852 | - | 22 834 | - | - | 34 686 |
| Cllr. E. Hlungwani | 411 406 | 21 600 | 80 545 | - | - | 513 551 |
| Cllr. GE. Kobane | 1 246 | - | - | - | - | 1 246 |
| Cllr. HD. Lebeya | 320 574 | 21 600 | 33 605 | - | - | 375 779 |
| Cllr. MG. Mangena | 95 165 | - | 71 438 | - | 2 273 | 168 876 |
| Cllr. MM. Mukhabele | 411 192 | 21 600 | 117 401 | - | - | 550 193 |
| Cllr. MP. Matlou | 102 684 | - | 29 504 | - | - | 132 188 |
| Cllr. NH. Tshimbana | 411 406 | 21 600 | 133 541 | - | - | 566 547 |
| Cllr. NJ. Mbhalati | 403 642 | 21 600 | 59 315 | - | - | 484 557 |
| Cllr. P.J. Mampeule | 102 684 | - | 47 170 | - | - | 149 854 |
| Cllr. PS. Mothomogolo | 428 797 | - | 120 253 | - | - | 549 050 |
| Cllr. RT. Mavundza | 320 574 | 21 600 | 95 091 | - | - | 437 265 |
| Cllr. SP. Letebele | 11 852 | - | 44 379 | - | - | 56 231 |
| Cllr. BA. Shibambu | 440 401 | 43 200 | 218 411 | - | - | 702 012 |
| Cllr. DJ. Mmetle Ramohlola** | 20 013 | - | 5 021 | - | - | 25 034 |
| Cllr. M. Lewele | 760 404 | 43 200 | 138 485 | - | - | 942 089 |
| Cllr. MD. Makhananisa | 115 114 | - | 99 398 | - | - | 214 512 |
| Cllr. MJ. Rakgoale | 102 684 | - | 103 485 | - | - | 206 169 |
| Cllr. MN. Madike | 320 579 | 43 200 | 53 302 | - | - | 417 081 |
| Cllr. MS. Magomane | 423 836 | 21 600 | 85 588 | - | - | 531 024 |
| Cllr. MW. Mohale | 408 721 | 21 600 | 172 644 | - | - | 602 965 |
| Cllr. NR. Khandlhela | 760 404 | 43 200 | 62 905 | - | - | 866 509 |
| Cllr. S. Mavasa | 8 975 | - | 76 769 | - | 26 256 | 112 000 |
| Cllr. SS. Mathebula | 102 684 | - | 107 247 | - | - | 209 931 |
| Cllr. C. Stoltz | 86 651 | - | 50 412 | - | 6 818 | 143 881 |
| Cllr. DG. Mkhabela | 202 | - | 52 372 | - | 57 329 | 109 903 |
| Cllr. ML. Ramalepe | 90 | - | 55 724 | - | 57 722 | 113 536 |
| Cllr. SP. Mashumu | 150 | - | 70 221 | - | 64 383 | 134 754 |
| Cllr. WM. Maake | 192 | - | 43 222 | - | 58 544 | 101 958 |
| Cllr. J. Mashele | 211 | - | 55 437 | - | 66 891 | 122 539 |
| Cllr. MC. Morwatshehla | 211 | - | 42 907 | - | 63 168 | 106 286 |
| Cllr. SB. Ramoshaba | 90 | - | 67 572 | - | 54 313 | 121 975 |
| Cllr. SM. Shayi | 102 | - | 89 842 | - | 55 371 | 145 315 |
| Cllr. TA. Mabaso | 316 040 | 21 600 | 61 671 | - | - | 399 311 |
| Cllr. Z. Ndhlovu | 320 579 | 21 600 | 75 168 | - | - | 417 347 |
| Cllr. MG. Letsoalo* | 8 320 | - | - | - | - | 8 320 |

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| | | | | | 2025 R | 2024 R |
|--|-------------------|----------------|------------------|------------|----------------|-------------------|
| 44. Related parties (continued) | | | | | | |
| Cllr. D. Malemela* | 70 | - | - | - | - | 70 |
| Cllr. IN. Shivambo | 5 539 | - | - | - | - | 5 539 |
| Cllr. MS. Mangena | 26 | - | 5 020 | - | 11 756 | 16 802 |
| Cllr MS Baloyi | 61 | - | 46 120 | - | 41 578 | 87 759 |
| Cllr MD Selaelo | 320 579 | - | 52 411 | - | - | 372 990 |
| Cllr EJ Mathonsi | 313 036 | - | 109 196 | - | - | 422 232 |
| Cllr B Soodi | 280 033 | 20 536 | 41 529 | - | - | 342 098 |
| Cllr SS Malatji | 6 | - | 14 064 | - | 20 103 | 34 173 |
| Cllr JS Masingi | 3 584 | - | 36 674 | - | 25 573 | 65 831 |
| Cllr T.P Chaka | 3 213 | - | - | - | 4 076 | 7 289 |
| Subtotal | 12 490 256 | 603 736 | 4 160 337 | 851 | 762 400 | 18 017 580 |
| | 12 490 256 | 603 736 | 4 160 337 | 851 | 762 400 | 18 017 580 |

| 2024 | Basic Salary | Cellphone Allowance | Travel Allowance | Other | Sitting Allowance | Total |
|-------------------------------------|--------------|---------------------|------------------|-------|-------------------|-----------|
| Name | | | | | | |
| Cllr. P.J. Shayi | 990 646 | 45 600 | 9 779 | - | - | 1 046 025 |
| Cllr. NM. Maswanganyi | 792 506 | 45 600 | 87 757 | 1 972 | - | 927 835 |
| Cllr. SL Mohlala | 404 948 | - | 307 805 | - | 1 136 | 713 889 |
| Cllr. MH. Sefufi | 742 769 | 45 600 | 211 465 | - | - | 999 834 |
| Cllr. ML. Maloko | 414 548 | 22 800 | 165 195 | - | - | 602 543 |
| Cllr. NN. Baloyi | 742 668 | 45 600 | 48 093 | - | - | 836 361 |
| Cllr. CM. Ramathoka | 1 727 | - | 22 524 | - | 30 681 | 54 932 |
| Cllr. FM. Moroatshehla | 14 456 | - | 46 594 | - | - | 61 050 |
| Cllr. MMA. Mathebula | 88 824 | - | 96 353 | - | - | 185 177 |
| Cllr. T.J. Senyolo | 11 571 | - | 30 155 | - | - | 41 726 |
| Cllr. I. Hlungwana * | 9 227 | - | - | - | - | 9 227 |
| Cllr. RN. Sekgobela | 648 | - | 12 637 | - | 12 500 | 25 785 |
| Cllr. AT. Rabothata | 11 571 | - | 26 858 | - | - | 38 429 |
| Cllr. BT. Mabilo | 11 571 | - | - | - | - | 11 571 |
| Cllr. E. Hlungwani | 402 324 | 22 800 | 53 674 | - | - | 478 798 |
| Cllr. GE. Kobane** | 11 571 | - | 9 502 | - | - | 21 073 |
| Cllr. GN. Bokisi | 9 227 | - | - | - | - | 9 227 |
| Cllr. HD. Lebeya | 313 500 | 22 800 | 27 142 | - | - | 363 442 |
| Cllr. MG. Mangena | 100 444 | - | 92 040 | - | - | 192 484 |
| Cllr. MM. Mukhabele | 715 182 | 24 300 | 139 088 | - | - | 878 570 |
| Cllr. Mafemani Patrick. Hlungwani | 10 612 | - | - | - | - | 10 612 |
| Cllr. Mabandla Patrick. Hlungwani** | 1 407 | - | 1 665 | - | 1 136 | 4 208 |
| Cllr. MP. Matlou | 100 395 | - | 15 472 | - | - | 115 867 |
| Cllr. NH. Tshimbana | 402 324 | 22 800 | 66 263 | - | - | 491 387 |
| Cllr. NJ. Mbhalati | 402 324 | 22 800 | 59 203 | - | - | 484 327 |
| Cllr. P.J. Mampeule | 100 395 | - | 21 767 | - | - | 122 162 |
| Cllr. PS. Mothomogolo | 103 113 | - | 47 353 | - | - | 150 466 |
| Cllr. RT. Mavundza | 313 140 | 22 800 | 72 108 | - | - | 408 048 |
| Cllr. SP. Letebele | 11 571 | - | 22 818 | - | - | 34 389 |
| Cllr. WL. Mtebule* | 9 227 | - | - | - | - | 9 227 |
| Cllr. BA. Shibambu | 100 395 | - | 65 084 | - | - | 165 479 |
| Cllr. DJ. Mmetle Ramohlola** | 666 817 | 42 982 | 116 415 | - | - | 826 214 |
| Cllr. M. Lewele | 712 416 | 45 600 | 126 291 | - | - | 884 307 |
| Cllr. MD. Makhananisa | 112 555 | - | 77 752 | - | - | 190 307 |
| Cllr. MJ. Rakgoale | 100 395 | - | 70 644 | - | - | 171 039 |
| Cllr. MN. Madike | 311 378 | 43 800 | 20 005 | - | - | 375 183 |
| Cllr. MS. Magomane | 414 484 | 22 800 | 53 546 | - | - | 490 830 |
| Cllr. MW. Mohale | 370 625 | 22 800 | 107 724 | - | - | 501 149 |
| Cllr. NR. Khandihela | 710 256 | 45 600 | 61 878 | - | - | 817 734 |
| Cllr. S. Mavasa | 11 571 | - | 45 606 | - | - | 57 177 |
| Cllr. SS. Mathebula | 100 395 | - | 87 947 | - | - | 188 342 |

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| | | | | | 2025 R | 2024 R |
|--|-------------------|----------------|------------------|--------------|----------------|-------------------|
| 44. Related parties (continued) | | | | | | |
| Cllr. C. Stoltz | 2 418 | - | 27 725 | - | 34 089 | 64 232 |
| Cllr. DG. Mkhabela | 2 332 | - | 58 497 | - | 48 862 | 109 691 |
| Cllr. ML. Ramalepe | 1 209 | - | 32 992 | - | 20 454 | 54 655 |
| Cllr. SP. Mashumu | 1 425 | - | 50 778 | - | 37 499 | 89 702 |
| Cllr. TC. Letsoalo* | 345 | - | - | - | - | 345 |
| Cllr. WM. Maake | 259 | - | 26 689 | - | 42 044 | 68 992 |
| Cllr. EM. Mathaba* | 605 | - | - | - | - | 605 |
| Cllr. J. Mashele | 2 009 | - | 50 571 | - | 51 134 | 103 714 |
| Cllr. MC. Morwatshehla | 2 245 | - | 42 818 | - | 51 134 | 96 197 |
| Cllr. MS. Baloyi | 1 339 | - | 42 601 | - | 17 045 | 60 985 |
| Cllr. SB. Ramoshaba | 1 209 | - | 36 779 | - | 21 590 | 59 578 |
| Cllr. SM. Shayi | 1 684 | - | 55 230 | - | 20 453 | 77 367 |
| Cllr. MD. Selaelo | 307 964 | - | 33 906 | - | - | 341 870 |
| Cllr. TA. Mabaso | 302 428 | 21 700 | 27 385 | - | - | 351 513 |
| Cllr. Z. Ndhlovu | 303 351 | 21 800 | 36 533 | - | - | 361 684 |
| Cllr. MG. Letsoalo* | 273 698 | 20 391 | 8 931 | - | - | 303 020 |
| Cllr. D. Malemela* | - | - | 2 424 | - | 6 818 | 9 242 |
| Cllr. IN. Shivambo | 9 090 | - | 17 786 | - | 1 136 | 28 012 |
| Cllr. MS. Mangena | - | - | - | - | 3 409 | 3 409 |
| | 12 069 333 | 630 973 | 3 077 847 | 1 972 | 401 120 | 16 181 245 |

* These Councillors resigned in the prior year.

** These Councillors resigned in the current year

The municipality has discovered that it had made overpayment relating to remuneration of councillors which resulted in councillors owing the municipality the portion which was identified as overpayment. The municipality has made a repayment arrangement with the affected councillors and its in the process of recovering the overpaid portion.

Councillors' balance owed to the municipality

The following relates to amounts owed by councillors emanating from overpayments of councillors remunerations in prior years. These balances are older than 90 days. No other amounts are owed by councillors.

| Name | | |
|------------------------|----------------|----------------|
| Cllr. NM. Maswanganyi | 12 812 | 12 812 |
| Cllr. MH. Sefufi | (1 101) | 9 913 |
| Cllr. ML. Maloko | 31 670 | 31 670 |
| Cllr. NN. Baloyi | 696 950 | 696 950 |
| Cllr. CM. Ramathoka | 24 971 | 29 966 |
| Cllr. BT. Mathevula | 11 999 | 11 999 |
| Cllr. MSM. Lewele | (670) | 10 403 |
| Cllr. MC. Morwatshehla | (2 586) | 11 267 |
| Cllr. MW. Mohale | 3 100 | 9 100 |
| Cllr. MMA. Mathebula | 4 913 | 4 913 |
| | 782 058 | 828 993 |

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

| | 2025 R | 2024 R |
|--|-----------|-----------|
|--|-----------|-----------|

45. Prior-year adjustments

The municipality identified errors affecting the reported financial statements of the previous financial years. Corrections have been made in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

The municipality identified errors affecting the reported financial statements of the previous financial years. Corrections have been made in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

Reclassifications

During the current financial year, Municipal Council decided to change certain general ledger account classifications in the annual financial statements to achieve a more accurate presentation in the municipal annual financial statements. As a result of these reclassifications, the prior years were restated retrospectively in terms of GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The annual financial statement line items affected by these reclassifications were VAT receivable (Note 6) and VAT payable (Note 13). These reclassifications had no effect on the surplus previously reported in the prior year.

Reclassifications as reported in this set of financial statements relate to moving of account codes from one financial statement area to another as well as moving from a sub class of a financial statement area to another.

Disclosures

The municipality identified and corrected completeness and accuracy disclosure errors on commitments (Note 45). Details of the errors are disclosed in the relevant notes as indicated.

These were all corrected retrospectively as required by GRAP 3.

Receivables from exchange transactions (Note 4), Service charges (Note 19) and intermunicipal loan accounts (Notes 4 and 12)

During the current financial year, errors were identified where the Municipality misstated its consumer debtors in the previous years. These were due to errors in impairment calculations, preparing financial statements that were not tying to general ledger, incorrect interest calculations, and billing reports. These errors resulted in the district having differences between financial statements and underlying supporting documents. Corrections have been made in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The accounts receivables and the related revenues were updated accordingly.

Accounts payable, general expenditure and accruals

During the current financial year, errors were identified where the Municipality had duplicated certain suppliers' invoices, omitted recording of supplier invoices and or posted invoices in incorrect accounting periods. Corrections have been made in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The accounts payable and the related expenditure were updated accordingly.

Property, plant and equipment, Work in progress (WIP), depreciation, impairment and retentions

The municipality identified a multiple number of errors affecting property, plant and equipment and related depreciation, residual, values and impairment loss. In the previous years, some items of property, plant and equipment were recorded as expenses and some assets were duplicated in error. The municipality also incorrectly carried some completed project in WIP thereby understating completed assets and related depreciation. These have been corrected in the current financial year, where these items have been corrected and prior period amounts adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors.

COIDA Payments

The amounts payable to the Compensation Fund were understated in the previous financial year. This error was picked up and corrected retrospectively in the current financial year. The related expenditure and payable for the previous year was adjusted and disclosed accordingly in line with GRAP3 requirements.

VAT receivable (Note 6) and VAT Payable (Note 13)

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(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

| | 2025 R | 2024 R | | | | |
|--|------------------|---------------------|--------------------|----------------|-------------------------|---------------------|
| 45. Prior-year adjustments (continued) | | | | | | |
| The Municipality identified and corrected several errors affecting VAT receivable and payable. These included VAT accounts rolling over into incorrect category, VAT paid to SARS not transferred from VAT accrual to VAT control account, incorrect treatment on VAT invoices and VAT not recorded in the general ledger. This has been corrected retrospectively in current year in line with GRAP 3 requirements. | | | | | | |
| Nature and effect of correction of errors | | | | | | |
| The impact of corrections of these errors as well as reclassifications on the Financial Statements of the Municipality are as follows: | | | | | | |
| Nature of errors | Reported surplus | Accumulated surplus | Non-current Assets | Current assets | Non-current Liabilities | Current Liabilities |
| Assets incorrectly expensed | 12 327 985 | (97 272 887) | 85 206 842 | - | - | (261 940) |
| Cash book and general ledger differences | - | - | - | (240 702) | - | 240 702 |
| Clearing VAT output | - | 103 267 886 | - | (108 587 911) | - | 5 320 024 |
| Completed assets not capitalised to infrastructure | 1 934 798 | 8 453 418 | (10 388 215) | - | - | - |
| Direct depreciation to water inventory | (300 499) | - | - | 300 499 | - | - |
| BPLM water transactions misstatements | (435 604 728) | 349 514 421 | - | 89 998 486 | - | (3 908 179) |
| Assets disposals not recorded | 189 862 | 961 201 | (1 151 063) | - | - | - |
| Direct labour on water | (18 649 955) | - | - | 18 649 955 | - | - |
| Direct expenses to inventory | (82 382 859) | - | - | 82 382 859 | - | - |
| Expenditure, assets and payables understated from the general ledger | (69 589 949) | (15 528 961) | (1 933 995) | 46 536 532 | - | 40 516 373 |
| Impairment and depreciation of property, plant and equipment errors | (60 859 118) | - | 60 859 118 | - | - | - |
| WIP Overstated | - | 2 214 957 | (2 214 957) | - | - | - |
| Interest on late payment of supplier invoices | 91 684 449 | - | - | - | - | (91 684 449) |
| Items of property, plant and equipment overstated | - | 1 860 445 | (1 860 445) | - | - | - |
| Raw water purchases | (27 179 423) | 83 904 821 | - | (13 246 207) | - | (43 479 190) |
| Operating lease assets understatement errors | 974 615 | - | (3 914 568) | 2 939 953 | - | - |
| Operating leased assets incorrectly capitalised | (788 255) | - | 788 255 | - | - | - |
| Staff debtors errors | 16 923 | - | - | (18 241) | - | 1 317 |
| Workmen compensation expenditure understated | - | 984 841 | - | - | - | (984 841) |
| GGLM transactions misttated | (21 503 907) | (219 920 858) | - | 182 407 691 | 450 565 | 58 566 509 |
| GLLM water transaction errors | (11 293 147) | (112 638 039) | - | 123 931 186 | - | - |
| GTLM Water transactions | (55 858 574) | (146 332 734) | - | 204 934 009 | - | (2 742 701) |
| Maruleng water transactions | (798 655) | 1 222 763 | - | 4 603 929 | - | (5 028 036) |
| MDM Water and rental expenses | (163 509) | - | - | - | - | 163 509 |
| Potable water issues | 134 723 154 | - | - | (134 723 154) | - | - |
| Provision for leave decrease | (95 624) | - | - | - | - | 95 624 |
| Straightlining office rentals | 2 645 340 | - | - | - | - | (2 645 340) |
| VDM revenue adjustment | (1 890 119) | - | - | 2 173 637 | - | (283 518) |
| Water inventory correction | 312 937 | (1 482 233) | - | 1 169 295 | - | - |
| Long service awards | - | 201 787 | - | - | (201 787) | - |
| Payables misstated | - | (496 372) | - | - | - | 496 372 |
| Water transactions at LMs misstated | (2 638 304 113) | 2 476 302 337 | - | 218 351 548 | - | (56 349 772) |
| Errors in PPE | 7 703 528 | 739 904 | (8 443 431) | - | - | - |
| Reclassifications | - | - | 1 641 045 | (1 641 045) | - | - |
| Local municipalities transactions error | 651 614 045 | (2 318 553 221) | - | 1 667 293 905 | - | (354 728) |
| PPE Errors | 747 133 | (2 546 127) | 1 798 994 | - | - | - |
| Bank transactions errors | - | 1 917 964 | - | - | - | (1 917 964) |
| WIP 94 corrections | - | (1 498 893) | 1 498 893 | - | - | - |
| | (2 520 387 665) | 115 276 420 | 121 886 473 | 2 387 216 224 | 248 778 | (104 240 228) |

Mopani District Municipality

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Notes to the Annual Financial Statements

| | | | 2025 R | 2024 R | |
|---|------|------------------------|---------------------|-------------------|------------------|
| 45. Prior-year adjustments (continued) | | | | | |
| Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments: | | | | | |
| Statement of financial position | | | | | |
| 2024 | | | | | |
| | Note | As previously reported | Correction of error | Re-classification | Restated |
| Accumulated surplus | | (8 040 358 135) | (2 405 111 247) | - | (10 445 469 382) |
| Cash and cash equivalents | 7 | 180 979 576 | (240 702) | - | 180 738 874 |
| Heritage assets | 10 | 432 000 | - | - | 432 000 |
| Intangible assets | 9 | 5 336 377 | (3 019 970) | - | 246 861 499 |
| Inventories | 3 | 31 626 663 | 914 268 | - | 32 540 931 |
| Operating lease asset: non-current portion | 11 | 1 923 811 | 5 146 932 | - | 7 070 743 |
| Operating lease asset: current portion | 11 | 699 568 | 2 939 953 | - | 3 639 521 |
| Property, plant and equipment | 8 | 9 592 384 192 | 118 118 464 | - | 9 710 502 656 |
| Receivables from exchange transactions: current portion | 4 | 61 862 321 | 2 395 574 568 | 327 353 053 | 2 784 789 942 |
| Receivables from exchange transactions: non-current portion | 5 | 37 025 622 | 1 641 045 | - | 38 666 667 |
| Receivables from non-exchange transactions | 5 | 126 862 075 | - | - | 126 862 075 |
| VAT receivable | 6 | 375 750 618 | (11 971 861) | (342 689 507) | 21 089 250 |
| Consumer deposits | 14 | (4 039 482) | (22 242) | - | (4 061 724) |
| Employee benefit obligation: non-current portion | 15 | (97 688 557) | 248 778 | - | (97 439 779) |
| Employee benefit obligation: current portion | 15 | (9 930 583) | - | - | (246 861 499) |
| VAT payable | 13 | (287 366 699) | - | 287 366 699 | - |
| Payables from exchange transactions: current portion | 12 | (1 284 017 124) | (103 872 646) | (272 030 245) | (1 659 920 015) |
| Payables from exchange transactions: non-current portion | 12 | (616 577 955) | - | - | (616 577 955) |
| Unspent conditional grants and receipts | 17 | (74 904 271) | - | - | (74 904 271) |

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Notes to the Annual Financial Statements

| | | | 2025 R | 2024 R | |
|---|------|------------------------|---------------------|-------------------|-----------------|
| 45. Prior-year adjustments (continued) | | | | | |
| Statement of financial performance | | | | | |
| 2024 | | | | | |
| | Note | As previously reported | Correction of error | Re-classification | Restated |
| Actuarial gains/losses | 15 | (372 797) | (464 850) | - | (837 647) |
| Consulting and professional fees | 35 | 81 085 153 | (158 977) | - | 80 926 176 |
| Contracted services | 33 | 114 636 548 | (834 096) | - | 113 802 452 |
| Debt impairment | 31 | 297 410 728 | (2 537 132 673) | - | (2 239 721 945) |
| Depreciation and amortisation | 28 | 299 587 946 | (60 689 537) | - | 238 898 409 |
| Employee related costs | 26 | 520 952 485 | (18 516 972) | - | 502 435 513 |
| Finance costs | 29 | 73 830 748 | (51 572) | - | 73 779 176 |
| Gain on disposal of assets and liabilities | 39 | 58 575 | 1 032 858 | - | 1 091 433 |
| Impairment and write off - assets | 38 | 22 100 004 | (493 800) | - | 21 606 204 |
| Inventories losses/write-downs | | 357 055 | - | - | 357 055 |
| Inventory consumed and bulk purchases | 32 | 266 552 831 | 110 245 990 | - | 376 798 821 |
| Lease rentals on operating lease | 30 | 3 859 492 | 460 030 | - | 4 319 522 |
| Notional expenses | 24 | - | 526 654 | - | 526 654 |
| Operating expenses | 34 | 206 687 089 | (39 841 004) | - | 166 846 085 |
| Remuneration of councillors | 27 | 16 181 245 | - | - | 16 181 245 |
| Repairs and maintenance | 36 | 93 945 032 | (1 385 223) | - | 92 559 809 |
| VIP Toilets | 37 | 5 024 573 | 439 808 | - | 5 464 381 |
| Government grants and subsidies | 22 | (2 347 327 559) | - | - | (2 347 327 559) |
| Income due to debt forgiveness | 23 | (9 952 251) | - | - | (9 952 251) |
| Interest charged on overdue consumer accounts | 19 | (112 147 777) | 100 855 | - | (112 046 922) |
| Investment revenue | 21 | (27 775 043) | - | - | (27 775 043) |
| Other income | 20 | (2 746 942) | - | - | (2 746 942) |
| Other non-exchange income | 25 | (748 807) | - | - | (748 807) |
| Service charges | 18 | (219 685 311) | 23 722 609 | - | (195 962 702) |
| Services in kind revenue | 24 | (3 159 924) | 2 633 270 | - | (526 654) |
| Transfers and subsidies | | - | 18 965 | - | 18 965 |
| Surplus for the year | | (721 646 907) | (2 520 387 665) | - | (3 242 034 572) |

Cash flow statement

2024

| | Note | As previously reported | Correction of error | Restated |
|--|------|------------------------|---------------------|--------------------|
| Cash flow statement - 2024 | | | | |
| Net cash flows from operating activities | 40 | 1 085 607 475 | (73 401 385) | 1 012 206 090 |
| Net cash flows from investing activities | | (923 105 332) | 73 160 781 | (849 944 551) |
| | | 162 502 143 | (240 604) | 162 261 539 |

Errors

The impact of these errors for the opening accumulated surplus at 01 July 2024 is reconciled as tabulated below:

Details

| | |
|--|----------------------|
| Total cumulative effect of error corrections on surplus | 2 405 111 247 |
| Total effect of error corrections on surplus of 2023/2024 financial year | (2 520 387 666) |
| Effect on the accumulated surplus as at 01 July 2024 | (115 276 419) |

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| | 2025 R | 2024 R |
|--|-----------|-----------|
|--|-----------|-----------|

46. Risk management

Liquidity risk

Liquidity risk is the risk that the municipality will not be able to meet its obligations as they fall due. The municipality's approach is to ensure that sufficient liquidity is available to meet its liabilities when due. The municipality uses cash flow forecasts to ensure that sufficient cash is available to meet expected operating expenses. This is guided by working capital and revenue enhancement policies.

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

The following are the contractual maturities of the financial liabilities, including interest payments and excluding the impact of netting agreements:

| 2025 | Carrying amount | Carrying amount Contractual cash flows | 1 year or less | >1 year |
|-------------------------------------|----------------------|--|----------------------|--------------------|
| Payables from exchange transactions | 2 180 424 610 | 2 180 424 610 | 1 616 041 491 | 564 383 119 |
| Consumer deposits | 4 124 815 | 4 124 815 | 4 124 815 | - |
| | 2 184 549 425 | 2 184 549 425 | 1 620 166 306 | 564 383 119 |
| 2024 | Carrying amount | Carrying amount Contractual cash flows | 1 year or less | >1 year |
| Payables from exchange transactions | 2 223 505 202 | 2 223 505 202 | 1 606 927 247 | 616 577 955 |
| Consumer deposits | 4 061 725 | 4 061 725 | 4 061 725 | - |
| | 2 227 566 927 | 2 227 566 927 | 1 610 988 972 | 616 577 955 |

Credit risk

Investment

The municipality limits its exposure to credit risk by investing with only reputable financial institutions and within specific guidelines set in accordance with Council's approved investment policy.

Credit risk consists mainly of cash deposits, cash equivalents 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

Trade receivables are amounts owing by consumers and are presented net of impairment loss. The municipality has a credit control policy in place and the exposure to credit risk is monitored continuously.

The municipality establishes an allowance for doubtful debts that represents its estimate for anticipated losses in respect of receivables. Payments of accounts of consumer debtors which are unable to pay are negotiated in line with the credit control policy and terms of payments are agreed upon with the consumer.

Cash and cash equivalents

The municipality limits its exposure to credit risk by investing with only reputable financial institutions and within specific guidelines set in accordance with council's approved investment policy. The municipality does not consider there to be any significant exposure to credit risk.

The carrying amount of financial assets represents the maximum credit exposure.

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

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|--|----------------------|--------------------|
| 46. Risk management (continued) | | |
| Financial instrument | | |
| Cash and cash equivalents | 163 526 193 | 180 979 567 |
| Receivables from exchange transactions | 2 082 330 780 | 98 081 683 |
| | 2 245 856 973 | 279 061 250 |

The municipality invested excess funds in call accounts at tiered interest rates per annum for financial year ended 30 June 2025.

Credit quality of 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:

Credit rating - Standard & Poor's

| | | |
|---------------------------|-------------|-------------|
| First Rand Limited : A-1+ | 163 526 193 | 180 738 872 |
|---------------------------|-------------|-------------|

Market risk

Interest rate risk

As the municipality has no significant interest-bearing financial liabilities, the municipality's income and operating cash flows are substantially independent of changes in market interest rates except for the effect of interest received on cash placed on call accounts.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months is made without consultation with the councillor responsible for financial matters.

Consumer receivables comprise of many consumers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these receivables. Receivables from exchange transactions are presented net of an allowance for impairment.

Cash flow interest rate risk

| Financial instrument | Current interest rate | Due in less than a year | Due in one to two years | Due in two to three years | Due in three to four years | Due after five years |
|--|-----------------------|-------------------------|-------------------------|---------------------------|----------------------------|----------------------|
| Receivables from exchange transactions - normal credit terms | 12.38 % | 2 059 130 780 | 23 200 000 | - | - | - |
| Cash in current banking institutions | Tiered | 163 526 193 | - | - | - | - |
| | | 2 222 656 973 | 23 200 000 | - | - | - |

47. Going concern

We draw attention to the fact that at 30 June 2025, although the Municipality had an accumulated surplus of R 10 247 777 764 and that the Municipality's total assets exceed its liabilities by R 10 247 777 764, its current liabilities exceeded its current assets by R779 062 717 (2024 :R1 400 843 987). This fact on its own does not prevent the Municipality to continue being a going concern given that going concern implies that the Municipality will be in existence within 12 months of the balance sheet dates.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Realisation of assets

Major assets of the Municipality are liquid and can be realised for market value as and when the need arises. This is positive on the going concern assessment.

Commitments

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| | 2025 R | 2024 R |
|--|-----------|-----------|
|--|-----------|-----------|

47. Going concern (continued)

The municipality has commitments amounting to R1 056 905 946 at the end of the year. These are backed by the approved grants (MIG, WSIG 6B). Further, to confirm positive assessment of going concern, users are advised to take cognisance of the motivations below:

- There is a commitment from National Treasury to fund the operations of the municipality through equitable share and conditional grants. This is substantiated by past practice and gazettes issued by National Treasury for the MTREF period under consideration.
- There is no change in the legislation that impact on the Municipality's ability to continue as a going concern.
- There are plans to ensure that there is effective spending of funds.

Other factors affecting going concern are as follows:-

The following factors if not monitored could undermine the going concern assumptions indicated above they were not properly managed as indicated.

- The Municipality is experiencing challenges of collecting for revenue relating to water and sanitation. This is due to weakness in controls that are intended to manage of revenue at the local municipalities. The local municipalities are appointed as service providers and the district municipality is the Water Service Authority.
- The Municipality has made significant improvements in its cash position and has been able to settle all its operating obligations within the required period (30 Days) and has also entered into settlement arrangements with Lepelle Northern Water whose obligation is R317 856 784 (2024: R335 792 029) and Department of Water and Sanitation with amount owed of R385 646 858 (2024: R387 543 040). This has a positive impact on going concern assessment.
- The municipality does have equivalent cash reserves to honour the contingent obligations to the value of R186 834 194 (2024: R186 633 645) should they fall due. Current settlements, reflect the municipality winning most of the cases even though they happened after reporting date. This has a positive impact on the going concern assessment.

Conclusion

Based on the above assessment done, the Municipality is a going concern and thus should prepare its financial statements for the year ended 30 June 2025 under the going concern assumption. The Municipality will continue with its endeavours to Increase revenue and reserve, as well as, reducing the financial commitments to ensure good financial health.

The Municipality continues to manage the mentioned risks individually in order to ensure that there do not pose major threat to going concern.

48. Events after the reporting date

The Municipality is not aware of any matter or circumstance arising since the end of the financial year.

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| | 2025 R | 2024 R |
|---|----------------------|----------------------|
| 49. Unauthorised expenditure | | |
| Opening balance as previously reported | 1 857 925 689 | 1 543 460 157 |
| Add: Unauthorised expenditure - current | 336 263 348 | 314 465 532 |
| Less: Amount written off - current | (777 077 402) | - |
| Closing balance | 1 417 111 635 | 1 857 925 689 |

Unauthorised expenditure: Budget overspending – per municipal department:

| | | |
|----------------------------------|--------------------|--------------------|
| Municipal Manager | 23 497 746 | 37 977 347 |
| Finance | 70 716 938 | 91 097 122 |
| Corporate service | 26 026 304 | 30 851 019 |
| Water distribution | 169 640 398 | 133 902 929 |
| Vote 5: Technical Services | 148 219 | 2 776 326 |
| Community and social development | 3 787 797 | 9 554 458 |
| Waste Water Management | 9 564 880 | 3 104 918 |
| Planning and development | 28 520 956 | 4 258 982 |
| Mayor and Council | 1 329 526 | 868 662 |
| Public Safety | - | 73 769 |
| Health | 3 030 585 | - |
| | 336 263 349 | 314 465 532 |

Breakdown by type of expenditure

| | | |
|-----------------------|-------------|-------------|
| Operating expenditure | 336 263 348 | 314 465 532 |
|-----------------------|-------------|-------------|

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes: overspending of the total amount appropriated in the municipality's approved budget; overspending of the total amount appropriated for a vote in the approved budget expenditure from a vote unrelated to the department or functional area covered by the vote; expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose; spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation otherwise than in accordance with any conditions of the allocation; or a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

Amount under investigation

Unauthorised expenditure incurred in the previous year is still under investigation by the Municipal Public Accounts Committee (MPAC).

Causes of unauthorised expenditure

The unauthorised expenditure was due to various reasons such as :

1. Safeguarding of assets
2. Security costs
3. Avoiding service delivery protests
4. Unforeseen expenditure

for which some line items were either not budgeted or under budgeted. Refer to Statement of Comparison of Budget and Actual Amounts

Prior period errors

In the current year the municipality identified and corrected some errors for the 2023 financial year, relating to understatement of unauthorised expenditure. This was due to using incorrect general ledger figures in calculating the expenditure by management. This was corrected retrospectively, and the details are tabulated below:

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| | 2025 R | 2024 R |
|---|-----------|----------------------|
| 49. Unauthorised expenditure (continued) | | |
| Details | | Amount R |
| Unauthorised expenditure as previously reported for 2024 financial year | | 1 966 149 255 |
| Less unauthorised expenditure written off but omitted from the disclosure | | (108 223 566) |
| Restated amount | | 1 857 925 689 |

50. Fruitless and wasteful expenditure

| | | |
|--|--------------------|--------------------|
| Opening balance as previously reported | 526 160 297 | 472 381 318 |
| Add: Fruitless and wasteful expenditure identified - current | 6 423 651 | 63 731 230 |
| Less: Amount written off - prior period | (351 532 978) | (9 952 251) |
| Closing balance | 181 050 970 | 526 160 297 |

In the current year, Lepelle Northern Water have written-off interest and penalties on historic debt amounting to R40 964 405 in relation to prior year interest and penalty amounts. This amount is included in the write-offs by MPAC in the current year.

Details of fruitless and wasteful expenditure

| | Disciplinary steps taken/criminal proceedings | | |
|--|---|------------------|-------------------|
| Interest incurred on late payment of suppliers | None | 5 665 988 | 63 731 230 |
| Interest and penalties from SARS | None | 757 663 | - |
| | | 6 423 651 | 63 731 230 |

The interest charged on debt owed to the Department of Water and Sanitation and Lepelle Northern Water contributed the biggest amounts to the fruitless and wasteful expenditure disclosed above. The breakdown is presented here:

Supplier

| | | |
|------------------------------------|------------------|-------------------|
| Department of Water and Sanitation | - | 32 023 695 |
| Lepelle Northern Water | 5 495 388 | 31 607 730 |
| Eskom | 92 578 | 98 329 |
| Other | 78 022 | 1 476 |
| | 5 665 988 | 63 731 230 |

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| | 2025 R | 2024 R |
|---|----------------------|----------------------|
| 50. Fruitless and wasteful expenditure (continued) | | |
| Amount written-off | | |
| 51. Irregular expenditure | | |
| Opening balance as previously reported | 1 371 236 759 | 1 349 142 862 |
| Add: Irregular expenditure - current | 14 314 406 | 7 662 179 |
| Add: Irregular expenditure - prior period | - | 14 431 718 |
| Less: Irregular written off - current | (141 613 871) | - |
| Closing balance | 1 243 937 294 | 1 371 236 759 |

Incidents/cases identified/reported in the current year include those listed below:

| | | | |
|---|--|-------------------|-------------------|
| | Disciplinary steps taken/criminal proceedings | | |
| Non-compliance with SCM policy | Identified employees are subject to disciplinary hearing | 5 363 921 | 13 299 126 |
| Three written quotations not obtained | No criminal proceedings. | - | 87 500 |
| Definition of emergency not met (Not a deviation) | No criminal proceedings. | - | 320 000 |
| Bids split to avoid competitive bidding | No criminal proceedings. | - | 394 500 |
| Not advertised for required time | Municipality has developed a framework agreement guideline for appointments within panels. No disciplinary steps were taken. | 8 950 485 | 2 719 014 |
| Wrong criteria used to evaluate quotations | Appointments within panels. No disciplinary steps were taken. | - | 158 758 |
| CSD Printed before advert | No criminal proceedings | - | 5 057 500 |
| CSD Tax Non Compliant on date of appointment | No criminal proceedings | 470 120 | 57 500 |
| | | 14 784 526 | 22 093 898 |

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| | 2025 R | 2024 R |
|--|-----------|-----------|
|--|-----------|-----------|

51. Irregular expenditure (continued)

Amount written-off

Irregular expenditure from the previous year amounting to R175 832 614 was investigated by MPAC during the year. After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R141 613 871 was proven without reasonable doubt that the amount was irrecoverable.

Prior period adjustment

In the current year, the restatements have been made to amounts previously disclosed in prior year. This was because the irregular expenditure was overstated the 2023/2024 financial year. This overstatement was due to incorrectly concluding that there was no formal way used by the municipality in allocating work to engineers on the panel. Below is the breakdown of the identified expenditure:

| Non-compliance with Supply Chain Management regulation | Amount |
|--|-------------------|
| Three written quotations not obtained | 87 500 |
| Definition of emergency not met (Not a deviation) | 320 000 |
| Wrong criteria used to evaluate quotations | 158 758 |
| Bids split to avoid competitive bidding | 394 500 |
| Not advertised for required time | 2 719 014 |
| Non-compliance with SCM Policy | 5 636 946 |
| CSD printed before advert date | 5 057 500 |
| Non tax compliant on appointed | 57 500 |
| | 14 431 718 |

In the current year, the restatements have been made to amounts previously disclosed in prior years. This was due to the fact that the municipal irregular expenditure was overstated from the 2022/2023 financial year. The table below details the impact of corrections of these errors on the previously reported amounts:

| Details | Amount |
|---|----------------------|
| Irregular Expenditure as previously reported | 1 356 805 040 |
| Add: Understatement of Irregular Expenditure (Detailed above) | 14 431 718 |
| Restated balance | 1 371 236 758 |

52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Audit fees

| | | |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | 14 564 953 | 11 420 278 |
| Amount paid - current year | (14 564 953) | (11 420 278) |
| | - | - |

PAYE and UIF

| | | |
|---------------------------------|--------------|--------------|
| Opening balance | (1 988) | (1 988) |
| Current year subscription / fee | 82 510 880 | 73 808 756 |
| Amount paid - current year | (82 508 892) | (73 806 768) |
| | - | - |

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| | 2025 R | 2024 R |
|---|--------------|--------------|
| 52. Additional disclosure in terms of Municipal Finance Management Act (continued) | | |
| Pension and Medical Aid Deductions | | |
| Current year subscription / fee | 35 450 818 | 61 390 143 |
| Amount paid - current year | (35 450 818) | (61 390 143) |
| | - | - |

VAT

| | | |
|----------------|------------|------------|
| VAT receivable | 25 845 515 | 20 859 699 |
|----------------|------------|------------|

VAT output payables and VAT input receivables are shown in note 6 and note 13 respectively.

All VAT returns have been submitted by the due date throughout the year.

53. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

In terms of Section 36 of the Municipal Supply Chain Management Regulations, any deviation from the supply chain management policy needs to be approved/condoned by the Municipal Manager. The total deviations for the period amounted to R3 085 637 (2024: R2 449 249) which has been tabled to council for noting in terms of Section 36(2). Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that deviations must be included as a note to the financial statements.

The amount for deviations consists of the following categories that make up the disclosed balance:

| | | |
|----------------------|------------------|------------------|
| Category/Item | | |
| Single supplier | 2 585 637 | 1 027 617 |
| Emergency | 500 000 | 1 421 632 |
| | 3 085 637 | 2 449 249 |

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2025
R

2024
R

54. Segment information

General information

Identification of segments

The municipal management is organised and reports to Council on the basis of five (5) major functional areas: Community services, Engineering Services, Mayor and Council, Planning and development and Water services. The segments were organised around the type of service delivered and the target community. Council uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management and Council as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The municipality operates throughout the jurisdiction of Mopani District. Segments were aggregated on the basis of services delivered as council considered that the economic characteristics of the segments throughout the district were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

| Reportable segment | Goods and/or services |
|--------------------------|---|
| Community services | Provision of fire services, health services, sports and recreation services to the community. |
| Engineering Services | Provision of project management services. Water infrastructure construction, maintenance. |
| Planning and development | Responsible for local economic development, spatial planning. |
| Water services | Provision of water and sanitation services to the community. |
| Mayor and Council | The council is responsible for governing the local area, provision of service delivery of municipal services to local residents and provision of political oversight to administration. |

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54. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

| | Community services | Engineering Services | Mayor and Council | Planning and development | Water services | Total |
|--|--------------------|----------------------|-------------------|--------------------------|----------------------|----------------------|
| Revenue | | | | | | |
| Revenue from non-exchange transactions | 12 258 | 20 623 616 | - | 6 799 000 | 865 639 878 | 893 074 752 |
| Revenue from exchange transactions | - | 592 471 | 10 | 8 866 | 223 983 786 | 224 585 133 |
| Interest revenue | - | - | - | - | 124 674 826 | 124 674 826 |
| Total segment revenue | 12 258 | 21 216 087 | 10 | 6 807 866 | 1 214 298 490 | 1 242 334 711 |
| Unallocated Interest revenue | | | | | | 29 311 249 |
| Other unallocated revenue | | | | | | 1 399 580 661 |
| Total revenue reconciling items | | | | | | 1 428 891 910 |
| Entity's revenue | | | | | | 2 671 226 621 |
| Expenditure | | | | | | |
| Employee related costs | 122 716 876 | 24 870 972 | 18 434 689 | 45 689 120 | 191 873 007 | 403 584 664 |
| Remuneration of councillors | - | - | 18 017 587 | - | - | 18 017 587 |
| Depreciation and amortisation | 11 895 042 | - | - | 7 515 687 | 204 877 262 | 224 287 991 |
| Interest expense | - | - | - | - | 12 003 052 | 12 003 052 |
| Debt Impairment | - | - | - | - | 905 207 365 | 905 207 365 |
| Inventory consumed and bulk purchases | - | - | - | - | 455 720 879 | 455 720 879 |
| Contracted services | - | - | - | - | 14 886 264 | 14 886 264 |
| Transfers and Subsidies | - | - | 54 430 | - | - | 54 430 |
| Operating Expenses | 9 288 707 | 4 906 987 | 6 707 387 | 7 829 422 | 88 384 798 | 117 117 301 |
| Consulting and professional fees | - | 610 650 | - | 21 399 504 | - | 22 010 154 |
| Repairs and maintenance | 1 877 880 | 433 080 | - | 173 913 | 118 853 659 | 121 338 532 |
| VIP Toilets | - | - | - | - | 71 011 701 | 71 011 701 |
| Actuarial gains/losses | - | - | - | - | 612 885 | 612 885 |
| Total segment expenditure | 145 778 505 | 30 821 689 | 43 214 093 | 82 607 646 | 2 063 430 872 | 2 365 852 805 |

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| | Community services | Engineering Services | Mayor and Council | Planning and development | Water services | Total |
|---|----------------------|----------------------|---------------------|--------------------------|----------------------|------------------------|
| 54. Segment information (continued) | | | | | | |
| Total segmental surplus/(deficit) | (145 766 247) | (9 605 602) | (43 214 083) | (75 799 780) | (849 132 382) | (1 123 518 094) |
| Interest expense | | | | | | (6 938 969) |
| Unallocated expenses | | | | | | (496 126 470) |
| Total revenue reconciling items | | | | | | 1 428 891 910 |
| Entity's surplus for the period | | | | | | (197 691 623) |
| Assets | | | | | | |
| Segment assets | 55 218 302 | 37 239 440 | (4 976 233) | 12 708 319 | 2 716 521 365 | 2 816 711 193 |
| Unallocated assets | | | | | | 9 789 998 266 |
| Total assets as per Statement of financial Position | | | | | | 12 606 709 459 |
| Liabilities | | | | | | |
| Segment liabilities | 141 254 401 | 2 753 506 | (4 528 787) | 1 494 436 | 380 506 143 | 521 479 699 |
| Unallocated liabilities | | | | | | 1 837 451 986 |
| Total liabilities as per Statement of financial Position | | | | | | 2 358 931 685 |
| 2024 | | | | | | |
| | Community services | Engineering Services | Mayor and Council | Planning and development | Water services | Total |
| Revenue | | | | | | |
| Revenue from non-exchange transactions | 12 797 | 18 012 386 | - | 8 226 000 | 1 043 326 746 | 1 069 577 929 |
| Revenue from exchange transactions | 970 | 663 560 | 27 860 | 689 | 196 056 587 | 196 749 666 |
| Interest revenue | - | - | - | - | 112 046 922 | 112 046 922 |
| Total segment revenue | 13 767 | 18 675 946 | 27 860 | 8 226 689 | 1 351 430 255 | 1 378 374 517 |

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54. Segment information (continued)

| | | | | | | |
|--|----------------------|---------------------|---------------------|---------------------|------------------------|----------------------|
| Interest revenue | | | | | | 27 775 043 |
| Other unallocated revenue | | | | | | 1 290 937 321 |
| Total revenue reconciling items | | | | | | 1 318 712 364 |
| Entity's revenue | | | | | | 2 697 086 881 |
| Expenditure | | | | | | |
| Employee related costs | 123 632 373 | 23 502 348 | 20 576 468 | 41 386 828 | 200 645 403 | 409 743 420 |
| Remuneration of councillors | - | - | 16 181 245 | - | - | 16 181 245 |
| Depreciation and amortisation | 10 784 695 | - | (27 223) | 7 525 302 | 212 954 154 | 231 236 928 |
| Finance costs | - | - | - | - | 1 954 720 | 1 954 720 |
| Debt Impairment | - | - | - | - | (2 239 765 812) | (2 239 765 812) |
| Inventory consumed and bulk purchases | - | - | - | - | 377 155 875 | 377 155 875 |
| Contracted services | - | - | - | - | 13 402 546 | 13 402 546 |
| Transfers and Subsidies | - | - | 18 965 | - | - | 18 965 |
| Operating Expenses | 6 074 044 | 2 222 703 | 4 392 253 | 7 316 213 | 83 548 099 | 103 553 312 |
| Consulting and professional fees | - | 7 816 162 | - | 9 286 452 | - | 17 102 614 |
| Repairs and maintenance | 1 898 388 | 488 807 | - | - | 87 376 419 | 89 763 614 |
| VIP Toilets | - | - | - | - | 5 464 381 | 5 464 381 |
| Notional expenses | - | - | - | - | 526 654 | 526 654 |
| Actuarial gains/losses | - | - | - | - | (483 413) | (483 413) |
| Total segment expenditure | 142 389 500 | 34 030 020 | 41 141 708 | 65 514 795 | (1 257 220 974) | (974 144 951) |
| Total segmental surplus/(deficit) | (142 375 733) | (15 354 074) | (41 113 848) | (57 288 106) | 2 608 651 229 | 2 352 519 468 |
| Total revenue reconciling items | | | | | | 1 318 712 364 |
| Interest expense | | | | | | (71 824 456) |
| Unallocated expenses | | | | | | (357 372 800) |
| Total revenue reconciling items | | | | | | 1 318 712 364 |
| Entity's surplus for the period | | | | | | 3 242 034 576 |
| Assets | | | | | | |
| Segment assets | 54 860 495 | 37 059 494 | (5 116 030) | 8 650 379 | 3 179 642 647 | 3 275 096 985 |
| Unallocated assets | | | | | | 9 633 552 081 |

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| | Community services | Engineering Services | Mayor and Council | Planning and development | Water services | Total |
|---|--------------------|----------------------|-------------------|--------------------------|----------------|-----------------------|
| 54. Segment information (continued) | | | | | | |
| Total assets as per Statement of financial Position | | | | | | 12 908 649 066 |
| Liabilities | | | | | | |
| Segment liabilities | 143 426 731 | 5 552 031 | (4 851 498) | 1 139 596 | 300 291 991 | 445 558 851 |
| Unallocated liabilities | | | | | | 2 017 620 817 |
| Total liabilities as per Statement of financial Position | | | | | | 2 463 179 668 |

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

Information about geographical areas

The municipality's operations are in the Mopani District in Limpopo Province.

55. Accounting by principals and agents

The Municipality is a party to a principal-agent arrangements.

Details of the arrangement(s) are as follows:

Mopani District Municipality as a Water Service Authority, has delegated the responsibility of water distribution and rendering of sanitation services to the local municipalities within the district, namely: Greater Tzaneen Local Municipality, Greater Letaba Local Municipality, Maruleng Local Municipality, Ba - Phalaborwa Local Municipality and Greater Giyani Local Municipality. In terms of the agreements, the five local municipalities are to sell water to the consumers on behalf of MDM in return for an agency fee which is based on the cash collections as well as profit from water and sanitation trading.

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

| | 2025 R | 2024 R |
|--|-----------|-----------|
|--|-----------|-----------|

55. Accounting by principals and agents (continued)

Mopani District Municipality as a Water Service Authority, has delegated the responsibility of water distribution and rendering of sanitation services to the local municipalities within the district, namely: Greater Tzaneen Local Municipality, Greater Letaba Local Municipality, Maruleng Local Municipality, Ba - Phalaborwa Local Municipality and Greater Giyani Local Municipality.

In terms of the agreements, the five local municipalities are to sell water and provide sanitation services to the consumers on behalf of Mopani District Municipality (MDM).

As the principal agent MDM is liable for agency fees to each local municipality as disclosed in note 33. All cash collections by the locals are payable to MDM, and all water related expenses are to be reimbursed by MDM. The nature of expenses paid by the locals on behalf of MDM, includes inter alia, bulk water purchases, salaries of employees in the water department, contracted services, repairs and maintenance of water related infrastructure. These expenses are disclosed under the respective financial statements line items of the District Municipality.

Historically, there hasn't been cash payments/receipts between the principal and agents and all amounts owed to/by the local municipalities were netted off and disclosed in the inter-municipal loan accounts. However, in the current year, one of the local municipalities, Greater Letaba Local Municipality started servicing its loan and has paid R3 874 130 in the current year. The amount payable or receivable are disclosed under Payables from exchange transaction note 12 or Receivables from exchange transactions note 4.

The Local Municipalities are in full control of the billing systems and apply their credit control policies in managing MDM's consumer debtors. There were no changes to any significant terms and conditions of this agreement during the current reporting period.

MDM is entitled to all income and is liable for all expenses relating to water transactions at the local municipalities. The risk of non-payment by the customer, and variations due to increase/decrease in selling prices of water and sanitation services are borne by MDM.

Benefits and Risks

Non-payment risks of amounts receivable from the Local Municipalities is considered to be significant. However, as an alternative recovery method, the Local Municipalities are required to incur expenses relating to water related activities for reimbursement by MDM. These costs are not reimbursed directly by MDM but netted off against amounts receivable from the local municipalities.

Claims from Greater Tzaneen Municipality are limited to R30 000 000 per annum, any excess amount is recognised as part of other income.

Fees payable

| | | |
|---|------------|------------|
| Agency fees incurred as compensation to the agent | 13 331 099 | 12 827 094 |
|---|------------|------------|

There are fees payable to the Local Municipalities as agents. These are based on a percentage of cash collected for water and sanitation receivables for all the other 4 local municipalities while the agreement of Ba-Phalaborwa provides for this calculation based on the volumes of water distributed (sold) to consumers. However, no physical cash has been paid over but agency fees owed to the agents were raised as a payable and netted off with the other intermunicipal loan accounts under payables from exchange transactions in note 12 - payables from exchange transactions and note - receivables from exchange transactions.

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

Should the principal agent arrangement be terminated, Mopani District Municipality will take over the responsibility from the 5 local municipalities. The costs to be incurred will mainly include, obtaining of a billing system and other resources to enable sale of water to consumers within the district.

Mopani District Municipality

(Registration number DC33)

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

| | 2025 R | 2024 R |
|---|--------------------|--------------------|
| 56. Other statutory receivables | | |
| VAT due from SARS | 25 845 520 | 20 859 696 |
| This represents amount of VAT that is receivable from the South African Revenue Service following the submission of the returns. Refer to note 6. | | |
| Grants receivable | 148 222 755 | 126 862 075 |
| This relates to Grants receivable from DWS for projects work completed .Refer to note 5 for further details. | | |
| National Treasury | 26 242 727 | - |
| The amount receivable from National Treasury represents over deductions by them on amounts withheld against the Municipality's equitable share amounting to R26 242 727. Treasury withheld this portion in the 2033/2024 financial year and gain in the 2024/2025 financial year resulting in double deduction. In the previous year, National treasury informed the Municipality of this deduction and was duly implemented. However, the Municipality further requested a debt settlement for unspent conditional grants against its Equitable shares in 2024/25 financial year amounting to R101 million (including the R26 million) in the current financial year again. National Treasury made the requisite deductions in the current financial year as reflected in the Equitable Share amount received resulting in an overpayment or double payment of the aforesaid unspent amount. | | |
| | 200 311 002 | 147 721 771 |

Statutory receivables general information

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to the South African Revenue Service (SARS) is included as part of VAT receivables in the Statement of Financial Position. Once payments are received or paid, the VAT returns are submitted to SARS and the resultant VAT receivable from SARS is accounted as statutory receivables. No interest is charged on outstanding VAT receivable from the South African Revenue Service. Also no impairment is recognised on this receivable since SARS always settles the VAT receivable in time.

Funding receivable from DWS represents grants payable by DWS to the municipality upon completion of work done. In terms of the grant arrangements, the municipality first appoints contractors and performs the work on the projects and then uses the value of work performed to claim from the DWS. The receivable at the end of year represents invoices claimed from the DWS but not yet received at year end.

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MOPANI DISTRICT MUNICIPALITY

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Fax: 015 309 9419

Greater Giyani
Municipality
Tel: 015 811 5500
Fax: 015 812 2068

Maruleng
Municipality
Tel: 015 793 2409/ 2237
Fax: 015 793 2341

Ba-Phalaborwa
Municipality
Tel: 015 780 6300
Fax: 015 781 0726

Greater Tzaneen
Municipality
Tel: 015 307 8000
Fax: 015 307 8489

www.greaterletaba.gov.za www.greatergiyani.gov.za www.maruleng.gov.za www.ba-phalaborwa.gov.za www.greatertzaneen.gov.za

