



# ANNUAL REPORT

2024/2025



*ANNUAL*  
**REPORT**  
**2024/2025**

# CONTENTS

## CHAPTER 1

<b>MAYOR’S FOREWORD &amp; EXECUTIVE SUMMARY.....</b>	<b>8</b>
<b>COMPONENT A: MAYOR’S FOREWORD.....</b>	<b>9</b>
1.1 VISION.....	9
1.2 KEY POLICY DEVELOPMENT.....	10
1.3 KEY SERVICE DELIVERY IMPROVEMENTS .....	11
1.4 PUBLIC PARTICIPATION.....	11
1.5 FUTURE ACTIONS.....	12
1.6 AGREEMENTS /PARTNERSHIPS.....	12
1.7 CONCLUSION.....	12
<b>COMPONENT B: EXECUTIVE SUMMARY.....</b>	<b>14</b>
1.8 MUNICIPAL MANAGER’S OVERVIEW.....	14
1.8.1 ALIGNMENT OF SERVICE DELIVERY INDICATORS AND COUNCIL PRIORITIES.....	14
1.8.2 SERVICE DELIVERY PERFORMANCE.....	14
1.8.3 FINANCIAL SUSTAINABILITY.....	15
1.9 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW .....	15
1.9.1 INTRODUCTION TO BACKGROUND DATA.....	15
1.9.2 COMMENT ON BACKGROUND DATA .....	19
1.10 SERVICE DELIVERY OVERVIEW.....	20
1.10.1 PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES.....	20
1.10.2 COMMENTS ON ACCESS TO BASIC SERVICE.....	23
1.11 FINANCIAL HEALTH OVERVIEW.....	23
1.11.2 COMMENT ON OPERATING RATIOS.....	24
1.11.3 COMMENT ON FINANCIAL HEALTH.....	25
1.11.4 ORGANIZATIONAL DEVELOPMENT PERFORMANCE.....	25
1.12 AUDITOR GENERAL’S REPORT.....	26
1.13 STATUTORY ANNUAL REPORT PROCESS.....	27
1.14 COMMENT ON THE ANNUAL REPORT PROCESS:.....	28

## CHAPTER 2: GOVERNANCE.....29

INTRODUCTION TO GOVERNANCE.....	30
<b>COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE.....</b>	<b>31</b>
INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE.....	31
2.1 INTRODUCTION TO POLITICAL GOVERNANCE.....	31
2.1.1 COUNCILLORS.....	32
2.1.2 COMMITTEES OF COUNCIL.....	33
2.1.3 MPAC: (MUNICIPAL PUBLIC ACCOUNTS COMMITTEE).....	34
2.1.4 TRADITIONAL LEADERS.....	36
2.1.5 WARD COMMITTEES.....	36
2.1.6 COMMUNITY DEVELOPMENT WORKERS.....	38
2.2 ADMINISTRATIVE GOVERNANCE.....	41
2.2.1 INTRODUCTION TO ADMINISTRATIVE GOVERNANCE.....	41
2.2.2 REPORTING RELATIONSHIPS AND ADMINISTRATIVE FUNCTIONING.....	42
2.3 INTERGOVERNMENTAL RELATIONS.....	44
<b>COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION.....</b>	<b>46</b>
2.4 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION.....	46
2.4.1 PUBLIC MEETINGS.....	47
2.4.2 COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:.....	50
2.5 IDP PARTICIPATION AND ALIGNMENT.....	51
<b>COMPONENT D: CORPORATE GOVERNANCE.....</b>	<b>54</b>
2.6 OVERVIEW OF CORPORATE GOVERNANCE.....	54
2.7 RISK MANAGEMENT.....	54
2.7.1 RISK MANAGEMENT: OVERVIEW.....	54
2.7.2 ANTI-CORRUPTION AND FRAUD.....	55
2.8 SUPPLY CHAIN MANAGEMENT.....	56
2.9 BY-LAWS .....	56

2.10 MUNICIPAL WEBSITE.....	56
2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES.....	58

## **CHAPTER 3 SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART (1) .....59**

<b>INTRODUCTION</b>	
<b>COMPONENT A: BASIC SERVICES.....</b>	<b>61</b>
3.1 ELECTRICITY.....	61
A. ELECTRICITY SERVICE DELIVERY LEVELS.....	62
B. ESKOM CONSUMERS.....	63
C. MUNICIPAL BACKLOGS (AREA OF DISTRIBUTION).....	64
D. ELECTRICITY LOSSES (HISTORIC TO DATE).....	65
E) ELECTRICITY SERVICE POLICY OBJECTIVES TAKEN FROM IDP.....	66
F) EMPLOYEE STATISTICS : ELECTRICAL SERVICES.....	67
G) FINANCIAL PERFORMANCE.....	68
H) ELECTRICITY SERVICES CAPITAL EXPENDITURE 2024/25.....	68
MUNICIPAL INEP ALLOCATION (2024/25).....	69
J) COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL: .....	69
3.2 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)	
INTRODUCTION TO WASTE MANAGEMENT.....	71
3.2.1 WASTE COLLECTION.....	72
3.2.2 LANDFILL SITE MANAGEMENT.....	73
STERKSPRUIT LANDFILL SITE.....	74
LADY GREY LANDFILL SITE.....	74
BARKLY EAST LANDFILL SITE.....	75
ROSSOUW LANDFILL SITE.....	76
RHODES LANDFILL SITE.....	77
3.2.3 SUMMARY OF STATUS QUO & PLANNED INTERVENTIONS.....	78
3.2.4 WASTE CHARACTERIZATION	
DIFFERENT TYPES OF WASTE AFTER CHARACTERIZATION.....	78
3.2.5 STREET CLEANSING AND LITTER PICKING.....	79
3.2.6 ENVIRONMENTAL AND WASTE AWARENESS IN SCHOOLS AND COMMUNITIES.....	80
3.2.7 COMMUNITY AWARENESS CONDUCTED.....	80
3.2.9 SOLID WASTE SERVICES DELIVERY LEVELS.....	84
3.2.10 EMPLOYEE STATISTICS (SOLID WASTE MANAGEMENT SERVICES).....	85
3.2.11 FINANCIAL PERFORMANCE YEAR 2024/2025: SOLID WASTE MANAGEMENT SERVICES.....	86
3.2.12 CAPITAL PROJECTS: SOLID WASTE.....	86
3.2.13 COMMENT ON WASTE MANAGEMENT SERVICES.....	87
3.3 HOUSING .....	87
<b>INTRODUCTION TO HOUSING</b>	
3.3.1 ACCESS TO BASIC HOUSING.....	88
3.3.2 HOUSING SERVICE POLICY OBJECTIVES TAKEN FROM IDP.....	89
3.3.3 EMPLOYEE STATISTICS (HOUSING SERVICES).....	90
3.3.4 COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:.....	90
3.4 FREE BASIC SERVICES.....	91
3.4.1 FREE BASIC SERVICES NARRATIVE – SENQU MUNICIPALITY.....	91
3.4.2 FREE BASIC SERVICE POLICY OBJECTIVES TAKEN FROM IDP.....	92
3.4.3 FREE BASIC SERVICES - INCLUDING SOLID WASTE /REFUSE REMOVAL 2023/2024(COMPARISON WITH PREVIOUS FINANCIAL YEAR 2024/2025).....	93
3.4.4 FINANCIAL PERFORMANCE YEAR 2024/2025.....	94
3.4.5 COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:.....	94
<b>COMPONENT B: ROADS.....</b>	<b>95</b>
3.5 ROADS & STORMWATER.....	95
3.5.1 INTRODUCTION TO ROAD.....	95
3.5.2 PROJECT MANAGEMENT UNIT:	
INTRODUCTION:.....	97

3.5.3 GRAVEL ROAD INFRASTRUCTURE.....	104
3.5.4 TARRED ROADS (INFRASTRUCTURE AND MAINTENANCE).....	104
3.5.5 EMPLOYEE STATISTICS (ROADS).....	104
3.5.6 FINANCIAL PERFORMANCE : ROAD SERVICES.....	105
3.5.6 CAPITAL EXPENDITURE ROADS & STORM WATER SERVICES:.....	105
3.5.7 COMMENT ON THE PERFORMANCE OF ROADS:.....	106
3.6 TRANSPORT (FLEET MANAGEMENT ).....	107
3.6.1 INTRODUCTION TO TRANSPORT (FLEET MANAGEMENT ).....	107
3.6.2 EMPLOYEES: FLEET MANAGEMENT SERVICES.....	108
3.6.3 FINANCIAL PERFORMANCE.....	109
3.6.4 CAPITAL EXPENDITURE YEAR 0: FLEET MANAGEMENT SERVICES.....	109
3.6.5 COMMENT ON THE PERFORMANCE OF FLEET MANAGEMENT.....	109
<b>COMPONENT C: PLANNING AND DEVELOPMENT.....</b>	<b>111</b>
3.7 PLANNING AND DEVELOPMENT .....	111
3.7.1 INTRODUCTION TO PLANNING AND DEVELOPMENT .....	111
3.7.2 PLANNING.....	111
3.7.3 APPLICATIONS FOR LAND USE DEVELOPMENT.....	112
3.7.4 PLANNING POLICY OBJECTIVES TAKEN FROM IDP.....	113
3.7.5 EMPLOYEES: HOUSING AND PLANNING SERVICES.....	115
3.7.6 FINANCIAL PERFORMANCE: PLANNING AND LOCAL DEVELOPMENT SERVICES.....	115
3.7.7 COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:.....	116
3.8. LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES.....	117
3.8.1 INTRODUCTION TO ECONOMIC DEVELOPMENT.....	117
3.8.2 LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES TAKEN FROM IDP.....	119
3.8.3 JOB CREATION THROUGH EPWP* PROJECTS.....	120
3.8.4 EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT SERVICES.....	121
3.8.5 FINANCIAL PERFORMANCE YEAR 0: LOCAL ECONOMIC DEVELOPMENT SERVICES.....	121
3.8.6 COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:.....	121
<b>COMPONENT D: COMMUNITY &amp; SOCIAL SERVICES.....</b>	<b>123</b>
3.9 COMMUNITY & SOCIAL SERVICES .....	123
INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES	
3.9.1 LIBRARIES AND COMMUNITY FACILITIES .....	123
3.9.2 COMMENT ON THE PERFORMANCE OF LIBRARIES; AND COMMUNITY FACILITIES:.....	124
3.9.3 EMPLOYEES: LIBRARIES; COMMUNITY FACILITIES.....	125
3.9.4 FINANCIAL PERFORMANCE YEAR 2024/2025: LIBRARIES; COMMUNITY FACILITIES .....	125
3.9.5 CAPITAL EXPENDITURE YEAR 2024/2025: LIBRARIES; COMMUNITY FACILITIES;.....	126
3.9.6 COMMENT ON THE PERFORMANCE OF LIBRARIES; AND COMMUNITY FACILITIES:.....	126
3.10 CEMETERIES AND CREMATORIUMS.....	127
3.10.1 INTRODUCTION TO CEMETERIES & CREMATORIUMS.....	127
3.10.2 SERVICE STATISTICS FOR CEMETERIES & CREMATORIUMS.....	127
3.10.3 OPERATING CEMETERIES.....	127
3.10.4 CEMETERIES AND CREMATORIUMS POLICY OBJECTIVES TAKEN FROM IDP.....	128
3.10.5 COMMENT ON THE PERFORMANCE OF CEMETERIES.....	129
3.10.6 FINANCIAL PERFORMANCE YEAR 2024/2025: CEMETERIES AND CREMATORIUMS.....	129
3.10.7 CAPITAL EXPENDITURE YEAR 2024/2025: CEMETERIES AND CREMATORIUMS.....	130
3.10.5 COMMENT ON THE PERFORMANCE OF CEMETERIES.....	130
<b>3.11 COMPONENT F: SPORT AND RECREATION.....</b>	<b>130</b>
3.11.1 INTRODUCTION TO SPORT AND RECREATION.....	130
3.11.2 SERVICE STATISTICS FOR SPORT AND RECREATION.....	130
3.11.3 SERVICE STATISTICS FOR INTRODUCTION TO INDOOR RECREATIONAL COMMUNITY FACILITIES (HALLS)...	131
3.11.4 EMPLOYEES: SPORT AND RECREATION.....	132
3.11.5 FINANCIAL PERFORMANCE YEAR 2024/2025: SPORT AND RECREATION.....	132
3.11.6 CAPITAL EXPENDITURE YEAR 2024/2025: SPORT AND RECREATION.....	132
3.11.7 COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION.....	133
3.12 INDOOR RECREATIONAL COMMUNITY FACILITIES (HALLS).....	133
3.12.1 INTRODUCTION TO INDOOR RECREATIONAL COMMUNITY FACILITIES (HALLS).....	133
3.12.2 SERVICE STATISTICS FOR INTRODUCTION TO INDOOR RECREATIONAL COMMUNITY FACILITIES (HALLS)...	133

3.12.3 INDOOR RECREATIONAL COMMUNITY FACILITIES (HALLS)POLICY OBJECTIVES TAKEN FROM IDP.....	134
3.12.4 EMPLOYEES: INDOOR RECREATIONAL COMMUNITY FACILITIES (HALLS).....	135
3.12.5 COMMENT ON THE PERFORMANCE OF INDOOR RECREATIONAL COMMUNITY FACILITIES (HALLS) MISCELLANEOUS.....	135
<b>3.13 COMPONENT G SECURITY AND SAFETY.....</b>	<b>136</b>
3.13.1 INTRODUCTION TO TRAFFIC SERVICES.....	136
3.13.2 SERVICE STATISTICS – TRAFFIC AND LICENCING SERVICES.....	136
3.13.3TRAFFIC POLICY OBJECTIVES TAKEN FROM IDP.....	137
3.13.4 EMPLOYEES: TRAFFIC OFFICERS.....	138
3.13.5 FINANCIAL PERFORMANCE.....	138
3.13.6 CAPITAL EXPENDITURE YEAR 2024/2025: TRAFFIC SERVICES.....	138
3.13.7 COMMENT ON THE PERFORMANCE OF TRAFFIC SERVICES.....	139
3.13.8 ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCES.....	139
3.14 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES .....	139
3.14.1 INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES .....	139
3.14.2 ICT SERVICE POLICY OBJECTIVES TAKEN FROM IDP.....	141
3.14.3 EMPLOYEES: ICT SERVICES.....	142
3.14.4 FINANCIAL PERFORMANCE YEAR : ICT SERVICES.....	142
3.14.5 CAPITAL EXPENDITURE YEAR : ICT SERVICES.....	143
3.14.6 COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL: .....	143
3.15 LEGAL: RISK MANAGEMENT AND PROCUREMENT SERVICES.....	144
3.15.1 LEGAL SERVICES: OVERVIEW.....	144
3.15.2 RISK MANAGEMENT : OVERVIEW.....	145
3.15.3 SUPPLY CHAIN MANAGEMENT: OVERVIEW.....	147
3.15.4 LEGAL SERVICES, RISK MANAGEMENT; AND PROCUREMENT SERVICES POLICY OBJECTIVES TAKEN FROM IDP.....	148
3.15.5 EMPLOYEES: LEGAL; RISK MANAGEMENT; AND PROCUREMENT SERVICES.....	150
3.15.6 FINANCIAL PERFORMANCE YEAR 2024/2025: LEGAL; RISK MANAGEMENT; AND PROCUREMENT SERVICES.....	150
<b>COMPONENT H</b>	
ORGANISATIONAL PERFORMANCE SCORECARDS AND S46 PERFORMANCE REPORT 2023/2024.....	151
3.16 RESULT OF THE CURRENT FINANCIAL YEAR 2023/2024.....	151

## **CHAPTER 4 ORGANISATIONAL DEVELOPMENT**

### **PERFORMANCE(PERFORMANCE REPORT PART II ..... 153**

INTRODUCTION.....	153
<b>COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL.....</b>	<b>154</b>
INTRODUCTION TO THE MUNICIPAL PERSONNEL	
4.1EMPLOYEE TOTALS, TURNOVER AND VACANCIES .....	155
<b>COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE.....</b>	<b>157</b>
INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT	
4.2 POLICY REVIEW AND DEVELOPMENT.....	157
4.3 INJURIES, SICKNESS AND SUSPENSIONS.....	159
4.4 PERFORMANCE REWARDS.....	161
<b>COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE.....</b>	<b>163</b>
INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT	
4.5 SKILLS DEVELOPMENT AND TRAINING.....	164
<b>COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE.....</b>	<b>167</b>
4.6 EMPLOYEE EXPENDITURE.....	168
4.10.2 COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE: .....	169

## **CHAPTER 5 FINANCIAL PERFORMANCE..... 170**

5.1 INTRODUCTION TO FINANCIAL PERFORMANCE.....	171
5.2 STANDARD PRACTICES TO FACILITATE ACCURATE INFORMATION PROVISION.....	171
<b>COMPONENT A: STATEMENTS OF FINANCIA PERFORMANCE.....</b>	<b>176</b>



5.3 INTRODUCTION TO FINANCIAL STATEMENTS.....	176
5.3.1 STATEMENTS OF FINANCIAL PERFORMANCE – 2024/2025 IN COMPARISON WITH PREVIOUS FINANCIAL YEAR 2023/2024 ACTUALS.....	177
5.3.2 STATEMENTS OF FINANCIAL PERFORMANCE: BUDGET COMPARISONS OPERATING REVENUE.....	179
5.3.3 EXPENDITURE AUTHORISED IN TERMS OF SECTION 32 OF THE MFMA.....	180
5.4 GRANTS.....	183
5.5 ASSET MANAGEMENT.....	184
5.6 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS.....	189
<b>COMPONENT B: SPENDING AGAINST CAPITAL BUDGET.....</b>	<b>191</b>
5.7 INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET.....	191
5.8 SOURCES OF FINANCE.....	194
5.9 CAPITAL SPENDING ON PROJECTS.....	195
<b>COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS.....</b>	<b>196</b>
5.11 INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS.....	196
<b>CHAPTER 6: AUDIT COMMITTEE FINDINGS 2024/2025 .....</b>	<b>202</b>
<b>COMPONENT A:.....</b>	<b>203</b>
THE AUDITOR-GENERAL REPORT 2024/25.....	204
<b>COMPONENT B: AUDIT COMMITTEE REPORT ON SERVICE DELIVERY 2023/2024.....</b>	<b>214</b>
<b>COMPONENT C: AUDIT COMMITTEE REPORT ON SERVICE DELIVERY 2024/2025.....</b>	<b>218</b>
<b>GLOSSARY.....</b>	<b>221</b>
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE.....	223
APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES.....	224
APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE.....	227
APPENDIX E – WARD REPORTING.....	227
APPENDIX F – WARD INFORMATION.....	228
APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0.....	229
APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS.....	229
APPENDIX I .....	229
MUNICIPAL ENTITY / SERVICE PROVIDERS STRATEGIC PERFORMANCE MANAGEMENT AND MONITORING REPORT: 2024 /2025.....	230
APPENDIX J – DISCLOSURES OF FINANCIAL INTEREST.....	247
APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE.....	249
APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE.....	249
APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE.....	250
APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG.....	251
APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES.....	251
APPENDIX M (II): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME.....	253
APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0.....	255
APPENDIX O: CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0.....	256
APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS.....	257
APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION.....	268



# CHAPTER <sup>1</sup>

**MAYOR'S FOREWORD & EXECUTIVE SUMMARY**

## CHAPTER 1

### MAYOR'S FOREWORD & EXECUTIVE SUMMARY

#### INTRODUCTION

Senqu Municipality's Annual Report for the 2024/2025 financial year provides the political leadership and the administrative management of the institution with an opportunity to take stock of the implementation of the strategic objectives for the year under review as articulated and envisioned in the Municipality's Integrated Development Plan (IDP). It is also an opportunity to account and be transparent to the communities that have voted and entrusted this administration with its resources as expressed in the 2024/2025 Budget adopted by the Municipal Council. This reporting exercise comes right on the eve of the final year of the current council's term that was elected in 2021. The Honourable Mayor wishes to share with the electorate and the stakeholders the joys and hardships, the successes and failures, the trials and commitments experienced and endured by this Council and the administration in its endeavours to provide basic services to the communities of Senqu Municipality with the limited and ever shrinking resources on an efficient, economical and sustainable basis. In spite of the ongoing numerous challenges such as the growing local unemployment rate in particular youth unemployment, high levels of poverty suffered by our communities and the immeasurable expectations of our people, this administration remains steadfast in its resolve and commitment to service delivery and to make Senqu Municipality a leading rural Municipality with a viable and modern economy. This Annual Report provides a critical tool for accountability and transparency and offers a comprehensive account of the municipality's financial, operational, and strategic activities undertaken during the 2024/2025 financial year.

#### COMPONENT A: MAYOR'S FOREWORD

##### 1.1 VISION

A leading rural Municipality with a viable and modern economy.

Legislators and communities of Senqu Municipality envisioned a society which view its rural landscape, disposition, and character not as a socio-economic limitation or curse but a social arena for creating decent living conditions for its citizenry. This can only be realised by providing equal access to high quality services, developing and maintaining sustainable infrastructure and encouraging innovation to support local economic growth using environmentally friendly methods and approaches. Such Vision can be attained through internet connectivity, digitisation of operational and productive systems, creation of a sustainable road infrastructure to allow unfettered business operations and movement of goods and services and by positioning Senqu Municipality as a safe and reliable destination for prospective tourists and investors.

The Vision necessitates a shift from traditional subsistence-based rural landscape to a diversified resilient economy that integrates agriculture and non-agricultural activities such as tourism, small and medium business enterprise

development and embracing Information and Communication Technologies. It is expected that the Municipality must demonstrate the following characteristics to realise its vision and mission:

- Financial Sustainability
- Effective Governance and Leadership
- Modern infrastructure
- Diversified economy
- Human Capital Development
- Community empowerment and Inclusivity
- Innovation
- Resilience and Effective Risk Management

Senqu Municipality currently meets most of the expected characteristics and is therefore on the right track to fulfil its vision.

**1.2 KEY POLICY DEVELOPMENTS**

The Municipality has reviewed or adopted policies that give effect to the alignment of IDP Key Performance Areas to the Provincial Growth and Development Plan priorities and outcomes. These are:

Municipal Policy/Plan	IDP KPA	Provincial Growth and Development Strategy
Workplace Sills Plan	- Municipal Transformation and Institutional Development	Priority 4 Strengthen educationskills and human resources base.
SCM Policies and 2024/2025 Procurement Plan	Municipal Finance Management and Viability	Priority 6 Intensifying the fight against crime and corruption
Fraud Prevention Policy	Good Governance	Priority 6 Intensifying the fight against crime and corruption
Housing Sector Plan	Environment & Spatial Management	Sustainable human settlements and improve quality of household life.

**1.3 KEY SERVICE DELIVERY IMPROVEMENTS**

The following key service delivery achievements were recorded for the 2024/2025 financial Year:

- Reconstruction of 6 kms access roads in Ntabamhlophe
- Reconstruction of 5 kms access roads in Kwantoyi and Zwelitsha
- Reconstruction of 4.5 kms of access roads in Zava, Mdlokovana and Thaba Koloji
- 97,36% of households with access to electricity
- 37.4% of households with access to weekly refuse waste removal
- 38876 households have resided in formal I dwellings
- Extensive Street lighting to our communities

**1.4 PUBLIC PARTICIPATION**

The Municipality continues to promote active citizen involvement through structured participation programmes. These efforts enhance transparency, accountability, and collaborative planning between the Municipality and its communities, in line with the principles of responsive and people-centered governance. The Municipality has a Public Participation Policy Framework which governs the public participation and stakeholder engagements. Additionally, the framework identifies the methods that are useful and efficient for public participation. These include:

Municipal Policy/Plan	IDP KPA	Provincial Growth and Development Strategy
Workplace Sills Plan	- Municipal Transformation and Institutional Development	Priority 4 Strengthen education skills and human resources base.
SCM Policies and 2024/2025 Procurement Plan	Municipal Finance Management and Viability	Priority 6 Intensifying the fight against crime and corruption
Fraud Prevention Policy	Good Governance	Priority 6 Intensifying the fight against crime and corruption
Housing Sector Plan	Environment & Spatial Management	Sustainable human settlements and improve quality of household life.

1. Ward Committee Quarterly Meeting
2. Capacity Building for Ward Committees and Ward Clerks
3. Public Participation Forum
4. Stakeholder Engagement Sessions
5. Mid-Year Mayoral Imbizo
6. Support to Commemorative and Community Events / Public Hearings

### 1.5 FUTURE ACTIONS

The municipality has assessed its performance in various areas of Service Delivery, and the following issues will be done to improve performance and the maintain the good name:

- The municipality is investigating partnerships with the private sector in improving the state of roads within the municipality.
- We have also invested a huge some of money in the reconstruction of key access roads in both the urban and rural areas. Most of the projects should be completed by the end of 2025-2026 and 2026-2027 financial years.
- We are currently facing perpetual power failures due to limited maintenance of our electrical infrastructure. To salvage this, we are investigating the use of the green energy in areas with enough sun light throughout the year. We are also going to invest some of our own funding to ensure that we refurbish our power stations and maintain our power lines.
- Recently we have built a sports facility in Bluegums and this project is also expected to be completed by the end of 2025-2026 financial year. This investment into the sport infrastructure is our contribution to the fight against crime as well alcohol and drug abuse by the youth of municipality.
- Lastly, the municipality is committed in ensuring that people of Senqu must benefit from their resources, we have started an educational programme which will start in 2025-2026. With this programme we want to support best performing learners across the municipality and ensure that they continue their studies and come back at Senqu to plough back.

### 1.6 AGREEMENTS /PARTNERSHIPS

Senqu Municipality is engaged in Intergovernmental partnerships with the following departments:

- Department of Human Settlements for the provisioning of housing service to Senqu residents.
- Department of Sports Recreation Arts and Culture for the provisioning of library services
- The Municipality also partnered with MaxProf Bursary Program and Dywili Construction for award financial aid to deserving matriculants

### 1.7 CONCLUSION

The 2024/2025 financial year has come and gone with its fair share of challenges, however due credit must be given to the political leadership (Councillors) who through various forms of oversight have ensured that what was planned during the strategic planning sessions gets implemented, and the administration management who worked tirelessly and were unrelenting in ensuring that the communities of Senqu Municipality receive the services on a sustainable basis and ensuring the municipality is able to double match the MIG allocations from the National Government through our own cash reserves. This speak volume to the financial viability of Senqu Municipality. Our last gratitude's go to the community of Senqu Municipality ( Public and stakeholders) who have kept this administration on its toes and senses and have played a critical watchdog role to enforce transparency and accountability.

Signed by :



Date 25 January 2026

V.V STOKHWE

MAYOR

## COMPONENT B: EXECUTIVE SUMMARY

### 1.8 MUNICIPAL MANAGER'S OVERVIEW

When I joined the Municipality in June of 2023, it had serious service delivery performance issues, and these led to monies being lost to the public purse due to non-performance of certain projects that were active at the time. Together with my management team we devise means to rectify this problem and for past two financial years we have been spending 100% of MIG. This brought joy to our leaders and communities at large.

We are still facing challenging of projects that are either taking too long to start or to complete. The management is currently seized with ensuring that we appoint service providers in the shortest possible time and projects are completed within the contract time or even before that. What we are investigating currently is rewarding good performance by giving those contractors that are performing excellent incentives. We have not yet agreed on the method, but we hope this will make us attract the best of the best in the construction industry.

With the municipality having been a construction site for some few years now, we hope to reduce our backlogs in sizeable number, and we have already started with the road's infrastructure. In the past financial year, we had about 10 projects that were strictly for roads.

We can promise the communities of Senqu that the municipality will look a lot different once we start to implement the Urna Development Framework which was done for Sterkspruit. The aim with this project is to change the face of Sterkspruit and making a total new beautiful and safe town. Once this is complete, we will move with the same plan for other town. All of these will not be realise overnight. It is with this spirit therefore that we are appealing for our communities to work with us and not against us. People should report any act of criminality that are aimed at undermining the gains which have achieved so far. We are aware that there people who are working tirelessly to either damage our infrastructure and or commit act of crime by robbing our people of their hard earned monies by acting as municipal officials. We are certainly going to deal with these criminals in the manner in which they deserve.

It is true that, working together we can do more.

#### 1.8.1 ALIGNMENT OF SERVICE DELIVERY indicators and council PRIORITIES

THE SENQU LOCAL MUNICIPALITY ANNUAL REPORT FOR THE 2024/25 FINANCIAL YEAR HAS BEEN COMPILED IN ACCORDANCE WITH THE LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT, 32 OF 2000, THE LOCAL GOVERNMENT MUNICIPAL FINANCE MANAGEMENT ACT 56 OF 2003, AS WELL AS NATIONAL TREASURY CIRCULAR NO. 11, 63. THIS REPORT DEMONSTRATES THE MUNICIPALITY'S COMMITMENT TO TRANSPARENCY, OPENNESS, ACCOUNTABILITY AND SUSTAINABLE DEVELOPMENT, AND ADHERES TO CORPORATE GOVERNANCE. THIS REPORT RECORDS THE PROGRESS MADE BY THE MUNICIPALITY IN FULFILLING ITS OBJECTIVES AS REFLECTED IN THE INTEGRATED DEVELOPMENT PLAN (IDP), THE BUDGET AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) AND OFFERS A COMPREHENSIVE VIEW OF OUR PERFORMANCE AND STRATEGIC DIRECTION.

#### 1.8.2 SERVICE DELIVERY PERFORMANCE

**Infrastructure:** In the past year we were able to prioritize infrastructure development by rehabilitating existing infrastructure and constructing new infrastructure in the areas of Mokhesi and Barkly East Road, Construction of new DLTC in Sterkspruit, Construction of Blue-Gums Sportsfield, Construction of interlock paved streets in Khwezi Naledi (Steve Tshwete W 14),

**Basic Services:** In the past year there has been an improvement in the implementation of basic services and as such the Municipal Infrastructure Grant was fully expended.

The Municipality initiated the electrification of a new settlement in Sterkspruit.

### 1.8.3 Financial Sustainability

The Municipality in the year under review was liquid. For the 2024/25 financial year, the Senqu LM had an operating budget of about R 358 498 190 and a capital budget of about R 131 769 405. Infrastructure spending for this period was R 108 933 009, with a strong focus on road

## 1.9 Municipal functions, population and environmental overview

### 1.9.1 INTRODUCTION TO BACKGROUND DATA

The 2022 Census data compiled by Statistics South Africa and the Annual Statistical Overviews developed by S&P Global Market intelligence on the 3 October 2025 were a source for the development of the Senqu Municipality statistical data profiles and were used for planning purposes by the Municipality. This statistical data has been useful for the planning as it provided information regarding the demographic characterisation of Senqu Municipality. This demographic analysis is essential for the Institutional development planning and appropriation of budgetary resources towards achieving those development plans. It also enables the municipal planners to understand and predict the population growth patterns, the poverty levels and economic development levels of Senqu Municipality's communities. Service delivery planning and performance for the 2024/25 financial year is reflective of the usefulness of this statistical information. In terms of the provision of basic services such as basic electricity, basic sanitation, basic waste removal and basic water, the Municipality is shoulders above many municipalities within the Joe Gqabi District Municipality, the Eastern Cape Province and to a large extent South Africa as a whole. However, the statistical data reveals that Senqu Municipality experiences serious challenges in respect of employment creation and household economic development. The information below provides actual depiction of the numerical information and narratives on the demographic and development profiles of Senqu Municipality.



- Senqu Municipality is the largest Municipality in the Joe Gqabi District Municipality and spans an area of 6 772 km squared.  
It borders the Eastern Cape Province and Lesotho.  
It is characterized by mountains and beautiful rivers. There are many game-fishing opportunities and both agriculture and the potential for tourism are considered to be critical economic factors to nurture for growth.
- Elundini and Sakhisizwe Municipalities are to the south of Senqu Municipality and in the west is Maletswai Municipality. To the north is the border between the Eastern Cape Province and the Free State Province. The R58 and R392 are the key transport routes through this Municipality. These then link to the N6 at Aliwal North.
- The municipality has three urban nodes viz. Barkly East, Sterkspruit and Lady Grey with Sterkspruit displaying the highest population growth rate.
- The remaining areas of the municipality are characterized by small villages and communal and commercial farming land.

#### Demographic Overview: Senqu Municipality (2022/2027 IDP)

- Senqu Municipality consist of 3 main towns i.e. Lady Grey, Barkly East and Sterkspruit;
- The dominant home languages are Isi Xhosa, isiHlubi, seSotho, Afrikaans and English. A larger part of isiHlubi speakers can be found living within the Sterkspruit area;
- 83.5% of households are rural in nature (StatsSA) however according to the latest statistics those figures are affect the phenomenon of urban migration. This simply means that people are moving to live in villages which are expanding towards the urban centre of Sterkspruit in search of better employment and educational opportunities.

**Population Details**

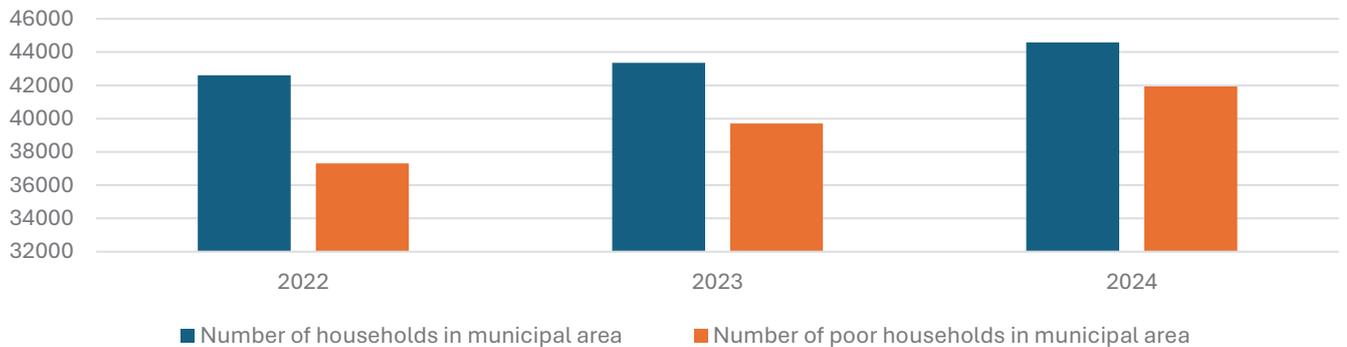
Age	2001			2011			2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0-4	6785	6803	13 588	8030	7783	15 813	7874	7903	15,777
Age: 5-9	8855	8872	17,727	7533	7589	15,122	7310	7015	14,325
Age: 10-19	19,727	19,628	39,355	15,823	14,216	30,039	15423	14695	30,118
Age: 20-29	10,207	10,522	20,729	10,487	11,508	21,995	10002	11192	21,194
Age: 30-39	5,519	6,894	12,413	6,644	7,721	14,365	8507	10331	18,838
Age: 40-49	4,344	6,121	10,465	4,755	6,404	11,159	6,725	7,973	14,698
Age: 50-59	3,187	4,292	7,479	4,083	6,176	10,259	5,093	7,113	12,206
Age: 60-69	2,996	4,878	7,874	3,134	4,566	7,700	4,600	6,914	11,514
Age: 70+	2,087	4,015	6,102	2,768	7,310	10,078	2,807	5,594	8,401

Source: Statistics SA : Census 2022

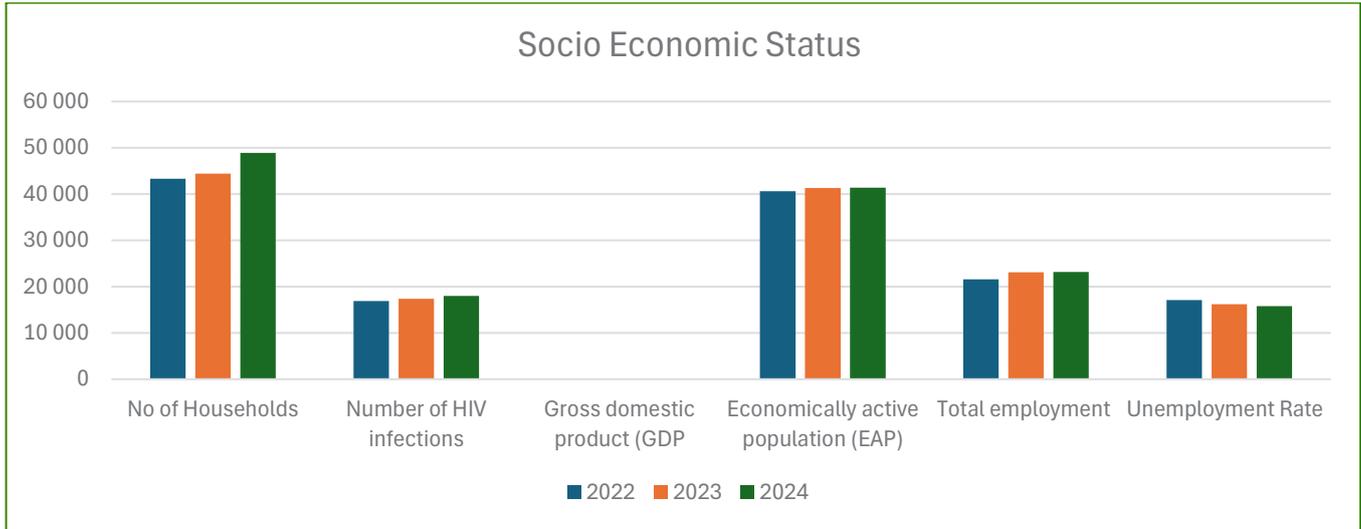
**HOUSEHOLDS**

	2022	2023	2024
Number of households in municipal area	42600	43346	44579
Number of poor households in municipal area	37300	39712	41928

**HOUSEHOLDS**



Year	No of Households	Number of HIV infections	Gross domestic product (GDP)	Economically active population (EAP)	Total employment	Unemployment
2022	43,300	16,900	5.1	40,600	21,600	17,100
2023	44,400	17,400	5.4	41,300	23,100	16,200
2024	48,914	18,000	5.4	41,400	23,200	15,800



Natural Resources	
Major Natural Resource	Relevance to Community
Mountains	Beautiful scenery (adventure and agricultural tourism)
Wind	Off grid and cleaner sources of electricity from wind
Rivers	Game fishing and tourism

## 1.9.2 Comment on background data

### Number of households

- ❖ A household is either a group of people who live together and provide themselves jointly with food and/or other essentials for living, or it is a single person living on his/her own.
- ❖ An individual is considered part of a household if he/she spends at least four nights a week within the household.
- ❖ If the number of households is growing at a faster rate than that of the population it means that the average household size is decreasing, and vice versa.
- ❖ In 2024, the Senqu Local Municipality comprised of 48 915 households. This equates to an average annual growth rate of 1.67% in the number of households from 2014 to 2024.

### Number of HIV infections

In 2024, 18 000 people in the Senqu Local Municipality were infected with HIV. This reflects an increase at an average annual rate of 2.12% since 2014, and in 2024 represented 12.21% of the local municipality's total population.

### Gross Domestic Product (GDP)

- ❖ The gross domestic product (GDP), an important indicator of economic performance, is used to compare economies and economic states.
- ❖ Gross domestic product by region (GDP-R) represents the value of all goods and services produced within a region, over a period of one year, plus taxes and minus subsidies.

### Economically Active Population

- ❖ The economically active population (EAP) is defined as the number of people (between the age of 15 and 65) who are able and willing to work, and who are actively looking for work.
- ❖ It includes both employed and unemployed people. People, who recently have not taken any active steps to find employment, are not included in the measure.
- ❖ Senqu Local Municipality's EAP was 41 000 in 2024, which is 27.79% of its total population of 148 000. The average annual increase in the EAP in the Senqu Local Municipality was 2.51%

### Total Employment

- ❖ Total employment consists of two parts: employment in the formal sector, and employment in the informal
- ❖ Sector. Employment data is a key element in the estimation of unemployment, trends in employment within different sectors and industries and indicates significant structural changes in the economy.
- ❖ Employment data is also used in the calculation of productivity, earnings per worker, and other economic indicators.
- ❖ In 2024, Senqu employed 23 200 people which is which amounts to 15, 7% of the total population.

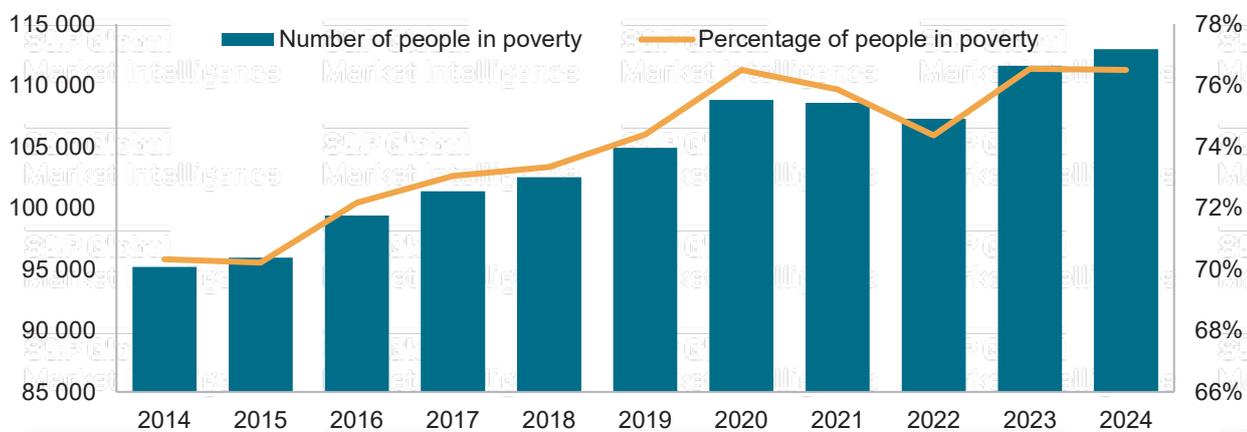
### Unemployment

- ❖ The unemployed includes all persons between 15 and 65 who are currently not working, but who are actively looking for work. It therefore excludes people who are not actively seeking work (referred to as discouraged work seekers).
- ❖ In 2024, there were a total number of 15 800 people unemployed in Senqu, which is an increase of 7 660 from 8 170 in 2014.

- ❖ The Senqu Local Municipality experienced an average annual increase of 6.83% in the number of unemployed people.
- ❖ In 2024, the unemployment rate in Senqu Local Municipality (based on the official definition of unemployment) was 38.57%, which is an increase of 13.1 percentage points

## Poverty

**Definition:** The upper poverty line is defined by StatsSA as the level of consumption at which individuals are able to purchase both sufficient food and non-food items without sacrificing one for the other. These variable measures the number of individuals living below that particular level of consumption for the given area and is balanced directly to the official upper poverty rate as measured by StatsSA.



**CHART35.** Number and percentage of people living in poverty - Senqu Local Municipality, 2014-2024 [Number percentage]

Source: South Africa Regional eXplorer v2663. Data compiled on 3 Oct 2025. © 2025 S&P Global.

In 2024, there were 113 000 people living in poverty, using the upper poverty line definition, across Senqu Local Municipality - this is 18.66% higher than the 95 200 in 2014. The percentage of people living in poverty has increased from 70.33% in 2014 to 76.51% in 2024, which indicates an increase of -6.18 percentage points.

## 1.10 SERVICE DELIVERY OVERVIEW

### 1.10.1 Proportion of households with access to basic services

In the context of a municipality, access to basic services by communities can be measured by the extent to which the communities are provided with the following services by their municipality:

#### Access to electricity

- Households are distributed into 3 electricity usage categories: Households using electricity for cooking, Households using electricity for heating, households using electricity for lighting. Household using solar power are included as part of households with an electrical connection.

- Senqu Local Municipality had a total number of 2 490 (5.46%) households with electricity for lighting only, a total of 42 100 (92.44%) households had electricity for lighting and other purposes, and a total number of 956 (2.10%) households did not use electricity.

### Access to sanitation

- Sanitation can be divided into specific types of sanitation to which a household has access. We use the following categories:
  - 1) No toilet - No access to any of the toilet systems explained below.
  - 2) Bucket system - A top structure with a seat over a bucket. The bucket is periodically removed and the contents disposed of. (Note: this system is widely used but poses health risks to the collectors. Most authorities are actively attempting to discontinue the use of these buckets in their local regions).
  - 3) Pit toilet - A top structure over a pit.
  - 4) Ventilation improved pit - A pit toilet but with a fly screen and vented by a pipe. Depending on soil conditions, the pit may be lined.
  - 5) Flush toilet - Waste is flushed into an enclosed tank, thus preventing the waste to flow into the surrounding environment. The tanks need to be emptied or the contents pumped elsewhere.
- Healthy sanitation services include flush toilets and Ventilation Improved Pit (VIP)
- In 2024 Senqu Local Municipality had a total number of 10 300 flush toilets (22.55% of total households), 27 400 Ventilation Improved Pit (VIP) (60.10% of total households)

### Access to clean drinking water

- A household access to clean drinking water is categorised according to its main access to water, as follows:
  - 1) Regional/local water scheme,
  - 2) Borehole and spring,
  - 3) Water tank,
  - 4) Dam/pool/stagnant water,
  - 5) River/stream and other main access to water methods. No formal piped water includes households that obtain water via water carriers and tankers, rain water, boreholes, dams, rivers, and springs.
- Access to water services is restricted to piped water inside the dwelling, piped water in the yard and communal piped water less than 200m from the dwelling.
- In 2024 Senqu Local Municipality had a total number of 5 440 (or 11.94%) households with piped water inside the dwelling, a total of 33 100 (72.68%) households had piped water inside the yard, and a total number of 2 010 (4.42%) households had no formal piped water.

## Access to waste removal services

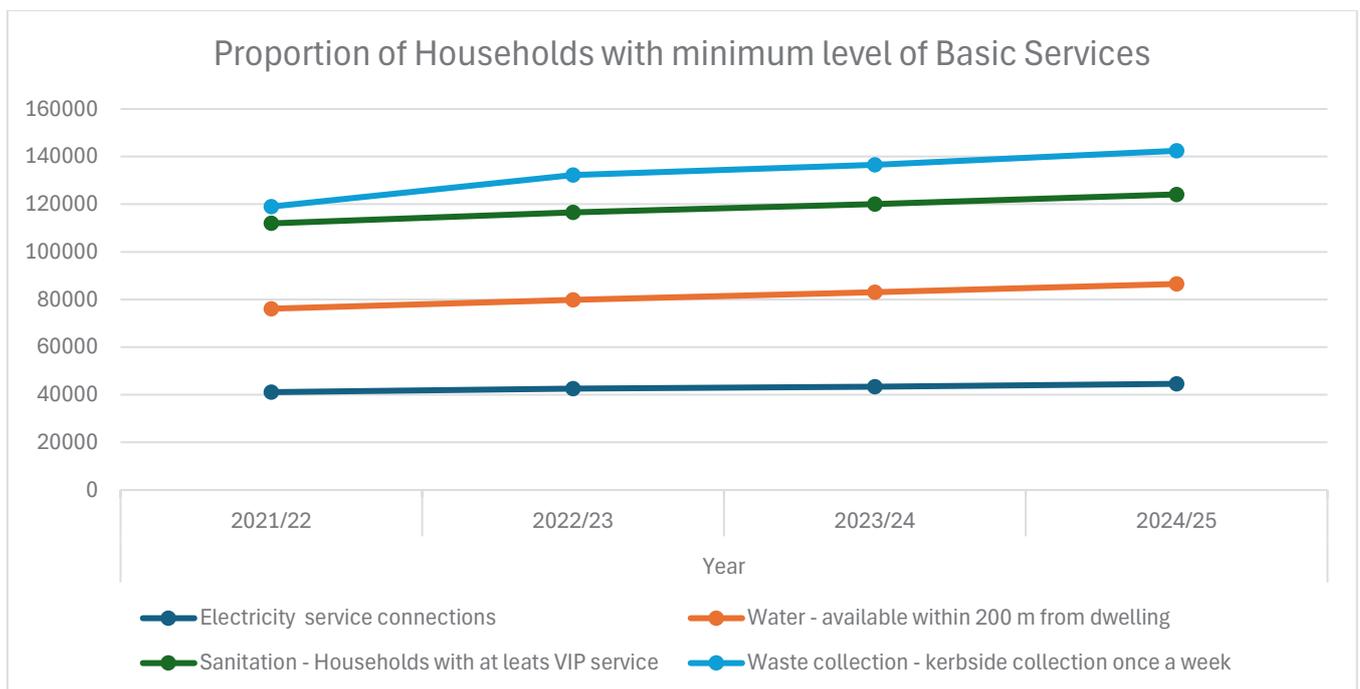
A distinction is made between formal and informal refuse removal. When the local authorities remove refuse, it is referred to as “formal refuse removal.” Informal refuse removal is where either the household or the community disposes of the waste, or where there is no refuse removal at all. A further breakdown is used in terms of the frequency by which the refuse is taken away, thus leading to the following categories:

- Removed weekly by authority
- Removed less often than weekly by authority
- Removed by community members
- Personal removal / (own dump)
- No refuse removal

Senqu Local Municipality had a total number of 18 299 (37.4%) households which had their refuse removed weekly by the authority and households who had their refuse removed less often than weekly by the authority.

## Proportion of Households with minimum level of Basic services

Proportion of Households with minimum level of Basic services				
	Year			
	2021/22	2022/23	2023/24	2024/25
Electricity service connections	41096	42600	43346	44579
Water - available within 200 m from dwelling	35039	37300	39712	41928
Sanitation - Households with at least VIP service	35823	36650	37056	37633
Waste collection - kerbside collection once a week	7048	15700	16456	18294



**1.10.2 Comments on access to Basic Service**

- When looking at the number of households with no electrical connection over time, it can be seen that in 2014 the households without an electrical connection in Senqu Local Municipality was 4 200, this decreased annually at -13.75% per annum to 956 in 2024.
- When looking at the water backlog (number of households below RDP-level) over time, it can be seen that in 2014 the number of households below the RDP-level were 11 000 within Senqu Local Municipality, this decreased annually at -10.55% per annum to 3 600 in 2024.
- When looking at the sanitation backlog (number of households without hygienic toilets) over time, it can be seen that in 2014 the number of Households without any hygienic toilets in Senqu Local Municipality was 11 800, this decreased annually at a rate of -3.93% to 7 900 in 2024.

**1.11 FINANCIAL HEALTH OVERVIEW**

The 2024/2025 financial year has once again been another successful year for Senqu Municipality in so far as financial management and proven financial sustainability is concerned, as has been the case in the previous years. The municipality has once again obtained yet another clean audit opinion from the AGSA on its 2024/25 annual financial statements, this being the 11<sup>th</sup> time in the past 12 years. Furthermore, the municipality’s 2024/25 Approved Budget was funded and supplemented sufficiently cash-backed reserves. All liabilities including the long-term have been provided for in our current financial position . The municipality was able to achieve a net operating surplus of R37.6 million during the 2024/25 financial year, with a cash balance of R475.9 million as at 30 June 2025. Although both the operating surplus and the cash balance has decreased when compared to the 2023/24 financial year however, this level of financial performance depicts excellent financial management results. The aforementioned key aspects of success are indeed a testament of the municipality’s commitment to sound financial management initiatives ensuring continued and sustainable financial performance.

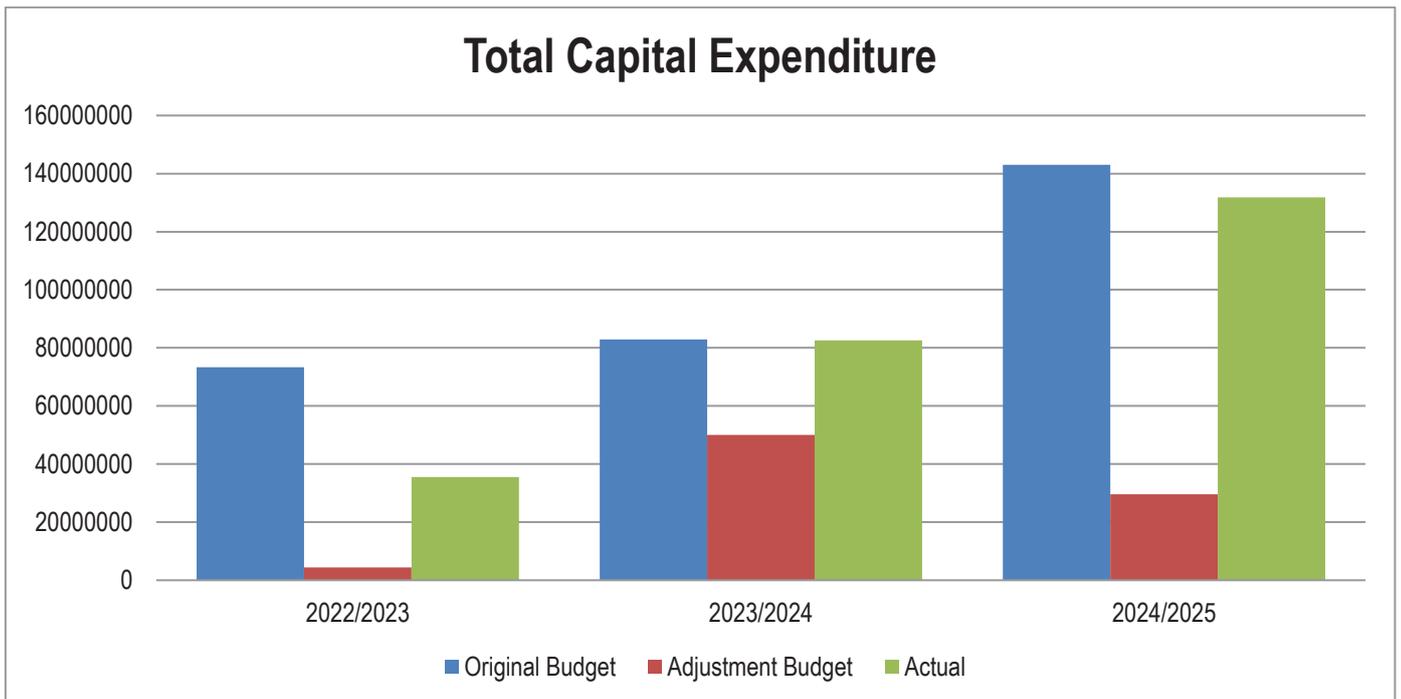
FINANCIAL OVERVIEW YEAR 2024/2025			
R'000			
DETAILS	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL
Income			415 206 697
Grants	258 448	278 642	270 186
Taxes, Levies, and tariffs	91 206	94 502	90 982
Other	45 533	52 490	54 038
Sub Total	395 187	425 634	415 206
Less: Expenditure	414 124	459 556	377 445
Net Total	(18 937)	(33 922)	37 761
*Note: surplus/deficit			

Operating Ratios	
Details	%
Employee Cost	37.9%
Repairs & Maintenance	12.9%
Finance Charges & Impairments	2.5%

**1.11.2 COMMENT ON OPERATING RATIOS**

Indications from the above financial ratios clearly show that the Municipality’s financial management processes and operations are in compliance with the set national standards of financial performance.

Total Capital Expenditure: Year -2022/23 to Year 2024/2025			
Detail	2022/2023	2023/2024	2024/2025
Original Budget	73295200	82881350	142990194
Adjustment Budget	4382012	50031767	29614609
Actual	35579388	82519025	131769405
			<b>T 1.4.4</b>



### 1.11.3 COMMENT ON FINANCIAL HEALTH

Various budget adjustments were effected from the original budget due to various factors to ensure sufficient funding availability to meet the service delivery and administrative needs of the municipality. The various reasons for the adjustments are highlighted below together with explanation of some key variance between the budget actual amounts.

- The employee related costs remained relatively constant from the Original Budget to the Adjustments Budget with only less than 1% increase from R146.7 million to R147.7 million, respectively. The municipality could not fill all the planned funded positions and as a result the actual expenditure was less than the budget at R142.9 million, accounting for a variance of 3% from the budget.
- The original budget for repairs and maintenance was kept constant at the Adjustments Budget at R26.2 million to support the municipality's strategic decision to meet the 8% guidance as per MFMA Circular 55 and with the anticipated expenditure trend. The Adjustment Budget amount was subsequently underspent by 36.2%. The municipality needs to develop a comprehensive and costed repairs and maintenance plan to ensure that the durability of assets is supported through regular adequate preventative and corrective maintenance.
- No adjustment was effected on the approved budget of R6.1 million on Finance Charges. The actual expenditure on this item also amounted to R6.1 million with nil variance between the budget and actual expenditure.
- Depreciation, amortisation and asset impairment was reduced by R600 000 from the approved budget of R19.6 million to R19 million in the adjustments budget. The actual expenditure at the end of the financial year was R18.3 million with an underspending of R700 000 due to the effect of reviewing of assets useful lives.

### 1.11.4 Organizational Development Performance

The Organisational Development Section is a key transformation agent dealing with the structure of the municipality to ensure that it remains aligned to its strategy, job evaluation process and change management philosophy. Organisational Development is placed within Corporate Services Department in Human Resource Section.

Organisational Development covers areas like:

- Municipal personnel
- Capacitating municipal workforce
- Policy review and development
- Injuries on duty
- Suspensions
- Performance rewards and
- Disclosures of financial interests

A detailed reporting will be obtained in chapter 4.

## 1.12 AUDITOR GENERAL'S REPORT

Reference is made to the audit report contained in chapter 6 of the Annual Report.

Senqu Municipality has once again received a clean audit for the 2024-2025 audit financial year. This achievement is the 11<sup>th</sup> clean audit in 12 years and is testament to the municipality's resolve and commitment to expend its financial resources in a manner that can be accounted for and that is in compliance with all the legal prescripts that regulate the use of the municipal funds. The Council and administration of Senqu Municipality remain committed to accountable governance, transparency and financial prudence in its efforts to deliver sustainable services within the constraints of a limited budget. The Auditor General has expressed no material findings with regards to the information contained in the Annual Performance report, however, the AG has raised a concern with regard to electricity losses which amounted to R7.3 million which represents 23% of the total electricity purchased.

**1.13 STATUTORY ANNUAL REPORT PROCESS**

No.	Activity	Timeframe
1	Consideration of next financial year’s Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year o Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General’s comments	November
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	December
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	January
<i>T 1.7.1</i>		

1.14 COMMENT ON THE ANNUAL REPORT PROCESS:

The table above defines all the deadlines required to be met in terms of compliance. In this manner it is ensured that all required reporting occurs timeously and is an accurate consolidation of all required reporting.

The Annual Report is acknowledged as the strategic document that accurately depicts an annual review of performance for the entire year. It is this document that will be used for all forward planning and for this reason it is imperative that there is alignment and verification between all content shown between and within the IDP, SDBIP, Budget (AFS) and the Annual Report.

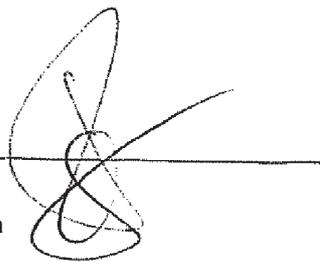
The Annual Report is required to reflect the most accurate, aligned, and consolidated version of all preceding documents. This is achieved through a very structured process of auditing (internally and externally). Through validation and confirming the accuracy of data, the Annual Report may be used to inform the IDP review process; the structuring of the organogram; the development of SDBIP's; Performance Planning; the development of the Budget and the like.

The Annual Report provides a holistic view of the organization – its challenges, available resources, and records of performance.

The Annual Report is required to comply with very definite prescripts and timeframes as follows:

- The Annual Performance Report (s46) and Annual financial statements were compiled and submitted to the Auditor General by 30 August 2025 and
- The draft Annual Report 2023/2024 was tabled on or before 31 January 2026, and the Final with an Oversight report was submitted for approval on the 31 March 2026.

Signed by :



T Mawonga

Municipal Manager

Date 25 January 2026



# CHAPTER 2

**GOVERNANCE**

## CHAPTER 2: GOVERNANCE

### INTRODUCTION TO GOVERNANCE

Section 40 (1) of the Constitution of the Republic of South Africa establishes three spheres of government, these are the national, provincial and the local spheres of government. The Constitution characterises these spheres as distinctive, interdependent and interrelated. Section 41 (1) (a) Implores the three spheres of government to preserve peace, national unity and indivisibility of the Republic. Section 41 (1) (c) obligates these spheres of government to govern their communities in an effective, transparent, accountable and coherent manner. Section 41 of the Constitution provides the basis for self governance by the three spheres of government whilst at the same time enforcing cooperative governance. Section 41 (2) Compels legislators to enact legislations that guides the establishment of structures and institutions to promote and facilitate this cooperative governance amongst the three spheres of government. Municipalities are bestowed with the rights to legislate and self-govern in terms of section 151 (2) and (2) in line with section 43 (c). The authority to and right to administer its own municipal affairs is further elucidated in section 156 (1) and (2). The Constitution of the Republic of South Africa, 1996 lays the basis and foundation of Senqu Municipality' right to govern its:

- Political and Administrative affairs
- Intergovernmental Relations with other spheres of government
- Public Accountability and Participation commitment to its public and communities
- Corporate Governance culture

Many legislations have been enacted by the National and Provincial government spheres to ensure that Municipal governance is regulated and monitored and that municipalities develop and adopt By Laws and Policies to achieve the same within the context of cooperative governance.

Governance” involves the interdependence and interaction that occurs between four critical components which will be examined further below. The concept of “Governance” requires that one take a holistic view of these four (4) components, to establish whether the organization is functioning effectively and achieving its required objectives.

The following four (4) components are discussed to examine and understanding “Governance” appropriately:

Component A: Political and Administrative Governance

Component B: Intergovernmental Relations

Component C: Public Accountability and Participation

Component D: Corporate Governance

brief introduction to Political and Administrative governance at your municipality.

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

#### 2.1 INTRODUCTION TO POLITICAL GOVERNANCE

As per the Municipal Structures Act, Act No. 117 of 1988, Senqu Municipality has a Collective Executive System wherein the exercise of executive authority is vested in the executive committee collectively. The Municipality is Category B municipality with a structure that is categorized by elected Ward Councillors and Proportional Representative Councillors. The diagram below depicts the political governance structure of the municipality. The municipality has a functional Audit Committee that sits once every quarter and attends council meetings to provide oversight audit advise to the council when requested to do so or in compliance with the relevant legislation. The Audit Committee is chaired by an independent person who is not in the employ of the municipality. There is also a functional risk management that is contributing immensely to strengthening governance system within the municipality and is also chaired by an independent person who is also in not in the employ of the municipality. The Municipal Public Account Committee, which is an internal oversight structure is chaired by a councillor who is not part of the executive committee of Council and has 7 members. It sits once every quarter and attends to matters referred to it by council for investigations and is responsible for undertaking public consultation processes on the Annual Report. The Oversight Report will be published separately to give effect to the MFMA guidance.



## 2.1.1 COUNCILLORS

Senqu Municipal Council has 34 Councillors ( 17 Ward Councillors and 17 Party Representatives). The first Council meeting subsequent to the Local Government Elections (LGE 2021) in November 2021 elected the Mayor, Council Speaker, and Chief Whip. The Mayor, Chief Whip and Speaker form the TROIKA of the municipality. The Executive Committee is constituted by 5 portfolio committee members.

The speaker of council, Cllr Gwabiniis the chairperson of the council and presides over council meetings to ensure that meetings are held as scheduled, maintains order during council meetings following the rules and regulations of the meeting procedures.

The Chief Whip of the Council, Cllr Symon Mfisa is the chairperson of whippery team responsible for building and maintaining relationships between all parties in council to ensure the smooth running of the Portfolio Committees and caucus study groups.

Reference is made to Appendix A where a full list of Councillors can be found (including committee allocations and attendance at council meetings).



## 2.1.2 Committees of Council

### Standing Committees

Approved and functioning Standing Committee Structures (as reflected within the table that follows):

<p><b>DEVELOPMENT AND TOWN PLANNING</b></p> <p>Portfolio head: Cllr. Bongeka Mbonjwa</p> <p>Councillors: Cllr. Gary Magcai</p> <p style="padding-left: 40px;">Cllr. Ntombovuyo Sebatana</p> <p style="padding-left: 40px;">Cllr. Mzuvelile Mbutyu</p> <p style="padding-left: 40px;">Cllr. Molefe Mshasha</p> <p style="padding-left: 40px;">Cllr. Luzuko Nongongo</p>	<ul style="list-style-type: none"> <li>▪ Support to community participation structures</li> <li>▪ Housing, Town Planning and Land Use Management</li> <li>▪ Integrated Planning and Economic Development</li> <li>▪ LED</li> </ul>
<p><b>COMMUNITY AND SOCIAL SERVICES</b></p> <p>Portfolio head: Cllr. Nolufefe Ngendane</p> <p>Councillors: Cllr. Thulisa Mbane</p> <p style="padding-left: 40px;">Cllr. Busaphi Duba</p> <p style="padding-left: 40px;">Cllr. Mcebisi Mgojo</p> <p style="padding-left: 40px;">Cllr. Dumisani Somsila</p> <p style="padding-left: 40px;">Cllr. Moeketsi Moahlodi</p>	<p>Community based service provision:</p> <ul style="list-style-type: none"> <li>▪ Cemeteries,</li> <li>▪ Environmental management,</li> <li>▪ Libraries and amenities</li> <li>▪ Traffic Services – Law enforcement</li> <li>▪ Community based by-laws</li> <li>▪ Waste Management and Refuse</li> </ul>
<p><b>CORPORATE &amp; SUPPORT SERVICES</b></p> <p>Portfolio head: Cllr. Symon Mfisa</p> <p>Councillors: Cllr. Thenjiwe Dumzela</p> <p style="padding-left: 40px;">Cllr. Nokuzola Phama</p> <p style="padding-left: 40px;">Cllr. Themba Nonjola</p> <p style="padding-left: 40px;">Cllr. Pambili Mei</p>	<ul style="list-style-type: none"> <li>▪ Council Administration, Assets and Building Preservation</li> <li>▪ Council Support and ward support</li> <li>▪ HR &amp; Labour Relations</li> <li>▪ Employee Performance</li> <li>▪ Stakeholder Relations – participation</li> <li>▪ Customer Care/ Presidential Hotline</li> <li>▪ Legal Services / Compliance</li> </ul> <p>Special Programmes (HIV Aids Youth, disabled, elderly woman)</p> <ul style="list-style-type: none"> <li>▪ By-Laws Facilitation</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Document Management</li> </ul>
<p><b>TECHNICAL SERVICES</b></p> <p>Portfolio head: Cllr. Luthando Ndakisa</p> <p>Councillors: Cllr. Melisizwe Kafile</p> <p style="padding-left: 40px;">Cllr. Nonkuselo January</p> <p style="padding-left: 40px;">Cllr. Mzuvelile Mbutyu</p> <p style="padding-left: 40px;">Cllr. Thulisa Mbane</p>	<ul style="list-style-type: none"> <li>▪ Infrastructure Development (Maintenance and Minor Construction)</li> <li>▪ Technical Service Delivery</li> <li>▪ Roads (Maintenance and Minor Roads Construction) Stormwater</li> <li>▪ PMU Project Management /Administration</li> <li>▪ Electricity</li> <li>▪ Fleet Management</li> </ul>
<p><b>FINANCE</b></p> <p>Portfolio head: Cllr. Nolonwabo Ngedane</p> <p>Councillors: Cllr.Zandisile Mangciphu</p> <p style="padding-left: 40px;">Cllr. Akhona Mvelase</p> <p style="padding-left: 40px;">Cllr.Samuel Ntlwatini</p> <p style="padding-left: 40px;">Cllr. Mzwandile Mbijekana</p>	<ul style="list-style-type: none"> <li>▪ Management of financial resources</li> <li>▪ Budget and Treasury,</li> <li>▪ Revenue Services,</li> <li>▪ SCM,</li> <li>▪ Stores and Expenditure Management</li> <li>▪ Policies, Procedures and By-laws (MFMA and National Treasury)</li> <li>▪ Financial support to all Departments</li> <li>▪ Information Technology Support</li> <li>▪ Fleet Management</li> <li>▪ eNatis Licensing</li> </ul>

### 2.1.3 Mpac: (Municipal Public Accounts Committee)

A section 79 Municipal Public Accounts and oversight committee (MPAC) is in place to strengthen the oversight arrangements in the municipality and to ensure the efficient and effective use of municipal resources. Its function includes the analysis of the Annual Report and submission of the oversight report on the annual report to council with recommendations. Once the oversight report has been considered and approved by the council it is published in accordance with the MFMA requirements and guidance. The Mpac committee is constituted by the following members:

MEMBER	POSITION	Political Party
Cllr. Kholiwe Mpiti-Xhelesha	Chairperson	ANC
Cllr. Pulane Mmele	Member	ANC
Cllr. Babalwa Lawu	Member	ANC
Cllr. Cllr. Zoliswa Mxoli	Member	EFF
Cllr. Mahlubandile Phuza	Member	ANC

#### Functions of MPAC

- Provision of an oversight role in respect of the administration and executive committee of the council.
- Reviewing the municipal / municipal entity's quarterly, mid-year and annual reports and providing an oversight report on the Annual Report for consideration by Council.
- Assisting Council to maintain oversight over the implementation of the Supply Chain Management Policy.
- Examining the financial statements and audit reports of the municipality and municipal entities (considering improvements from previous statements and reports);
- Evaluating the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented.
- Promoting good governance, transparency, and accountability on the use of municipal resources.
- Examining the Mid-Year Review documents in line with the Integrated Development Plan (IDP); and
- Recommending or undertaking any investigation that falls within the scope of this committee's responsibilities/ area of competence.

To fulfil its functions MPAC is required to:

- Seek / have access to any information required from any councillor/employee.
- Report to council on the activities of the committee.
- Perform any other function assigned to the committee through a resolution of Council.
- Call upon the accounting officer of the municipality or the chairperson of the municipal entity to provide information or clarity.
- Request the support of the internal and external auditors when necessary.
- Engage directly with the public and consider public comments when received.
- Have permanent referral with regard to the following reports:
  - Mid-year /In-year s72 reports
  - Annual Financial Statements
  - Reports of Auditor General and Audit Committee
  - Any other financial audit report from the municipality
  - Information on compliance in terms of sections 128 and or sections 133 MFMA
  - Information in respect of any disciplinary action taken in terms of MFMA on matters serving or having been served before the committee; and
  - Performance information relating to the municipality.

#### 2.1.4 Traditional Leaders

The following Traditional leaders are recognized and consulted as and when appropriate

J Mguye	Traditional Leader
T Kakudi	Traditional Leader
N J Tikiso	Traditional Leader
N H Binza	Traditional Leader
Z Mphambo	Traditional Leader

#### The role of Traditional Leadership participation in the Council matters and decision making

In terms of the Traditional Leadership and Governance Framework Act, 2003 (Act 41 of 2003), and the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), Traditional Leaders play a significant role in municipal councils in South Africa.

Traditional Leaders play the following pivotal role in the Senqu Local Municipal Council

1. **Participation in Council Meetings:** Traditional Leaders participate in Senqu Local Municipal Council and attend council meetings, however, in compliance with Section 81 of the Local Government: Municipal Structures Act they do not have voting rights.
2. **Representation of Traditional Communities:** Empowered by Section 20 of the Traditional Leadership and Governance Framework Act Traditional Leaders represent the interests of their traditional communities.
3. **Advice on Traditional Matters:** Traditional Leaders advise the municipal council on matters related to traditional governance, customs, and practices.
4. **Promotion of Traditional Governance:** Traditional Leaders promote traditional governance and the role of traditional leaders in the municipal council.
5. **Facilitation of Community Participation:** These Traditional Leaders facilitate the participation of their traditional communities in municipal council processes, including ward committee meetings and public participation processes.

#### 2.1.5 Ward Committees

##### Ward Committees Establishment and Functionality

Ward Committees were established in terms of section 73 of the Municipal Structures Act 117 of 1998.

##### Purpose

As per s74 of the Municipal Structures Act 117 of 1998, the purpose of these committees is to assist Municipal Councils to ensure that ward issues are properly communicated to Council and are catered for should there be a need for a budget to address such issues. Ward Committees play a critical role in achieving the above. Ward committees are a representative structure of the community and citizens, and they are created in order to be in a position to inform the municipality regarding the issues, goals, aspirations, and difficulties experienced by community members.

Ward Committee meetings provide the community and the municipality with an opportunity to engage and to facilitate what is in essence and in simplified form an opportunity for two-way communication. Ward committees have an extremely important role to play in ensuring that there is active participation and involvement from the community when determining core municipal process. These include Integrated Development Planning, municipal budgeting, and municipal performance management processes. Should these processes occur without this involvement it is fair to say that our system of “democratic government and developmental local government” will not be considered to have been centred within the community and having representation from the community. Ward committee meetings are required to provide opportunities to report to the Speaker on issues of interest to the municipality which are taking place in their wards. This process has assisted the municipality in ensuring that public participation is enhanced, and accountability of the municipality is not compromised. In the past and in the brewing protests in Sterkspruit for example, information was communicated via this channel, especially on issues such as Municipal Public meetings and other information sharing sessions.

During 2024/2025 the targeted number of required Ward Committee meetings were held as required.

### Administrative Considerations

- Ward Committees were established as required and in terms of Gazette No. 1405, Notice no. 209 of 9/12/2005.
- The Municipality published its By-Laws relating to Ward Committees in terms of s13 of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000) read with s162 of the Constitution of the Republic of South Africa Act 1996 (Act 108 of 1996).
- In terms of these prescriptions the following issues are required to apply:
  - Representation on Ward Committees shall not be according to political party affiliation and will include religious, youth, civic, education, sport, culture, business, welfare, and women’s associations.
  - Committees are required to meet at least once per quarter and report formally to the Speaker at least quarterly through their Ward Councillor.
  - The term of office of a member is a period of five years – concurrent with the term of office of Council.
  - The Speaker is responsible overall for the functioning of the Ward Committees and will meet at least quarterly with all Ward Committees to discuss issues of mutual concern and issues to be addressed.
  - The Speaker shall submit a 6-month report to Council on the activities and considerations of the Ward Committees.
  - Each Committee will be chaired by its respective Ward Councillor and only the 10 Ward Committees of the ward and secretariat is provided by the municipality to ensure that proper minutes are taken. These meetings are also used to get complaints from the wards, which are then reported to customer care who then ensures that the complaints are send to the responsible officials at the local municipality, district municipality as well as sector departments.
  - During Ward meetings, the community members are briefed about developments in their ward and within the municipality itself. In this manner, a consultative community structure is created and maintained; and
  - To facilitate the smooth running of these communities a code of conduct has been developed which will in turn be work shopped.
  - In keeping with all required legislation, it must be noted that:

- All records of meetings scheduled and attended are maintained (minuted).
- Minutes of all meetings are made available.
- Written proof of resolutions tabled to Council are made available.
- Minutes are available for all feedback meetings with communities; and
- Ward Committee activity reports are made available to all.
- 

#### 2.1.6 Community Development Workers

Community Development Workers (CDWs) are effectively multi-skilled public servants who are deployed at the community level in order to bridge the gap between the provision of services by government and access to those services by the communities. CDWs are deployed to municipalities where they live in order to address issues that may include lack of information, knowledge, and poor communication that communities experience in relation to municipal services.

#### Functioning of CDW's

- All CDW's are required to undergo the appropriate training (ensuring that they clearly understand their role and purpose).
- CDW's report monthly to their co-ordinator in Sterkspruit in order to provide operational monthly reports i.e., reports on activities performed. Issues and observations noted, are forwarded monthly to the municipality via the Speakers Office.
- All Ward Committee meetings are attended by the CDW's who also then provide assistance to the Ward Councillors in respect of the dissemination of information.
- The role and task of CDWs is to link communities with all government spheres and departments.
- CDW's work as community facilitators and organisers, focuses on the following key functions:
  - Assisting communities with developing and articulating their needs
  - Facilitating the development of community structures
  - Facilitating public participation in government development projects (e.g. IDP, LED, infrastructure and service delivery projects and the like)
  - Identifying service blockages in the community
  - Finding solutions to identified needs and blockages by interacting with national, provincial, and local government structures.
- Community Development Workers are required to interact with the community, identify households in need and to ensure that community relationships are nurtured so that community participation, support and correct utilization of services occurs because of effective marketing.
- CDW's report to COGTA by utilizing designated reporting mechanisms to obtain required support and assistance for particular households; and
- Round Table Meetings are held quarterly and chaired by the Speaker. COGTA representation is to be found at these meetings. CDW's report on their activities performed, while detailing challenges experienced within the communities in which they work – with a view to resolving these at higher levels.

While this programme has achieved great success through its marketing campaigns, it is hampered by the lack of transport and telecommunications that would enable CDW's to ensure that the requested services reached the required families.

Also refer to Appendix B which sets out committees and committee purposes.

**Institutional Meetings Held by Committees 2024/2025**

INSTITUTIONAL MEETINGS	DATES ATTENDED - 2023/2024
MPAC	05 November 2024
	04 March 2025
	17 March 2025
	18 June 2025
EXCO	18 July 2024
	05 August 2024
	21 August 2024
	26 September 2024
	22 October 20124
	19 November 2024
	10 December 2024
	22 January 2025
	19 February 2025
	19 March 2025
	16 April 2025
	21 May 2025
	27 June 2025
26 July 2024	
Audit Committee Meetings	28 August 2024
	30 August 2024
	25 October 2024
	24 January 2025
	24 April 2025
	31 July 2024
Council	22 October 2024
	31 October 2024
	03 Dec 2024
	31 January 2025
	31 March 2025
	30 April 2025
	30 May 2025
30 June 2025	

**Committees and Committees' Purpose**

<b>COMMITTEES (OTHER THAN MAYORAL /EXECUTIVE COMMITTEE)</b>	
<b>AND PURPOSE OF COMMITTEES</b>	
<b>Municipal Committees</b>	<b>Purpose of Committee</b>
<b>Audit committee</b>	<b>Administrative Oversight</b>
Municipal Public Accounts Committee (MPAC)	Oversight
Local Labour Forum	Labour Issues
Training Committee	Training and Employment Equity Issues
Bid Committees	Bid/Specification/Tender Adjudication
Performance Management Evaluation	Assessment of Performance
Mandate Committee	To carry out and discuss all the mandatory issues of the Council
Remuneration Committee	To carry out and discuss all the remuneration issues of the Council
Strategic and Governance Committee	To carry out and discuss all the strategic issues of the Council
Ethics Committee	To carry out and discuss all the ethical issues of the Council
Corporate and Support Services Committee	To discuss, recommend and dealing with council related business.
Community Services Committee	To discuss, recommend and dealing with council related business.
Technical Services Committee	To discuss, recommend and dealing with council related business.
Budget and Treasury Committee	To discuss, recommend and dealing with council related business.
Development and Town Planning Services Committee	To discuss, recommend and dealing with council related business.
Occupation Health and Safety Committee	To carry out and discuss all the Occupational Health and Safety issues of the Council

**(a) POLITICAL DECISION-TAKING**

Senqu Municipality has a Collective Executive Committee system with an Executive Committee consisting of 2 full time Councillors and 5 Part time Executive Committee members who function as an advisory structure to the Council. The Executive Committee has delegated powers to portfolio committees on matters dealt with

by portfolio committees. The Council is the decision making body of the municipality regarding non-delegated matters as prescribed by legislation.

The political decisions are taken in terms of the Municipal Structures Act, 117 of 1998 by the Executive Committee and Section 80 Committees before they are tabled at Council for a resolution. All the resolutions taken by council have been implemented. The Municipal Public Accounts Committee plays an oversight role on decision taken by the council for oversight purposes.

## 2.2 Administrative Governance

The following drawing below is a schematic representation of the top administration structure of Senqu Municipality.



### 2.2.1 INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the head of the administration and the municipality's Accounting Officer. As the Head of the Administration is responsible for:

- ❖ The provision of Municipal Strategic Direction and the Operationalizing of such strategies
- ❖ The management of and administration of the financial affairs of the municipality.
- ❖ Responsible for the use and preservation of municipal assets in an economical, efficient, and effective manner.
- ❖ The establishment of the governance framework of the municipality and enforce compliance with the framework.
- ❖ Administratively responsible for the development of the IDP, Budget and the SDBIP taking into account the inputs and contributions of the communities.
- ❖ The development and signing of performance contracts for the managers accountable to the Accounting Officer
- ❖ Establishment of the framework for the development of the organogram, budgeting for the organogram and the population of the organogram

- ❖ Ensures that the municipality accounts for the utilization of financial and accounts for the financial and non financial performance in line with the audit requirements.
- ❖ The development of a Risk Management Strategic Framework to cushion and mitigate the municipality against any inherent and external risk that might prevent the municipality from fulfilling its constitutional obligations.
- ❖ The provisioning of essential basic services to the communities that depend thereon.
- ❖ The development of By Laws

In performing all the above functions, the municipal manager is ably assisted by the directors who are heads of various directorates or departments. The figure below depicts the administrative structure of Senqu Municipality.

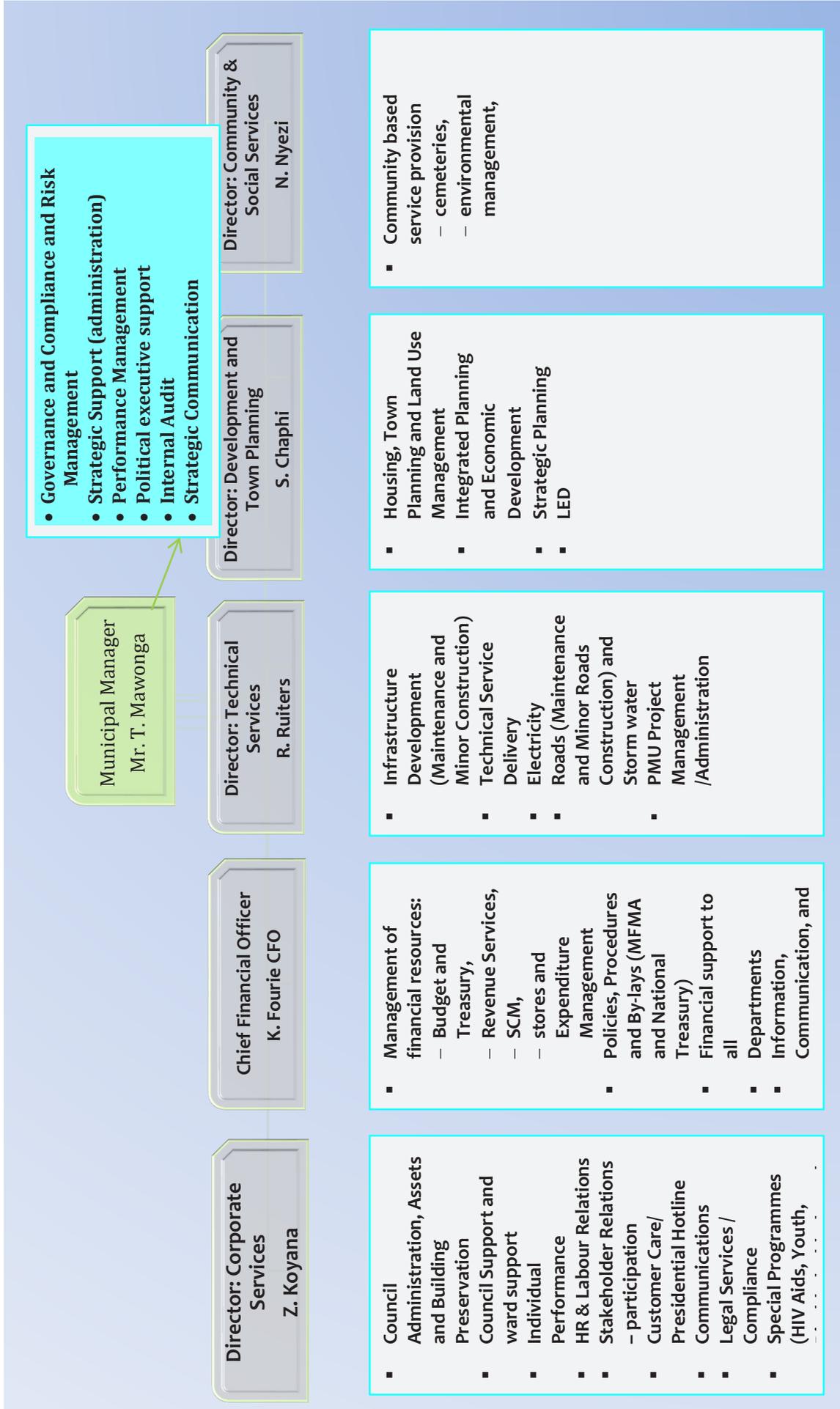
(a) As depicted by the diagram above, the administrative structure consists of the Municipal Manager (Administrative Head) and the five (5) s56 Directors who report to the Municipal Manager. S56 Directors are appointed under the following conditions:

- S56 directors are appointed on 5-year fixed term contract, and they are required to sign Performance Agreements annually between the Municipal Manager (to whom they report). This details their specific contract conditions and together with an annually reviewed performance scorecard, their performance goals and objectives are agreed to annually (as performance measurable targets). It is against these that their performance will be measured; and
- S56 Directors' report regularly to the Municipal Manager regarding performance and issues requiring appropriate action.

### 2.2.2 Reporting Relationships and Administrative Functioning

- Directors report directly to the Municipal Manager regarding functional issues that relate to their specific directorates.
- Reporting occurs according to reporting lines and recognized communication structures (encouraging free flow of communication).
- Director's compile/present reports to Council regarding their respective directorates monthly (to the Standing Committees), who then recommend that these are approved/taken to Exco/Council as deemed appropriate (for final approval /resolution).
- Council resolutions are required to be implemented within a specific period and follow ups are required to be undertaken to ensure that this occurs timeously and, in the manner, required.
- Directors are required to meet the terms and conditions of the approved Performance Management Policy; and
- Directors are required to ensure that all reporting occurs in terms of compliance and in respect of all internal controls and systems.

The diagram that follows on the next page details each directorate, the name of its director and the functional requirements for each directorate



## INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Section 40 The Constitution of the Republic of South Africa, 1996 clearly indicates that the national, provincial, and local spheres of government are distinctive, interdependent, and interrelated and Section 41 provides the basis for co-operative and Intergovernmental Relations. S41 (1) (g) & (h) implores the spheres of government to exercise their constitutional powers in a manner that does not encroach on the geographical, functional, or institutional integrity of another sphere of government and to co-operate with each other on matters of mutual interest and in good faith. S41(2) (a) provides for the establishment and enactment of a legal framework upon which that co-operative Governance should be predicated. Intergovernmental Relations Framework Act (No.13 of 2005) gives effect to the constitutional requirement and provides a regulatory framework within which all the spheres of government interact. .Senqu Municipality operates within the prescripts of the Constitution of the Republic South Africa of 1996, participates fully in all the intergovernmental structures that operate at provincial and district levels These structures enable the Municipality to contribute to the legislative cooperative governance and benefit from both individual and shared experiences of these structures and learn to develop more effective skills and methods in handling day to day operations and specific challenges.

### 2.2 Intergovernmental Relations

#### (a) NATIONAL INTERGOVERNMENTAL STRUCTURES

As a Local Municipality, the municipality does not officially participate in National Intergovernmental Structures such as MINMEC and MINTECH and related working groups. The Municipality fully participates in MEC-MMC political and technical intergovernmental forums as well as SALGA and the respective SALGA working groups. However, All the programmes that are developed by Senqu Municipality are derived from the legislative policies that are approved by National and Provincial Government. The Local Development strategies in Senqu Municipality's Integrated Development Plan are aligned to the National Development strategies and policies.

#### (b) PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Senqu Municipality is fully represented in a number of Provincial IGR structures such as:

- Provincial Speakers Forum
- IGR Practitioners Forum (chaired by the Office of the Premier)

## MUNIMEC Meetings.

- ❖ Attended by Mayor and Municipal Manager.
- ❖ Driven and coordinated by MEC for Co-operative Governance (to evaluate the performance of government programmes

## (c) DISTRICT INTERGOVERNMENTAL STRUCTURES

Efforts to improve intergovernmental relations are driven at the level of the district. The IGR Forum has been used in the past to promote this process and Joe Gqabi District Municipality has adopted an Intergovernmental Relations Framework Policy. Intergovernmental structures were created and were linked to the following clusters:

Social Needs

Economic and Infrastructure

Safety and Justice and

Governance and Administration.

It must be noted that the District IGR Forum has not been active for the last two financial years.

Existing and Functional Structures

Aside from the clusters, the following structures exist

- The District Technical Task Group.
- The District Mayor's Forum (DIMAFU) meets quarterly in order to align key programmes and issues between all municipalities within Joe Gqabi District Municipality.
- This s79 committee comprises the Mayors of all local municipalities within the district.
- As is clearly observed, in this manner, many opportunities are provided for the benefit of both district and local municipalities.

## COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

### 2.4 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

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

Senqu Local Municipality continues to strengthen its Public Participation processes to ensure inclusive governance and effective community involvement in planning and decision-making.

The Public Participation Strategy was approved by Council in December 2024, and it remains the guiding document for all community engagement activities. The Strategy is scheduled for review every five years, with the next review due in 2029 to align with evolving community needs and legislative requirements.

In addition to the Strategy, the Public Participation Plan is reviewed and improved annually. The most recent Public Participation Plan was approved in June 2025, prior to the start of the current financial year, to ensure that all planned activities are aligned with the municipal calendar and budget cycle.

#### Public Participation Programmes Implemented in 2024/2025

##### 1. Ward Committee Quarterly Meetings

Ward Committees held meetings every quarter to discuss community issues, monitor service delivery, and facilitate communication between the Municipality and residents.

##### 2. Capacity Building for Ward Committees and Ward Clerks

Training and capacitation sessions were conducted to enhance their understanding of roles, responsibilities, and effective community engagement practices.

##### 3. Public Participation Forum

The Public Participation Forum met quarterly and brought together stakeholders across sectors to discuss public participation issues, challenges, and progress in community development.

##### 4. Stakeholder Engagement Sessions

- ❖ At the beginning of September, the Municipality facilitated Stakeholder Engagements to collect and prioritise community needs and service delivery concerns.
- ❖ These priorities then presented and discussed during the second quarter Public Participation Forum.
- ❖ In March/April, further community stakeholder engagements were held to communicate the draft budget, ensuring communities understand which priorities were approved and budgeted for in the upcoming financial year.

#### 5. Mid-Year Mayoral Imbizo

- ❖ The Municipality held a Mayoral Imbizo during the mid-year period where the Mayor provided feedback to communities on commitments made and progress on ongoing projects.

#### 6. Support to Commemorative and Community Events / Public Hearings

The Public Participation Unit also facilitated and supported:

- ❖ Statutory public hearings, and
- ❖ All community-related commemorative programmes aligned to the municipal events calendar.

The Municipality continues to promote active citizen involvement through structured participation programmes. These efforts enhance transparency, accountability, and collaborative planning between the Municipality and its communities, in line with the principles of responsive and people-centered governance.

Every year formal opportunities are created to provide the public with opportunities to input into organizational objectives and the manner in which services need to be and are addressed. In addition, they are given opportunities to “interact” with information regarding service delivery, operational and financial performance (IDP and Budget meetings, SDBIP reporting, Performance and Annual Reports and the like). In this manner, a “people centered” organization is created – one in which the needs of the community are noted, and plans are made to address these through processes of interaction and inclusion.

The IDP Process and Budget Plan are just a few of the structures that have been created to ensure that public participation occurs effectively – ensuring that the needs of the public are met.

##### 2.4.1 PUBLIC MEETINGS

#### COMMUNICATION, PARTICIPATION AND FORUMS

Communication, Participation and Forums

The 5-year Communication Strategy and the Public Participation Plan were both approved by the Council on 30 July 2021. Unlike the previous years where it was difficult to hold public gatherings, during this financial year, the municipality fully met its targets and consulted its stakeholders conventionally. Although people were still skeptical, these sessions continued as planned and their attendance was good. This was also amplified using other conventional methods like use of radio stations, Live Streaming (Sterk TV) and other forms of media. Public participation has improved much over the year and the “voice of the people” has been the center of our developmental planning and strategies.

#### Other Role-players Used to Improve Public Participation

In addition, the following role-players are used to heighten and improve public participation

a. **Ward Committees**

As s73 structures (as per s73 of the Municipal Structures Act, Act 117 of 1998) these have been created to facilitate ward communication with Council.

Committees are required to meet monthly and report to the Speaker regarding issues of interest. Historically, meetings have not always been held as regularly as required and in an effort to improve attendance, the payment of stipends was recommended by the National Treasury. Financial constraints have impacted negatively on this. Senqu Ward Committees are effective in the sense that issues raised by ward committees are reported on quarterly to the Executive Committee. This ensures that council in general is always on board of functionality of the ward committees.

Reference: Appendix E (Ward Committee Governance) and Appendix F (Performance Data for Wards)

Public Meetings							
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community	
1. Ward Committee Quarterly Meetings –	quarterly	10 ward Committees, Ward Councillor CDW AND Ward Clerk	2 Customers Care clerks	None	Yes	To discuss service delivery issues and strengthen communication between communities and the Municipality.	
2. Capacity Building for Ward Committees and Ward Clerks –	July 2025	Cogta Municipal Exco Ward Councillors Ward clerks Ward Committees CDWS	Public Participation Team	None	Yes	Feedback captured through training evaluation and continuous support.	
3. Public Participation Forum	Quarterly	Mayor Speaker Councillors	Sector Department Chapters 9 & 10 Government entities Municipal director and official	None	Yes	Summaries shared in follow-up sessions and working groups.	
4. Stakeholder Engagement (Prioritisation Session)	Sept/ Oct	Mayor Speaker Councillors	Sector Department Chapters 9 & 10 Government entities and official	Community member each of the 17 wards	Yes	To gather community priorities at the start of the planning cycle.	
5. Stakeholder Engagement (Budget Communication)	March/ April	Mayor Speaker Councillors	Sector Department Chapters 9 & 10 Government entities and official	Community member each of the 17 wards	Yes	To inform communities of approved priorities included in the Draft Budget.	
6. Mid-Year Mayoral Imbizo	Nov/Dec	Mayor Speaker Councillors	Sector Department Chapters 9 & 10 Government entities and official Senqu Stakeholder Private companies Legislature official Senqu Official	Community member each of the 17 wards	Yes	Mayor provides progress report on commitments and ongoing projects	
7. Public Hearings	Throughout 2024/2025	Legislature Senqu	Legislature official Senqu Official	Communities' members who are affected by the policy at hand		Statutory hearings on municipal policies, by-laws, and budget.	
8. Commemorative / Community Events –	Throughout 2024/2025				Yes	Support and engagement during calendar-based community programmes.	

## 2.4.2 COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

### Key Benefits of Public Participation Activities

The implementation of the public participation programme outlined above has resulted in a number of positive outcomes that support accountable and inclusive governance within Senqu Municipality. The key benefits include:

1. **Strengthened Communication Between the Municipality and Communities**

Regular ward committee meetings and stakeholder engagements have improved the flow of information, ensuring that community concerns are heard and responded to in a structured and transparent manner.

2. **Improved Coordination and Collaboration Among Government Sectors**

The Public Participation Forum and Mayoral Imbizo created a shared platform for national, provincial, and local government departments to align initiatives, reducing duplication and supporting the District Development Model approach of “One Plan, One Budget.”

3. **Empowered Ward Committees and Ward Clerks**

Capacity-building sessions improved the effectiveness of ward structures, enhancing their role as community representatives and improving their ability to communicate municipal programmes and mobilise communities.

4. **Increased Community Participation in Planning and Prioritisation**

The stakeholder prioritisation engagements ensured that community needs directly informed the IDP and budget planning cycle, improving the relevance of municipal service delivery intervention

## 2.5 PARTICIPATION AND ALIGNMENT

s34 of the Municipal Systems Act, (Act No 32 of 2000), together with Chapter 2 of the Local Government Municipal Planning and Performance Management Regulations (No. 796/2001) requires the development and completion of the Integrated Development Plan (IDP). This 5-year document was compiled and was adopted by Council May 2021.

The IDP is required to correspond with each new Council's elected term of office. It is the organizations strategic document that directs and influences the functioning of the organization overall – informing and influencing the strategic direction and operation of all projects and planning that occurs internally.

The Integrated Development Plan (IDP) is explained by the diagram that follows, detailing its impact and role within the organization. More specifically the following points of explanation are noted:

- (a) The IDP is developed for a period of 5 years and is reviewed annually. The strategic targets and goals consider the available resources and are developed as realistic goals that are reworked annually from the 5-year strategic goals. Available resources are considered and impact on the development and
- (b) approval of annual achievable and realistic targets – aligned to the overall strategic objectives contained within the IDP.
- (c) A Process Plan is developed annually which informs the way the IDP will be reviewed and managed (and public participation will be maximized).
- (d) Planned meetings are detailed and scheduled as required.
- (e) Performance is evaluated according to the use of the Budget Evaluation Checklist.
- (f) The IDP & Budget Steering Committee meets regularly to evaluate the previous year's budget process – learning from current and past situations.
- (g) It is critical that there is alignment between the IDP, Budget and the SDBIP. In this manner, the achievement of performance objectives as reflected in performance scorecards will facilitate the achievement of the IDP strategic objectives.
- (h) In accordance with this philosophy, alignment must be carried through to the population of the 56 Directors' scorecards and to the levels below; and
- (i) The assessment of the degree to which performance targets are achieved is facilitated through regular assessment and reporting structures. Reporting structures are in place to ensure that implementation, monitoring, and feedback occurs ongoing – thereby ensuring that every effort is being made to meet the IDP objectives.

Figure: Development of the IDP through Public Participation and alignment with SDBIP and Budget

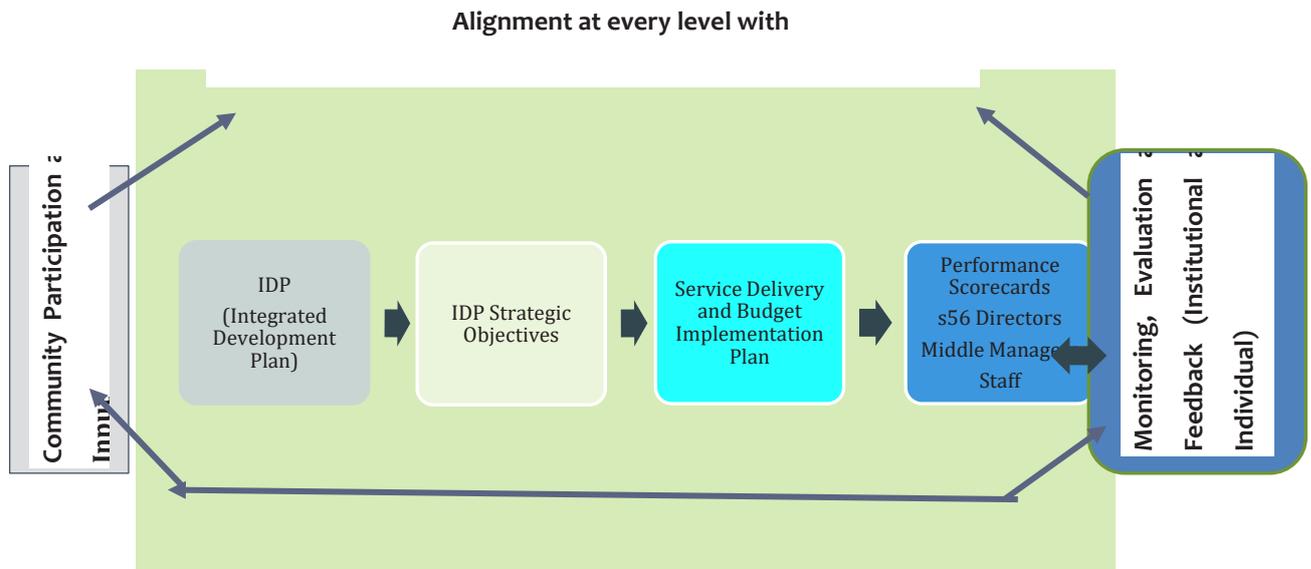
In keeping with the practice of planned IDP related consultations, the following meetings and achievements occurred:

- The draft IDP was adopted 27 March 2024 and the Final IDP adopted by Council on 15 May 2024.
- The required number of IDP and Budget Steering Committee meetings were held as required. These gave birth to the actual approved draft and final budget as inputted by all municipal stakeholders. The draft was then presented to management and to Exco prior to approval by Council.
- The Draft SDBIP was compiled and approved by the Mayor within 28 days after the approval of the budget.
- Public participation in the IDP process was conducted where Councillors had to gather needs and priorities from wards.
- All needs and inputs (formally identified by the community) were recorded, prioritized, and included in Council’s Integrated Development Plan (which was adopted by Council). The table below provides a brief analysis of the participation and alignment that resulted in the development of the IDP and related document.

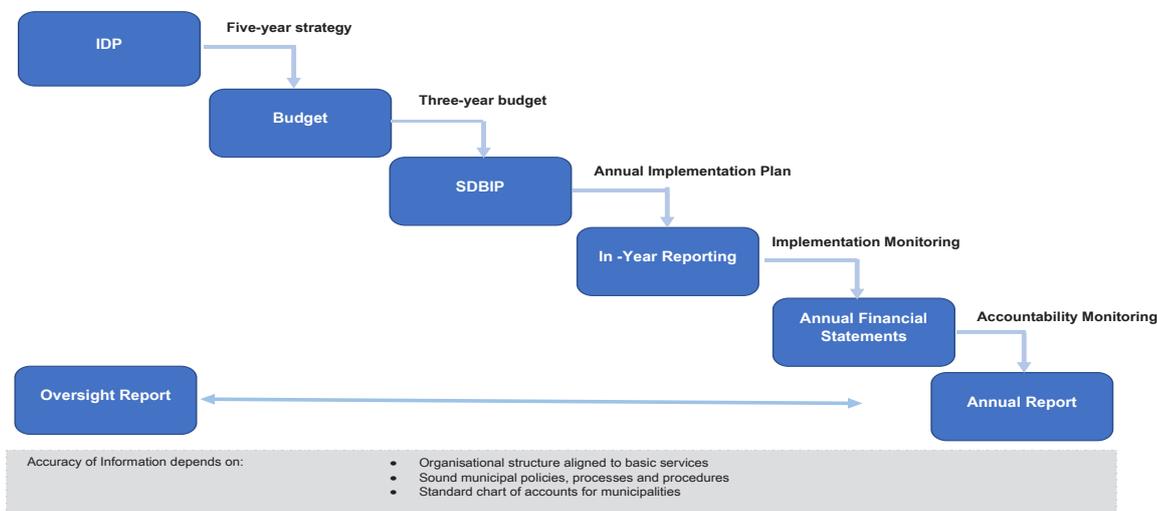
The following two diagrams/figures illustrate accountability and reporting and oversight functions further.

- The Accountability Cycle illustrates the manner in which financial accountability lies at each point and level; and
- The Process Diagram illustrates the manner in which Council Oversight is achieved at every level (from IDP through to the Annual Report).

Figure: Development of the IDP through Public Participation and alignment with SDBIP and Budget

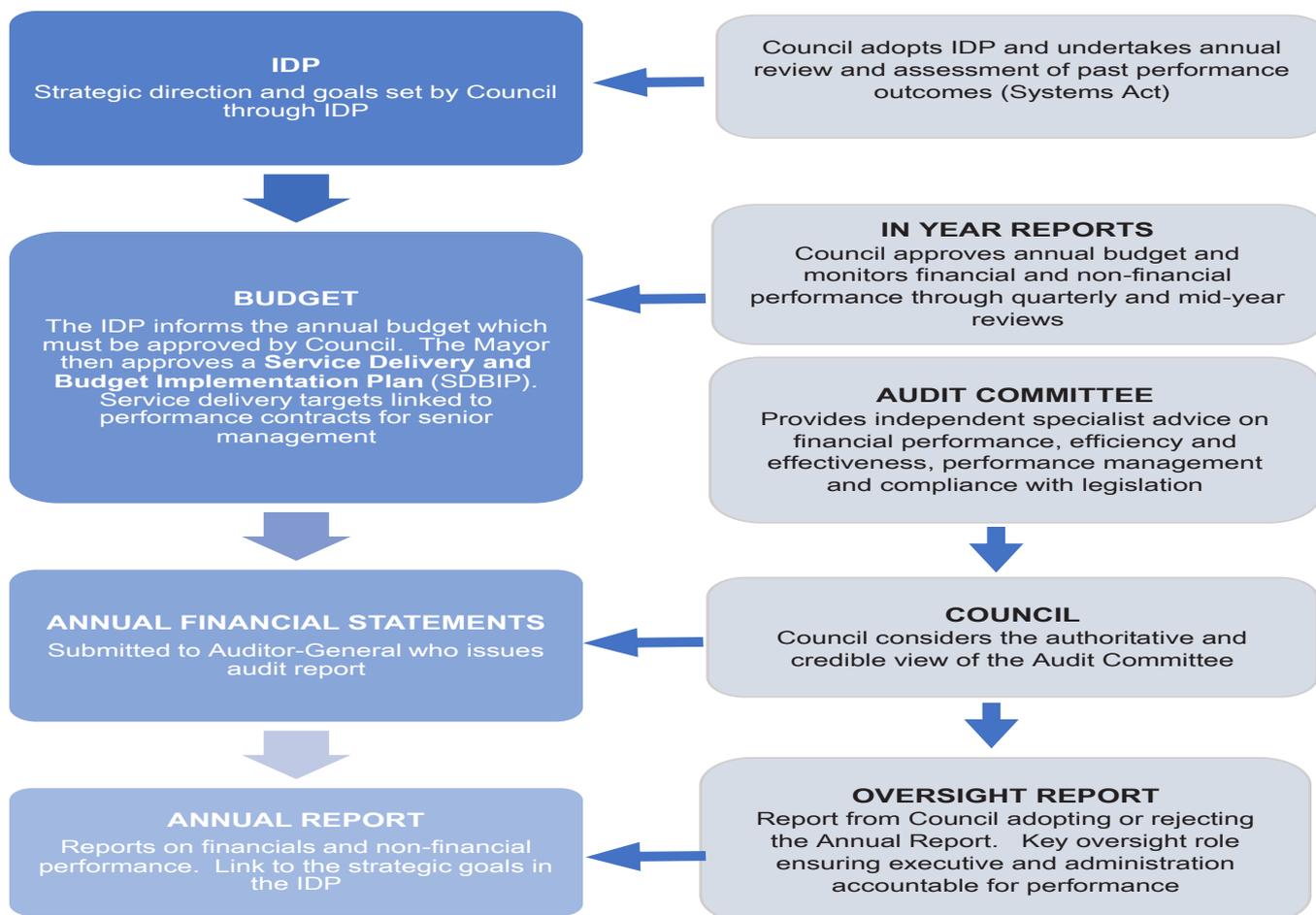


MUNICIPAL ACCOUNTABILITY CYCLE



**PROCESS**

**COUNCIL OVERSIGHT**



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	

## COMPONENT D: CORPORATE GOVERNANCE

### 2.6 OVERVIEW OF CORPORATE GOVERNANCE

Corporate Governance is required to ensure that all legislative prescriptions are adhered to and in so doing to ensure that the rights of all stakeholders are protected.

Governance and compliance issues are required to be managed in the strictest sense. The administrative arm and related/designated human resources are required to ensure that all prescriptions (legal / policy prescriptions) are adhered to as prescribed, in order to ensure that the organization functions effectively and minimizes/eradicates all identified aspects of risk.

This section will detail issues relating to: Risk Management, Fraud and Anti-Corruption, Supply Chain Management, By-laws, Website access, and Public Satisfaction levels --- all in terms of compliance required and the level achieved.

## 2.7 RISK MANAGEMENT

### 2.7.1 Risk Management: Overview

#### Introduction

Senqu Municipality has a functional Risk Management Unit with a staff complement of two people. The unit performs its delegated tasks effectively and efficiently and develops risk reports to advise the management and the Audit Committee on any imminent threats or risks that might attack the institution. Its Risk reports always find expression in the agendas of the management and council meetings. The Risk Management Policy Framework provides a legal framework on how institutional risks should be identified, assessed, monitored and mitigated. Risk Management as an institutional

functionary is seamlessly integrated within the institution to other governance functionaries such as Internal Audit and performance Management in ensuring that the municipality is compliant in terms of good governance, fraud prevention, risk identification, mitigation and performance measurement and reporting. This quality assurance regime ensures that the municipal resources are utilized for the purposes they are intended for and prevent any injudicious use thereof. The Municipal Finance Management Act (MFMA) Section 62(1)(c)(i) dictates that the Municipality should have and maintain effective, efficient and transparent systems of Financial and risk management and internal control of financial and risk management and internal controls.

#### THE PURPOSE OF RISK MANAGEMENT.

Risk management plays a vital role in ensuring that there is effective service delivery, financial stability, and citizen well-being by systematically identifying, assessing, monitoring and mitigating threats like financial loss (*Fraud and Corruption*), service disruption, and legal issues, ultimately building stakeholder confidence and enabling them to seize opportunities while meeting mandates. Risk management provides a framework for better decision-making, enforces service delivery, optimal resource use, and ensures compliance with regulations, making it central to good governance. Without effective risk management, a municipality operates blindly, It is vulnerable to crises and may fail in its constitutional duty to deliver services sustainably.

#### TOP 5 RISKS OF SENQU LOCAL MUNICIPALITY.

The following Strategic risks have been identified by the Senqu Local municipality on its risk register for 24/2025 FY.

1. Inadequate resources to maintain existing municipality infrastructure
2. Under expenditure of conditional grants
3. Illegal occupation of municipal land
4. Limited growth in sector of Local economic development within the Senqu Local municipality
5. Non-implementation of environmental management function

NB: Please see chapter 3 for more detailed information.

## 2.7.2 Anti-Corruption and Fraud

### FRAUD AND ANTI-CORRUPTION STRATEGY

The Senqu Local Municipality's approved Fraud Prevention Plan is the cornerstone of its ethical framework. This plan is built upon the municipality's core values, which guide all municipal operations, including the development of systems and policies, interactions with ratepayers and stakeholders, and decision-making at all levels.

In practice, the Plan serves as the primary reference for conduct, directing the actions of all internal departments, business units, and external parties in their dealings with the municipality.

Beyond promoting a culture of integrity, the Plan provides a robust mechanism to proactively prevent, detect, investigate, and sanction incidents of fraud and corruption. As a dynamic document, it details the ongoing and future steps Senqu Municipality is committed to taking in upholding ethical standards and combating malfeasance.

Key fraud prevention initiatives and oversight structures include:

- Ongoing fraud prevention and ethics awareness campaigns.
- Regular risk assessments to identify and mitigate potential fraud risks.
- Functioning oversight committees, including the Risk Management Committee, Audit Committee, and the Municipal Public Accounts Committee (MPAC), which provide essential governance and scrutiny.

## 2.8 SUPPLY CHAIN MANAGEMENT

### OVERVIEW SUPPLY CHAIN MANAGEMENT

The MFMA s110-119, the SCM Regulations of 2005 and the relevant MFMA circulars set out the required processes and guidance manuals that will facilitate that the application of Supply Chain Management Policy and Procedures – facilitating the correct acquisition and provision of required goods and services.

- a. All SCM reporting submissions as legislated were met. Quarterly reports to the Municipal Manager and Mayor were made within 10 working days of each quarter, and submission of annual SCM report within 30 days of end of each financial year on implementation of SCM Policy to Council: and
- b. During 2024/2025, SCM compliance reporting was submitted to National Treasury; and
- c. Reference is made to Appendix H for detail regarding long-term contracts and Chapter 3 for statistical reporting regarding Supply Chain Management.

## 2.9 BY-LAWS

By-laws are required to be reviewed and updated annually.

There were no by-laws reviewed and updated during the 2024-20256 financial year.

## 2.10 MUNICIPAL WEBSITE

The website was developed in order to improve communication with communities. Reports on the monitoring of the Website in terms of compliance with the MFMA and MSA were submitted quarterly to the Executive Committee.

### Note:

The MFMA s75, requires that Municipalities monitor and report on the use of their websites by the public - detailing the number of hits per website and related data.

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL	
Documents published on the Municipality's /Entity's Website	Yes /No
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
All budget-related documents	Yes
All budget-related policies	Yes
Annual report	Yes
The annual performance agreements for the municipal manager and other senior managers are placed on the website.	Yes
The date these agreements were posted on the website is shown	Yes
All service delivery agreements	No
All long-term borrowing contracts	No
All supply chain management contracts above R30 000	No
An information statement of capital assets that have been disposed	No
Documents published on the Municipality's /Entity's Website	Yes /No
Contracts which impose a financial obligation on the municipality beyond 3 years	No
All quarterly reports tabled in council	Yes
Public invitations for formal price quotations	Yes
Public invitations for competitive bids	Yes
The number of quarterly reports tabled to council on the implementation of the budget	Yes
Oversight reports	Yes
Monthly budget statement	Yes
Mid-year budget and performance assessment	Yes
The IDP is placed on the website	Yes
The SDBIP is placed on the website	Yes
Strategy (LED)	Yes
Delegations	No
Internal Audit Plan	Yes
Audit Committee charter	Yes
Risk Management Policy	Yes

## COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

The Communications Officer is required to maintain and update the Website regularly. It must be noted that the content of the website has greatly improved, although there is always room for improvement and growth aesthetically and overall, in terms of the “look and feel” and functionality. This function is shared with the ICT Department due to capacity issues and the fact that the individual best suited to perform this function was within this department (with required resources).

### 2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

During the period under review no Customer Care survey were conducted as no funding was allocated for Customer Care Surveys.

In an effort to provide opportunities for Customers to rate municipality and/or to complain, address issues of concern the following tools / opportunities are provided:

- a. Complaint boxes have been installed at designated Community Halls and all Municipal offices throughout the Senqu Municipal jurisdiction (Lady Grey, Sterkspruit and Barkly East). The boxes are opened weekly and the complaints /suggestions if any are channelled through the Communication divisions to the relevant Directorates for response.
- b. The Customer Care section has further developed a Customer Complaints Register for all external complaints (including calls, walk-ins, and anonymous complaints). Reports (inclusive of statistics) are submitted to the Standing committee monthly.
- c. The Complaints Hotline has been installed (number is 0861 (Senqu) 73678), this together with feedback from the many public participation structures, the Presidential Hotline, Performance and Service Delivery statistics and the like, the organization continuously look for ways to address the issues raised and to improve the level of customer satisfaction.
- d. The Presidential Hotline is provided to ease the resolution and reporting of complaints; and
- e. The public are encouraged within all public participation initiatives to use these opportunities to discuss and resolve issues. Notwithstanding these efforts, the suggestion boxes are not fully utilised as the communities prefer face-to-face interactions with staff members at the Customer Care Division.



# CHAPTER 3

**SERVICE DELIVERY PERFORMANCE  
(PERFORMANCE REPORT PART 1)**

## CHAPTER 3

### SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

#### INTRODUCTION

Service delivery functions currently performed by Senqu Municipality (noting that the water services and sanitation function are performed by Joe Gqabi District Municipality as the Water Services Authority) are reflected as follows:

- Electricity distribution – licensed areas only
- Provision of assistance to Eskom with rural electrification issues
- Street Lighting
- Roads construction and maintenance – municipal and access roads (including Stormwater Maintenance)
- Storm water and pavement construction
- PMU / Infrastructure planning and Technical Administration (including roads – PMU Construction)
- Library Services (Service Level Agreement entered into between Senqu Local Municipality and DSRAC on an agency basis. (Portion of funding received from DSRAC)
- Community Halls and facilities
- Cemeteries
- Sport and Recreational Facilities
- Parks and Public Open Spaces
- Public Safety
- Commonages
- Issuing of business licenses
- Communications
- Town Planning (Land Use Management, Housing and Building Control)
- LED (Tourism, SMME and Poverty Alleviation); and
- Building of crèches (Grant funding through MIG)

Each of these areas will be examined in terms of reporting on their performance for the period under review.

## Component A: Basic Services

### 3.1 ELECTRICITY

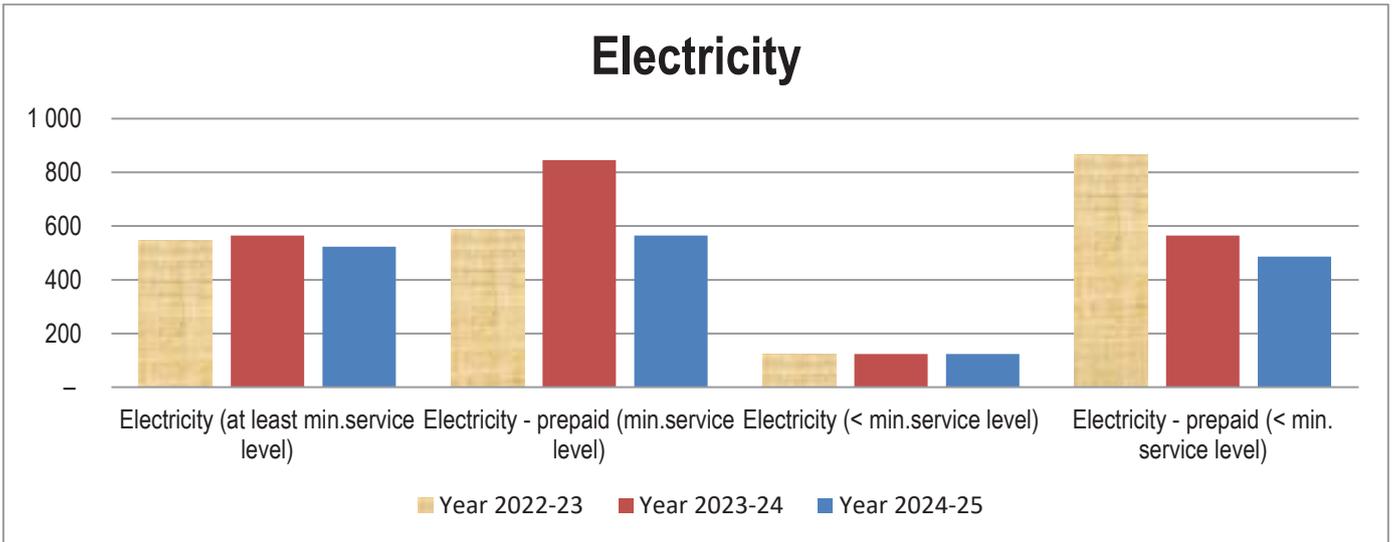
#### INTRODUCTION TO ELECTRICITY

- a. The provision of electricity by the Municipality is managed by the Electricity Unit which is located at the Technical Services Directorate of the municipality. Both Senqu Municipality and Eskom are responsible for supplying electricity to communities within the Senqu municipal jurisdiction. The Unit has a staff complement of 17 employees under the stewardship of Manager electrical. For the 2024/25 financial year the unit operated on an operational budget of R 66 473 899 and a capital budget of R 1 374 603 for the 2024/25 financial year. Capital projects have been undertaken. These are:
  - Electrification of Households at Mountain View Sterkspruit and Lulama Village in Barkly East
  - Rerouting of MV and LV Overhead Lines.
- b. Senqu Municipality Electricity Network is only stationed the three Town areas.
  - Lady Grey: No backlog
  - Barkly East: No backlog
  - Sterkspruit: Backlog is 88 households, and this is currently addressed through funding allocated by the department of energy in FY 2024-2025
- c. The implementation of free basic services in respect of electrical supply to the indigent communities or residents is the responsibility of the revenue section in the Department of Finance and needs to be closely monitored as it is a Constitutional directive.
- d. Current Situation Although most of the Senqu communities have access to electricity, there are some communities that still need to be electrified either in the form of electricity installation or in upgrading of their existing lines as most of the lines particularly in Sterkspruit and surrounding villages are low voltage. These are mainly in new housing developments. Council is in the process of compiling an exact backlog list for ESKOM. The most worrying area is near Lundean's Neck where residents do not have electricity at all, especially in Dangershoek. This is now being addressed with Eskom putting in a Mini grid for residents of Nomlengana 49 and 65 from Dangershoek. They are just awaiting poles. To be completed in FY 2025-2026. The backlog is 4 683 connections according to Technical Services, but IHS Markit 2027 put it at 6 183 Households connections. ESKOM puts a backlog of 8000 connections.

ESKOM DISTRIBUTION (RURAL AREA – Data is estimated due to THE LACK OF INFORMATION PROVISION FROM Eskom):

a. Electricity Service Delivery Levels

ELECTRICITY SERVICE DELIVERY LEVELS				
Households (Municipal)				
Description	2021/2022	2022/2023	2023/2024	2024/2025
	Actual No.	Actual No.	Actual No.	Actual No.
<b>Energy: (above minimum level)</b>				
Electricity (at least min. service level)	433	433	88	97
Electricity – prepaid (min. service level)	3 324	3 380	3 409	3 581
<i>Minimum Service Level and Above sub-total</i>	3 757	3 813	3 497	3 678
<i>Minimum Service Level and Above Percentage</i>	88,47%	88,64%	97,48%	97,36%
<b>Energy: (below minimum level)</b>	60	56	88	
Electricity (<min. service level)	67	56	88	
Electricity-prepaid (<min. service level)	5023	5046	6 558	
<i>Below Minimum Service Level Percentage</i>	1.93%	1.12%	0.34%	
<b>Total number of households</b>		46 013	47 920	47 828

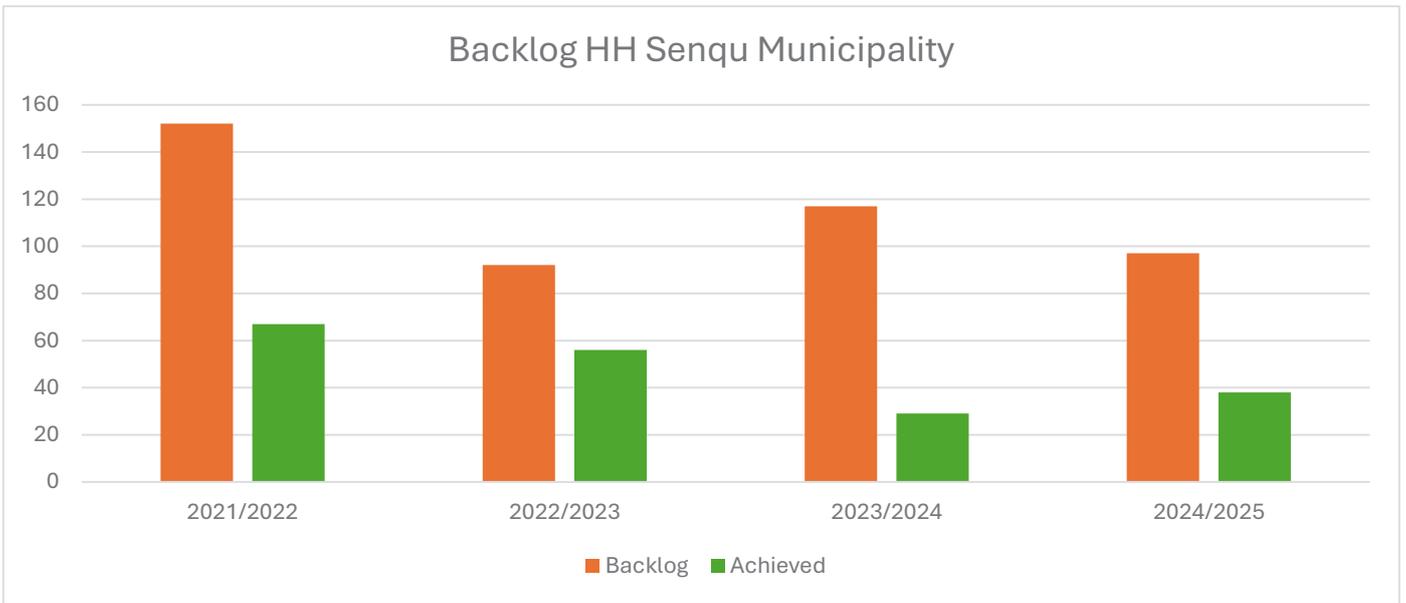


**b. ESKOM Consumers**

HOUSEHOLDS – ELECTRICITY SERVICE DELIVERY LEVELS BELOW THE MINIMUM						
Description	2021/22	2022/2023	2023/2024	2024/2025		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements	420	250	29	135	38	38
Total households						
Households below minimum service Level						
Proportion of households below minimum service level						
<b>Informal Settlements Eskom</b>						
Total households						
Households below minimum service Level						
Proportion of households below minimum service levels						

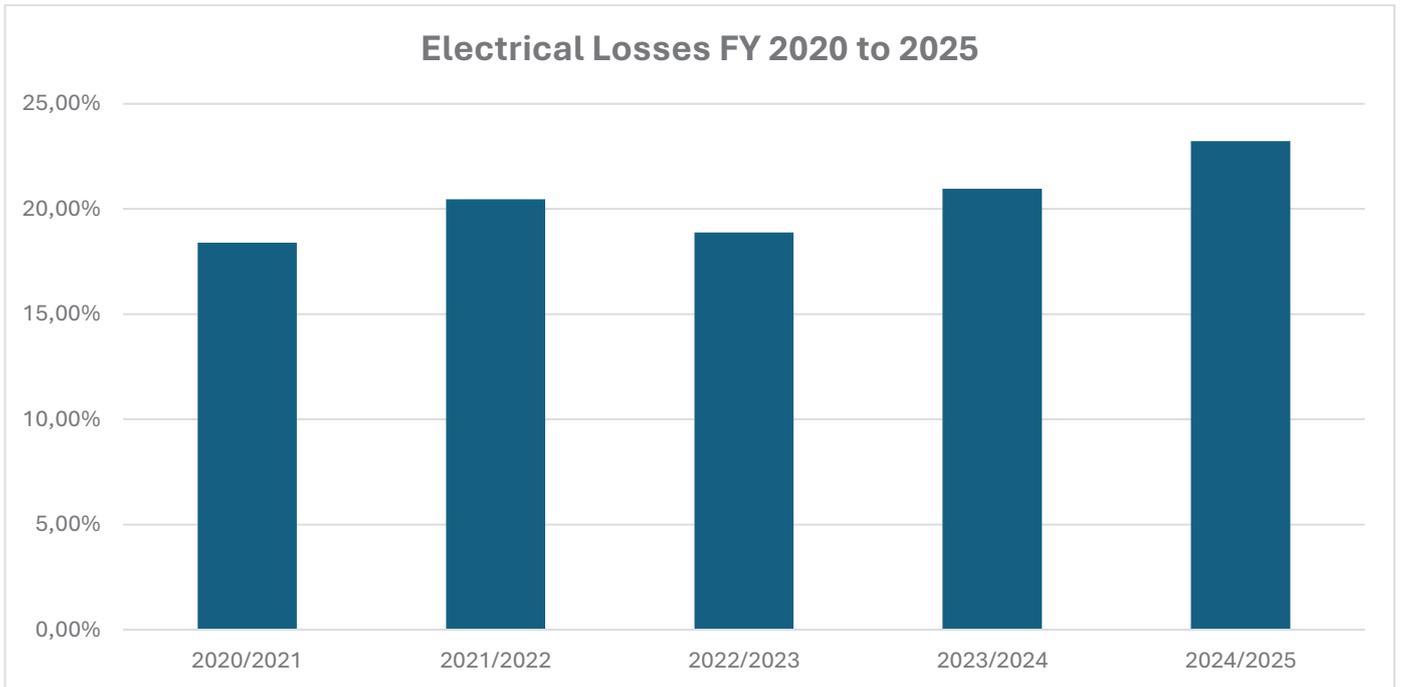
**c. Municipal Backlogs (Area of Distribution)**

YEAR	2021/2022	2022/2023	2023/2024	2024/2025
Backlog	152	92	117	97
Achieved	67	56	29	38



d. Electricity Losses (Historic to Date)

2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
18.4%	20,47%	18,88%	20.96%	23,23%



e) Electricity Service Policy Objectives taken from IDP

Electricity Service Policy Objectives Taken From IDP										
Service Objectives	Year – 2023-2024		Year 2024-2025		Year 2025-2026		Year 2026-2028		Target	
	Target	Actual	Target	Actual	2026-2027	2026-2027	2026-2027	2027-2028		
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)		(ix)
Outline Service Targets										
<i>Service Indicators</i>										
(i)										
Service Objective xxx										
Improve revenue collection to 95% by 2025									95%	
To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of equipment to reduce losses and ensure compliance										
	2%	1,9%	4%	3,2%	4%	4%	5%	6%		
To increase household access to electricity										800
Reduction in electrical losses	19,47%	20,97%	21,73%	23,23%	23,5%	21%	19%			
Installation of High Mast and streetlighting	10	0	0	0	0	0	0			
Green Energy	1	1	2	2	1	1	1			

f) Employee statistics : Electrical Services

The table below provides the employee statistics for electrical services.

EMPLOYEES: ELECTRICITY SERVICES					
Job Level	Year 2023/2024	Year 2024/2025			
TASK SYSTEM	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts)
0-3			7	0	0
4-6			6	0	0
7-9			0	0	0
10-12			3	0	0
13-15			1	0	0
16-18			1	0	0
19-20			0	0	0
<b>Total</b>			<b>18</b>	<b>18</b>	<b>0</b>

g) Financial Performance

The Table below provides the financial performance for the period of F/Y 2024/25

FINANCIAL PERFORMANCE YEAR JUNE 2025: ELECTRICITY SERVICES					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	59 500	106 334	106 334	66 474	39 860
Expenditure					
Employees	7 988	2 740	2 740	8 534	-5 794
Repairs and Maintenance	5 648	2 619	2 619	2 289	330
Other	55 407	87 083	87 083	72 938	14 145
Total Operational Expenditure	69 043	92 442	92 442	83 761	8 681

h) Electricity Services Capital Expenditure 2024/25

The table below provides a summary of the capital expenditure for electricity services for period 2024/25.

CAPITAL EXPENDITURE YEAR 2024/2025: ELECTRICITY SERVICES					
MUNICIPAL AREA					R' 000 (Ex
Capital Projects	2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from Original Budget	Total Project Value
Total All	3 586	3 286	2 914	372	5 660
Tools & Equip & Vehicle	68	68	78	(10)	68
Infrastructure	3 518	3 218	2 836	382	5 592

i) **Municipal INEP Allocation (2024/25)**

The municipal INEP allocation for 2024/2025 is provided in the table below.

INEP MUNICIPAL INEP ALLOCATION 2024/2025				
Allocation	Budget	Actual	Variance	Total Project Value
1 269	1 269	1 268 976	24	1 269

j) **COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:**

**Challenges**

- Limited funding for Maintenance and upgrading of infrastructure in areas managed by the Municipality. The maintenance budget funds were reduced this FY 2024-2025. Therefor the maintenance is greatly affected, and this causes delays on power restorations and an increase in power failures.
- Limited voltage supply and network in the rural areas do not support large scale economic growth.
- Getting communities to accept non-grid electricity. This is currently in progress in the FY 2024-2025 at Dangers Hoek and Nomlengana Village in the Sterkspruit area and will be completed in the FY 2025-2026. The main delay is the terrain and the accessibility of rads that delay these projects.
- Number of schools, clinics and other social facilities that don't have a regular supply of electricity (if there is any supply at all) Going forward funding needs to be sourced to cater for these facilities.
- Insufficient budget allocation for streetlights in the 2024/25 Financial Year has a negative impact on the fight against crime as communities are left in the dark. This needs to be prioritized in the FY 2026-2027 going forward.
- Affordability of the electricity service especially in rural areas for 3 phase electricity connections. This contributes to an increase in funds since most customers are single phase and Eskom is installing single phase Transformers. This cannot supply larger customers that require three phase connections to cater for their service requirements and therefore if required it comes with an additional cost to the customers' expenses.
- Electricity losses – FY 2024-2025 at a unit loss is 6 061 694 KWH and 23,23% electricity losses, which is an increase of the previous FY 2023-2024 at a unit loss of 4 782 894 KWH and 20,96% electricity losses. This increase in electricity losses is mainly due to theft, poor metering, poor networks, incorrect accounts and poor revenue collection. The result is that the losses increased by 2,27% with an increase of 1 278 800 KWH units.
- Electricity backlogs in the rural areas are being addressed too slowly. Eskom is licensed for these areas and therefore needs to apply for increased funding to eliminate the above.
- Electrification of streetlights and High mast tower for public lightning has become a great challenge due to budget constraints implemented.

- Eskom vs Senqu Municipality electrification network boundaries. The effect of the network boundaries is not clearly specified, Eskom though INEP funding electrify households within the town supply area that is provided by the municipality.
- Solar geysers. The installation and continuation of the disrupted solar geyser installation program need to be revived to ensure that the maximum demand of the network is not exceeded to reduce Load shedding possibilities.
- The availability of Vehicles (Plant) for Service Delivery is also experienced due to old vehicles with mechanical breakdowns and not adhered to the Fleet Policy to replace the Vehicles as indicated.
- Reduction of the electricity losses is also experienced due to the unavailability of Vehicles and also the process to procure meters to ensure that every customer is metered to ensure revenue collection.
- Repair and maintenance on the electrical infrastructure is also affected, and this causes power outages and an increase in restoration of power failures.

### Interventions

- Eskom electrification plan is done through Eskom personnel, and the progress is stable and effective according to the available funds received from INEP.
- Department of Trade and Industry assisting with the promotion of renewable sources of energy which needs to be considered by the Municipality going forward.
- The Technical Services Departments wishes to install a computerized asset management system which will allow it to accurately gauge the depreciation of electrical and road infrastructure and equipment. This will assist in improving budget planning for the Department.
- The Municipality makes an annual provision for maintenance with tenders for material which were put in place in FY 2024-2025. The KWH Meter replacement is not yet finalized due to the procurement process of the RT29 National Tender process. This has an impact on the revenue collection.
- Solar plant for the Municipal buildings in Lady Grey needs a battery backup system to be able to operate when Eskom network is not available due to weather conditions and load shedding.

### Renewable Energy

- In general, the Municipality and ESKOM must increase efforts to make the community more conscious and aware of the benefits of renewable energy.
- Solar is not popular due to the high theft of solar panels, but wind turbines could be used, provided that the turbines are designed to withstand the high wind speeds and hail encountered in the area. The Municipality has investigated photovoltaic but is unable to meet the type of demand and supplies only a couple of lights. The expense to the long-term benefit is not worth the cost.
- In general, due to the low demand for electricity in the area, it is not financially feasible to have green energy sources contributing to the grid due to the 100 MW plants available to be funded by private companies. This, however, is possible if the Municipality may provide land where it is suitable to erect such large plants in our area where the Eskom substations are close by.
- Solar systems for customers is also now on the increase and therefor the municipality needs to approve a policy to accommodate these customers and to apply for tariffs to purchase the excessive KWH generated by these customers at an affordable price for reselling.

## 3.2 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

### INTRODUCTION TO WASTE MANAGEMENT

During the 2024/2025 financial year, Senqu Local Municipality made meaningful progress in strengthening waste management services and advancing environmental sustainability. The Council approved a five-year Integrated Waste Management Plan (IWMP) for implementation from 2025/2026 to 2030, developed in partnership with Earth Free Environmental Consultancy. The IWMP provides a strategic framework that aligns with national legislation and outlines the municipality's long-term approach to waste minimization, recycling, treatment, disposal, and service expansion.

#### Key Achievements in the 2024/2025 Financial Year

As part of the initial implementation phase, Senqu Municipality has already made notable progress in line with the norms and standards outlined in the national strategy:

- **Improved Waste Collection Services:** Expansion of waste collection coverage to previously underserved areas, ensuring equitable access to basic waste services.
- **Recycling and Organic Waste Initiatives:** Strengthened community-based recycling programs and piloted organic waste management projects to reduce landfill dependency, which was not really successful
- **Waste Information Systems:** Enhanced data collection and reporting mechanisms to support evidence-based decision-making and compliance monitoring.
- **Community Awareness and Engagement:** Conducted targeted awareness campaigns to promote responsible waste practices and encourage public participation.
- **Infrastructure Development:** Upgrades to waste management facilities and fleet to improve operational efficiency and service reliability

### LEGAL CONTEXT

For municipalities to provide effective and sustainable waste management services including cleansing, refuse removal, disposal of solid waste and the management of dumping sites, and landfill sites, the following legislative framework guides and regulates these functions.

- **Schedule 5 B of the Constitution (Act No, 108 of 1996):** Assigns municipalities the constitutional mandate to provide refuse removal, refuse dumps, and solid waste disposal services.
- **Local Government Municipal Systems Act, (Act No, 32 of 2000) Section 1 of the NEMWA:** Sets the requirements for how municipalities must plan, manage, and deliver services, including waste management, in a sustainable and accountable manner.
- **National Environmental Management Laws Amendment Act:** Amend and strengthen existing environmental legislation by improving enforcement, compliance, and alignment across government departments.

- National Environmental Management Act (Act No. 107 of 1998) (NEMA): Provides the overarching environmental principles and governance framework that all organs of state must apply to ensure sustainable and responsible environmental management.
- National Environmental Management: Waste Act (Act No. 59 of 2008) (NEMWA): Regulates the entire waste management chain and assigns municipalities clear responsibilities for waste collection, recycling, treatment, and disposal.
- Environment Conservation Act (Act No. 73 of 1989): Provides early regulations for waste disposal sites and pollution control and remains applicable in areas not yet replaced by newer legislation.

### 3.2.1 Waste collection

For effective and efficient waste collection, the municipality has focused on the following:

- Schedule Plan: Regular and timely waste collection for all residents, including designated waste drop-off locations for additional disposal needs.
- Resources: EPWP and CWP workers, plastic bags, gloves, litter pickers, masks, and shovels to support waste management activities.
- Tools for Waste Collection: Waste collection vehicles (front-end loaders, tipper trucks, cage trucks, and compactor), waste bins (skip bins and recycling bins), and a waste tracking system.

Report on the percentage of households that received waste collection services in 2024/2025

The national indicator for refuse removal services expects municipalities to provide free basic refuse removal to at least 15.9% of total households. This is a minimum service delivery benchmark aimed at promoting public health and environmental sustainability. According to Stats SA (2022), Senqu Local Municipality has a total of 48 914 households. The municipality has significantly exceeded the national benchmark, providing refuse removal services to 37.4% of households.

- Total Households (Stats SA): 48, 914

- Households Receiving Refuse Removal Services (IWMP 2023–2025): 18,299

- Billed Households (Municipal Billing Report): 13,211

- Unbilled Households (Informal Settlements & Rural Areas): 4,088

The difference of 4,088 households represents informal and some rural households that are close to town, especially Sterkspruit not billed but still receive refuse removal services. These areas are particularly vulnerable to environmental health risks if left unserved, making this coverage critical

*Percentage Coverage*

$\frac{18\,299}{48\,914} \times 100 = 37.2\%$

This reflects a progressive expansion in service delivery, up from 37.4% in 2022, and demonstrates the municipality's commitment to inclusive waste management. Methods as reflected under discussion are house-to-house collection, skip bin collection, drop-off zones in accordance with the attached collection schedule.

In summary the total number of households in Senqu Municipality as per of 2022 Stats SA figures is 48 914. This therefore means that the Municipality has provided refuse removal services to 37.4% households.

### 3.2.2 Landfill Site Management

The introduction of landfill sites permits under Section 20 of the Environmental Conservation Act (1989) led to the development of the Minimum Requirements series, guiding waste disposal to landfill. The promulgation of the National Environmental Management: Waste Act (NEMWA) and subsequent regulations and standards have since transformed landfill regulation. Within Senqu' s jurisdiction, several formal waste facilities have been established, with notable progress in infrastructure development over the past few years. However, further interventions are necessary, including exploring hybrid operational options and securing resources for both internal and external operations. Historically, the municipality has faced challenges with poorly designed and operated sites, negatively impacting the environment and quality of life. Many of these sites were developed prior to the introduction of environmental legislation, necessitating corrective measures to ensure compliance and sustainability. The municipality operates the following landfill sites:

- Lady Grey landfill site
- Barkly East landfill site

#### Sterkspruit Landfill Site

The Sterkspruit Landfill Site is currently not operational due to poor operational management waste placement was not controlled meaning the working face was not maintained and waste was spread of the whole site. A fire subsequently burnt much of the waste body and adjacent recycling facility. The table below presents key details of the site

*The Sterkspruit Landfill Site showing the fence line (yellow), gatehouse (red) and burned-out recycling area. Note the close proximity to houses and a school south of the site. Insert shows the location of the landfill (red) in the northern part of Sterkspruit, south of the Sterkspruit Rive*

SUMMARY OF THE STATUS AND PLANS TO REMEDY THE SITUATION.



LANDFILL SITE NAME	STERKSPRUIT LANDFILL SITE	PLANNED ACTIONS
Co-ordinates	30°31'25.72"S 27°21'43.33"E	
Site classification	G:S:B:	
License status	<ol style="list-style-type: none"> <li>Not licensed. Site had been licensed for closure with an expiry date of 2018.</li> <li>The SLM obtained a three-year extension but this ultimately expired in 2021.</li> </ol>	<ol style="list-style-type: none"> <li>Engagement with DEDEAT for further extension.</li> <li>Site closure plan and lobbying for funding</li> </ol>
Airspace	<ol style="list-style-type: none"> <li>SLM indicated that the site has sufficient space for another 20 years of operation however the site is to be closed.</li> <li></li> </ol>	<ol style="list-style-type: none"> <li>One year tender for hiring of yellow fleet for compaction and landfilling</li> <li>A new landfill is to be built in Sterkspruit however this has been delayed (Cost benefit analysis to be done considering the availability of site at Heschel)</li> </ol>

Lady Grey Landfill Site

The Lady Grey Landfill Site is operational and receiving waste from the Lady Grey area as well as the Sterkspruit area (due to closure of the Sterkspruit Landfill).



LANDFILL SITE NAME	LADY GREY LANDFILL SITE	PLANNED ACTIONS
Co-ordinates	30°42'37.43"S 27°12'17.99"E	
Site classification	G:S:B- (unconfirmed)	
License status	Unconfirmed. It was reported by SLM that the Dept of Water Affairs licensed the site in 2004 however the license cannot be found. Neither SLM nor DWS have been able to source a copy.	Source copy form DEDEAT & Department of Water Affairs
Airspace	The recent cell upgrades were planned for 15 years. An airspace determination exercise was recently commissioned for all landfills however the report has yet to be finalised.	

The Lady Grey Landfill Site showing the fence line (yellow), gatehouse (red), weighbridge (green), recycling area (blue), two waste cells (white) and leachate pond (pink). Note the proximity to houses south-west of the site. Insert shows the location of the landfill (red) in the northern part of Lady Grey.

**BARKLY EAST LANDFILL SITE**

Barkly East Landfill is currently operational and at the time of this report it was receiving waste from the town of Barkly East inclusive of all townships and nearby farms. The table below presents key details of the site.



LANDFILL SITE NAME	BARKLY EAST LANDFILL SITE	PLANNED ACTIONS
Co-ordinates	30°58'48.65"S 27°35'54.90"E	
Site classification	Gr:S:B-	
License status	Licensed. Number JG/B/2/10/001/15. A copy of the license was available on site as well as on SAWIC.	
Airspace	Undetermined. An airspace determination exercise was recently commissioned for all landfills however the report has yet to be finalized.	
Status	Operational	



LANDFILL SITE NAME	HESCHEL LANDFILL SITE	PLANNED ACTIONS
Co-ordinates	Hershel	
Site classification	30°36'37.51"S 27°10'37.36"E	
License status	License. Number JG/B/M/003/17. A copy of the license was available on SAWVIC.	
Airspace	Construction completed but not yet commissioned.	
Status	Undetermined. An airspace determination exercise was recently commissioned for all landfills however the report has yet to be finalized.	

ROSSOUW LANDFILL SITE



The

newly constructed Rossouw Landfill Site showing the fence line (yellow), gatehouse (red), weighbridge (green), recycling area (blue), waste cell (pink) and leachate pond (white).

LANDFILL SITE NAME	ROSSOUW EAST LANDFILL SITE	PLANNED ACTIONS
Co-ordinates	31° 9'49.15"S 27°17'8.13"E	
Site classification	B	
License status	Licensed. Number JG/B/M/002/17. A copy of the license was available on SAWVIC.	
Airspace	Undetermined. An airspace determination exercise was recently commissioned for all landfills, however the report has yet to be finalized.	
Status	Construction completed but not yet commissioned.	Engagement with Technical Services for installation of electricity and repairing of the gate before operation.

The insert shows the location of the landfill site east of the Hamlet of Rossouw.

RHODES LANDFILL SITE



Rhodes landfill site	The town of Rhodes does not have a formal waste facility; waste has historically been dumped in a trench approximately 100m south-east of the town. The SLM has plans to establish a waste transfer station in Rhodes from where waste will be transported to Barkly East however no budget provision has been made. Appointment of the service provider to do application for the closure permit and rehabilitation by quarter three. Currently the site is listed for closure and rehabilitation. Budget (through budget process) is required for appointment of the service provider to conduct Environmental Impact Assessment for closure. The site is currently polluting the stream (raw water) and not compliant.

The Rhodes Landfill site is an informal dumping area. The wider dumping area (white outline) and the trenching area (solid waste) are shown. There is no formal infrastructure at the site and waste has historically been burned. The insert shows the location of the landfill site (red) east of the town of Rhodes.

### 3.2.3 SUMMARY OF STATUS QUO & PLANNED INTERVENTIONS

#### AREAS OF IMPROVEMENT AS SUGGESTED BY THE APPROVED INTEGRATED WASTE MANAGEMENT PLAN 2026-2029 MULTI YEAR PERIOD.

- Implement Efficient Waste Collection Schedules by regular and timely pick-ups for all residents, considering optimized routes monitored at all levels
- Expand Waste Drop-off Locations by Increasing the number of locations for residents to dispose of larger items and recyclables, making it more convenient and reducing illegal dumping.
- Enhance Recycling Initiatives through implementation of comprehensive recycling programs, including education and outreach to inform residents about proper waste disposal and recycling practices.
- Invest in Modern Waste Management Technology through utilization of compactors, recycling facilities, and smart bin to improve waste collection efficiency and reduce environmental impact.
- Consider implementation of Waste Tracking Systems to monitor and manage waste generation and collection to identify areas for improvement and optimize waste management processes if affordable.
- Promotion of Community Engagement and Education by organizing awareness campaigns, workshops, and training sessions to educate residents on waste segregation, recycling, and proper disposal practices.
- Collaborate with Local Organizations and partnership with local businesses, non-profits, and waste management companies to facilitate proper disposal of hazardous waste and encourage recycling efforts.
- Implement reward systems or discounts to encourage residents to participate in waste reduction programs and recycle more consistently.
- identify opportunities for improvement and measure the effectiveness of waste management initiatives from the waste characterization processes that are done in the process of IWMP review process

### 3.2.4 WASTE CHARACTERIZATION DIFFERENT TYPES OF WASTE AFTER CHARACTERIZATION



## WASTE STORAGES/ WASTE SKIP BINS



### 3.2.5 Street cleansing and litter picking

#### Introduction

Street cleansing is an essential part of solid waste management, focused on removing litter from streets to maintain municipality's cleanliness and economy. It is costly, with municipalities spending 10–20% of their budgets on equipment and manual or mechanical methods of sweeping and litter picking. Litter picking is conducted in towns and surrounding areas, while street sweeping is limited to paved streets, leaving many unpaved areas without services.

A significant portion of the workload results from public littering and deficiencies in refuse collection, especially in rural and informal settlements. Poor collection coverage leads residents to discard waste in streets or vacant lots, shifting the responsibility from formal refuse collection crews to EPWP or CWP litter-picking teams.



### 3.2.6 Environmental and Waste Awareness in schools and Communities

Environmental education (EE) actively contributes to environmental preservation by instilling a sense of commitment and responsibility for the environment. Additionally, EE emphasizes the importance of lifelong learning and the enhancement of appropriate behavior for environmental stewardship. The school curriculum should be revised regularly to reflect contemporary EE practices and provide students with skills necessary for environmental problem solving.

The environment may be managed effectively through increasing public awareness and understanding of sustainable development principles, leveraging the media and civil society's comparative assets without environmental knowledge, the populace lacks both the motive to act and the ability to spur government action. EE, through sensitization, should be encouraged to influence Indigenous people's perceptions and people's about protected areas.

The more easily understandable environmental information civil society organizations broadcast, the more likely their message will be received, and their activities will produce fruit. Access to information on environmental management can catalyze residents to adopt more environmentally conscious behaviors. They can shift their focus away from destroying the environment and toward conservation.



Sixteen Environmental awareness conducted in different schools

### 3.2.7 Community Awareness Conducted



Sixteen Community Awareness Conducted

The national indicator for refuse removal services expects municipalities to provide free basic refuse removal to at least 15.9% of total households. This is a minimum service delivery benchmark aimed at promoting public health and environmental sustainability.

### Senqu LM Performance Overview

According to Stats SA (2022), Senqu Local Municipality has a total of 43,300 households. The municipality has significantly exceeded the national benchmark, providing refuse removal services to 42.0% of households.

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Target	Year-2023/2024		Year-2024/2025		Year-2025/2026		Year-2026/2027	
		Target	Actual	Target	Actual	Target	Current Year	Current Year	Following Year
		Previous Year	Previous Year	Current Year	Current Year	Current Year	Current Year	Current Year	Following Year
<b>Service Objective</b>									
To Provide refuse removal service to existing and new settlements	-	-	-	Reviewal of the IWMP	IWMP approved by Council	Implementation of the IWMP	-	-	-
Ensure Universal Access to Waste Services	13% households receiving refuse services	households receiving refuse services	Households receiving refuse removal has increased to 37.4%	Increase the percentage	Households receiving refuse removal has increased to 37.4%	37.4%	-	-	-
Improve Waste Infrastructure and Equipment	Two landfill sites developed	Heschel & Rossouw Landfill Sites. Development of Rhodes Transfer Station. Yellow fleet acquired	Heschel and Rossouw developed. Yellow fleet acquired	Rhodes Transfer Station planned. Yellow fleet acquired	Fleet acquired and development of Transfer station.	Rhodes Transfer Station planned. Yellow fleet acquired	-	-	-
Implement Effective Waste Information Systems	Establish reliable data collection and reporting mechanism	-	-	-	-	Only Lady grey reports on the SAWIC	-	-	-

Promote Public Awareness and Participation	awareness session for schools and communities	16 awareness session for schools & communities	Awareness session for schools & communities	16 awareness session for schools & communities	16 awareness session for schools & communities	16 awareness session for schools & communities	-	-	-
Support Local Economic Development	job opportunities created and support to recyclers	16 awareness session for schools & communities 160 jobs created				16 awareness session for schools & communities 160 jobs created	-	-	-

### 3.2.9 Solid Waste Services delivery Levels

Solid Waste Services Delivery levels				
Description	Year -3	Year-2	Year-1	Year 0
	Actual No	Actual No	Actual No	Actual No
<b>Solid Waste Removal: (minimum level)</b>				
	8 879	10 879	18 289	13 214
Removed at least once a week				
Minimum Service Level and Above Sub-total			18 289	13 214
Minimum Service Level and Above percentage			305	3 100
<b>Solid Waste Removal: (Below minimum level)</b>				
Removed less frequently than once a week			24755	24755
Using communal refuse dump			585	125
Using own refuse dump			3754	38 680
Other rubbish disposal				
No rubbish disposal				
Below minimum service level sub-total				
Below minimum service level percentage				
<b>Total number of Households</b>				T.3.3.3

Households- Solid Waste Service Delivery Levels below the minimum						
Description	Households					
	2021/2022	2022/2023	2023/2024	2024/2025		
	Actual No	Actual No	Actual No	Original Budget No	Adjustment Budget No	Actual No
<b>Formal Settlement</b>	-	-	-	-	-	-
Total Households	38,102	38 780	35 852			48 914
Households below minimum service level	22,307					39 876
Proportion of household below minimum service level	62%					
<b>Informal Settlement</b>						
Total Households	3,011	3,011	3,011			4 100
Households below minimum service level	3,011	3,011	3,011			2000
Proportion of household below minimum service level	8.4%	8.4%	8.4			6.9%

**3.2.10 Employee Statistics (Solid Waste Management Services)**

Employees: Solid Waste Management Services					
Job Level	Year-2023/2024	Year 2024/2025			
	Employees No	Posts No	Employees No	Vacancies (full time equivalent) No	vacancies (as % of total post) No
0-3		59	56	3	5.08
4-6		8	8	0	0
7-9		0	0	0	
10-12		4	4	0	0
13-15		0	0	0	
16-18		1	1	0	0
19-20		0	0	0	
Total		71	69	3	4.22

Employees: Solid Waste Management Services					
Job Level	Year-2023/2024	Year 2024/2025			
	Employees No	Posts No	Employees No	Vacancies (full time equivalent) No	vacancies (as % of total post) No
0-3		59	56	3	5.08
4-6		8	8	0	0
7-9		0	0	0	
10-12		4	4	0	0
13-15		0	0	0	
16-18		1	1	0	0
19-20		0	0	0	
Total		71	69	3	4.22

**3.2.11 Financial Performance Year 2024/2025: Solid Waste Management Services**

Financial Performance Year 2024/2025: Solid Waste Management Services					
R'000					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	14 383	52 116	52 116	12 425	39 691
Expenditure					
Employees	16 333	16 999	16 999	16 096	903
Repairs and Maintenance	9 788	3 195	3 195	2 280	915
Other	14 555	38 607	38 607	23 979	14 628
Total Operational Expenditure	40 676	58 801	58 801	42 355	16 446

**3.2.12 Capital Projects: Solid Waste**

Capital Expenditure Year 2024/2025: Solid Waste Management Services					
Municipal Areas					
R'000(Ex VAT)					
Capital Projects	2024/2025				
	Budget '000	Adjustment Budget '000	Actual Expenditure '000	Variance from Original Budget '000	Total Project Value '000
Total All	926	926	368	558	926
Machinery and Equipment	926	926	368	558	926
Solid Waste Infrastructure					

### 3.2.13 COMMENT ON WASTE MANAGEMENT SERVICES

In the municipality's current waste management programme, four major capital projects have taken center stage.

The Integrated Waste Management Plan (IWMP) has been successfully completed, with its budget fully spent. This project laid the foundation for strategic waste planning and compliance.

Next, two landfill sites were developed. The first is fully completed and funded. The second is 80% complete, with electrification still pending—this may cause a slight budget overrun if not addressed soon.

The third project, a transfer station, has been re-prioritized. Its funding may be redirected due to shifting needs or budget constraints.

The fourth focus area is the waste collection service, which faces serious operational challenges. Income from tariffs is low, the fleet is aged and unreliable, and the cost-of-service delivery is high leading to budget overruns.

Despite these challenges, two of the five IDP targets completion of the IWMP and one landfill site are on track. However, the remaining targets, including electrification, improved collection, and the transfer station, are at risk.

To stay within budget, the municipality may need to:

- Seek additional funding or reallocate existing budgets,
- Review and adjust tariffs,
- Consider leasing or phased replacement of fleet vehicles,
- Improve operational efficiency.

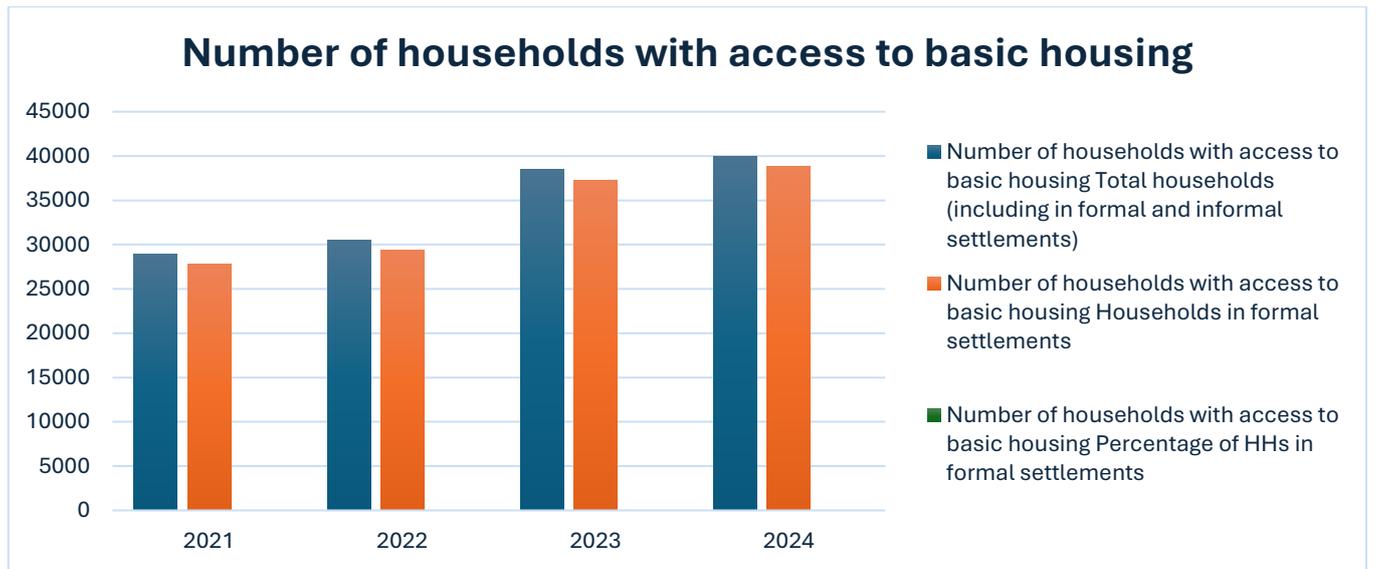
## 3.3 HOUSING

### INTRODUCTION TO HOUSING

The municipality's housing delivery function forms part of the Development and Town Planning Services directorate. The unit is challenged with the fast growth of informal settlements which create difficulties in planning for housing development. Land invasion in current informal settlements creates challenges when planning for informal settlements upgrading, as the numbers of occupants increase rapidly. This is also coupled with land invasion in other areas which are not earmarked for residential developments. This limits the municipality's efforts in attractive investments into its towns. There is potential growth for all the towns, however the towns in Senqu are all landlocked, which prohibits outward growth. Towns are surrounded by state land (villages) and private farms. There is great potential for economic growth in Sterkspruit, should the land surrounding the town be vested with the municipality. The demand for housing is still high as a result of immigration and the rising population growth. The municipality is implementing four housing projects through the Department of Human Settlements, which are believed to decrease the housing demand substantially once completed.

### 3.3.1 Access to Basic Housing

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2021	28959	27793	96.0%
2022	30500	29421	96.5%
2023	38444	37248	96.8%
2024	39985	38876	97.2%
			T 3.5.2



3-3-2 Housing Service Policy Objectives Taken from IDP

HOUSING SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
Service Objectives / Service Indicators	Outline Service Targets'	2023/2024		2024/2025		Following Years			
		Target	Actual	Target	Actual	Target			
		*Previous Year (iii)	(iv)	*Previous Year (v)	(vi)	2025/2026 (viii)	2026/2027 (ix)	2027/2028 (x)	
Service Objectives									
Improve access to secure tenure	Provision of Title Deeds for households	No target	No target	No target	Pre- conveyancing application for Lady Grey and Herschel	None. Procurement of professional services could not be finalised	Appointment of a service provider		

**3.3.3 Employee Statistics (Housing Services)**

EMPLOYEES: HOUSING AND PLANNING SERVICES					
Job Level	2023/2024	2024/2025			
TASK SYSTEM	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts)
0-3					
4-6	1	2	2		
7-9	1	0	0		
10-12	0	2	1	1	50%
13-15	1	2	2		
16-18	1	1	0	1	100
19-20					
<b>Total</b>	<b>4</b>	<b>7</b>	<b>5</b>	<b>2</b>	<b>29%</b>

**3.3.4 COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:**

Senqu Municipality is not accredited to solely implement its own capital housing projects. This responsibility lies with the Eastern Cape Department of Human Settlements (ECDoHS) in collaboration with its appointed developers and service providers. Our role is to ensure that any pre-planning and policy-related activities that will inform the capital projects are completed, and to seek assistance from ECDoHS to implement tangible projects that emanate from policy documents such as the Housing Sector Plan and/or the Municipal Spatial Development Framework. With that said, the municipality is not in a position to report on project priorities, financial performance, and budget variances, as we are not privy to such information from the ECDoHS.

The municipality only receives project progress reports during the construction phase of each project. Such progress reporting is limited to completed housing units. In the 2024/2025 financial year, ECDoHS successfully initiated Phase 2 of the Sterkspruit 4000 Housing Units project, appointing six contractors to develop a total of 1,100 units in Wards 9, 10, and 17. Eighteen (18) housing units were completed in the same year.

### 3.4 FREE BASIC SERVICES

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

##### 3.4.1 Free Basic Services Narrative – Senqu Municipality

In compliance with Section 152 and 153 of the Constitution, the Municipal Systems Act (Section 74), and the Division of Revenue Act, Senqu Municipality is mandated to ensure the provision of free basic services to indigent households. This obligation is supported by the Municipality’s adopted Indigent Policy, which aligns with national guidelines to promote equitable access to essential services for vulnerable communities.

The Free Basic Services function is strategically located within the Finance Department under Revenue Services. It is coordinated by a Free Basic Services Coordinator, who reports directly to the Billing Accountant, ensuring strong oversight and integration with billing and revenue management processes.

Despite this structured approach, the Municipality faces significant operational constraints. The challenge begins with human resource limitations, as the Municipality is expected to administer and verify approximately 28,068 households based on equitable share allocations. Given Senqu’s vast geographic spread, dispersed demographics, and the requirement under Council policy to verify indigent status every two years, the administrative burden is substantial. This process demands extensive outreach and data validation, yet the Municipality does not have a dedicated vehicle for field operations, further compounding logistical challenges.

Senqu Municipality remains committed to overcoming these constraints through innovative strategies and partnerships, ensuring that free basic services—currently provided for Property Rates, Electricity, and Refuse Removal—continue to reach all qualifying households. The Municipality will prioritize resource optimization and explore technology-driven solutions to enhance verification efficiency and service delivery in the coming financial year.

3.4.2 Free Basic Service Policy Objectives Taken From IDP

Free Basic Service Policy Objectives Taken From IDP												
Service Objectives	Outline Service Target	Previous Year 2023/2024		2024/2025		Following Years						
		Target	Actual	Target	Actual	Target						
		Previous Year	Actual	Previous Year	Actual	Current Year	2025/2026	2026/2027	2027/2028			
Service Objectives	To increase access to indigent services	One annual report on the % of households earning less than two state pension per month with access to free basic services	One annual report on the % of households earning less than two state pension per month with access to free basic services	One annual report on the % of households earning less than two state pension per month with access to free basic services	30% of household earning less than two state pensions	45%	60%	75%				

**3.4..3 FREE BASIC SERVICES - including Solid waste /refuse removal 2023/2024(Comparison with previous financial year 2024/2025)**

KPA & INDICATOR	MUNICIPAL	MUNICIPAL
	2023/2024	2024/2025
a) The percentage of households earning less than two state pension fund per month with access to free basic services	<p>21% of our serviced consumers are registered as Indigent consumers on. The municipality is in control of 7% percent coverage as compared to Eskom area of supply.</p> <p>Rural areas fall outside the Municipal service area and are thus not reported on during the year under review.</p>	<p>30% of our serviced consumers are registered as Indigent consumers on. The municipality is in control of 7% percent coverage as compared to Eskom area of supply.</p> <p>Rural areas fall outside the Municipal service area and are thus not reported on during the year under review. The Eskom information is provided</p>
b) The percentage of households with access to basic level of solid waste removal	<p>98.03% of our household have access to waste disposal during the year under review.</p> <p>6 153, households have access to refuse removal of which 2410 receive free basic properties during the year under review. There were 881 properties where services were not collected these do appear on the collection site</p>	<p>37.4% of our household have access to waste disposal during the year under review.</p> <p>10 823, households have access to refuse removal of which 2 633 receive free basic properties during the year under review.</p>

REGISTERED HOUSEHOLDS (Eskom & Municipality)	Year	Year	Year	Year	Year
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Free Basic Energy	12530	12530	12536	12536	12536
Free Basic Alternative Energy	497	625	650	650	650

Free Basic Services to Low Income Households						
	Number of Households					
	Total	Households earning less than two state social grants				
		Free Basic Electricity			Free Basic Electricity Free Basic Refuse	
		Total	Access	%	Access	%
Year - 2022/2023	48 519	12 640	14 323	30%	2690	6%
Year - 2023/2024	50 252	13 186	14 323	29%	2590	5%
Year - 2024/2025	50 252	28068	14 323	29%	2633	5%

### 3.4.4 FINANCIAL PERFORMANCE YEAR 2024/2025

FINANCIAL PERFORMANCE YEAR 2024/2025: COST TO MUNICIPALITY OF FREE BASIC SERVICES DELIVERED R '000					
Services Delivered	Year 2023/2024	Year 2024/2025			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
	'000	'000	'000	'000	'000
Water	-	-	-	-	-
Wastewater (Sanitation)	-	-	-	-	-
Electricity	7 181	8 575	8 575	7 411	1 164
Waste Management (Solid Waste)	198	6 023	6 023	798	5 225
<b>Total</b>	<b>7 379</b>	<b>14 599</b>	<b>14 599</b>	<b>8 209</b>	<b>6 390</b>

Note: Water and Sanitation are not Senqu functions but are the responsibility of Joe Gqabi District Municipality.

### 3.4.5 COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

Senqu Municipality continues to prioritize support for low-income households through its Free Basic Services and Indigent Support Program. The Municipality provides subsidies on Property Rates, Electricity, and Refuse Removal, and also offers free clearance certificates to approved indigent beneficiaries who present letters of authority. These measures aim to reduce the financial burden on vulnerable households and ensure equitable access to essential municipal services.

## Indigent Policy & Financial Performance

The program is guided by the Council-approved Indigent Policy, which prescribes eligibility criteria and biennial verification cycles. For the 2024/2025 financial year, the Municipality allocated R14,599,000 for Free Basic Services and fully utilized this allocation to deliver services as planned:

- Electricity: R8,575,000
- Waste Management (Refuse Removal): R6,023,000

No expenditure was recorded for water or sanitation services, as these remain a district municipality function.

## Operational Challenges & Strategic Interventions

The Municipality faces significant challenges in verifying approximately 28,068 households every two years, as required by policy. This is compounded by Senqu's vast geography, dispersed demographics, and limited human resources—currently only one Free Basic Services Coordinator reporting to the Billing Accountant. The absence of a dedicated vehicle further constrains field verification and address linkage.

To address these gaps, the Municipality has adopted a strategic plan that includes:

- Increasing verified beneficiaries to meet the 28,068 target.
- Financing a dedicated vehicle to support outreach and ensure accurate address linkage.
- Implementing GIS integration to improve spatial accuracy and coverage.
- Leveraging technology for mobile verification and data management to reduce administrative burden.

These initiatives aim to strengthen governance, enhance operational efficiency, and ensure that indigent households receive full benefits while promoting pathways to greater self-reliance.

## COMPONENT B: ROADS

### 3.5 ROADS & STORMWATER

This component includes roads; and stormwater drainage.

#### 3.5.1 INTRODUCTION TO ROAD

##### LEGISLATIVE REQUIREMENT

Senqu Local Municipality are required to inspect, repair, and maintain Municipal Roads.

- Constitution of South Africa 1996-part B of schedule 5 – Municipalities are responsible for investments in local infrastructure including the construction and maintenance of roads and streets that are within their jurisdiction and proclaimed as municipal roads.
- Road Infrastructure Strategic Framework for South Africa and Rural Transport Strategy, as a whole.

Involves intergovernmental co-operation, National norms, sustainable road funding, human capacity for maintenance, Rural Road infrastructure support.

- Asset management in terms of the MFMA.

It is a legislative requirement that projects be aligned to the Acts listed hereunder:

- Division of Revenue Act
- Construction Industry Development Board Act
- Occupational Health & Safety Act
- Labour Relation Act
- Municipal Finance Management Act
- National Environmental Management Act
- Water Services Act

It is noted that Senqu Municipality is home to the largest and longest amount of unsurfaced main roads and access roads.

In terms of Gravel/ Unsurfaced Roads it is fair to say that, despite maintenance by the DRPW, most of provincially maintained gravel roads have deteriorated significantly to a level where they need extensive re-gravelling and low-level bridges need repair or replacing. The DRPW is required to re-examine their strategy and to investigate ways in which a more sustainable road surface process (such as interlock paving) can be utilized. This is also required as it is noted that the quantity and quality of gravel is diminishing. This will result in a situation where people will be unable to access goods and services or will be required to pay a high price for the transport of goods and persons, due to poor or impassable roads. This is compounded by extreme weather conditions such as flooding and snow.

In terms of Powers and Functions, Senqu Municipality is responsible for all access and municipal roads in its area. The balance of roads fall under the powers and functions of the Department of Roads and Public Works (DRPW).

Streets within towns are the responsibility of the relevant local authority. Streets within townships in all the urban settlements are of reasonable condition but there is still localized flooding in bad weather, impassable roads, and poor access. The original RDP housing constructed in Kwezi Naledi has contributed to the original flooding challenge due to incorrect building practices (failure to build above the natural ground level) and it is noted that communities block storm water flow due to illegal access constructions and dumping of waste in storm water channels.

Senqu Municipality does not have any entities responsible for rendering road maintenance services within the municipality. Capital projects are completed through the procurement of professional service providers and contractors and funded through the MIG programme and internal funding. Capital projects are identified through the IDP process and prioritised by the IDP & Budget Steering Committee, dependent on available funding.

The Municipality must comply with the constitution of S.A where it states that Municipalities are responsible for investments in local infrastructure including the construction as well as maintenance of roads and streets that are within the jurisdiction and proclaimed as municipal roads.

The municipality have 2 Pothole Teams which are responsible for the repair of potholes and other related surfaced roads which one is in Barkly East and the second team in Lady Grey.

The Lady Grey pothole team also covers the Sterkspruit are for pothole and surfaced road repairs.

These teams each have a one LDV and Pedestrian roller to do pothole repairs.

Senqu Municipality have a Gravel Roads Team who is responsible for the repairs and maintenance of Senqu Municipality's access roads. This Roads Team of the municipality have the following plant which is used for the maintenance of roads:

1 x Excavator

1 x Roller

1 x TLB

3 x Motor Graders

4 x Tipper Trucks

2 x Minibus

1 x LDV

The Roads Teams are working according to an approved Roads maintenance Plan and below is the information regarding monthly progress on such maintenance including pothole repairs.

- A Roads Maintenance Plan for 2024/2025 was approved for implementation. This involved planned maintenance for 19,35Km of Roads in Wards' 2, 7, 8 & 10. The analysis of progress has been summarised as follows:

### 3.5.2 PROJECT MANAGEMENT UNIT: INTRODUCTION:

The Municipal PMU business plan documents how Senqu Municipality aims to effectively and efficiently maintain the Project Management Unit (PMU) to implement and manage capital projects. The business plan is in alignment with the principles and objectives underpinning the design of the programme as contained in the MIG Policy Framework.

The Municipality has established the Project Management Unit in 2007 and has been operating since then, however not without capacity challenges. The Unit is committed to the following:

- Ensure compliance to Division of Revenue Act (DORA) which regulates the implementation of conditional and unconditional grants (including infrastructure) within the public sector.
- Acknowledge and adhere to all aspects contained within the business plan including all principles, objectives, sector conditions, and outcomes contained within the MIG guideline document and the MIG policy framework document.
- Ensure adherence to the labour intensive objectives as detailed in the Expanded Public Works Framework document and the code of good practice for Special Public Works 25/01/2002.
- Ensure the integration of the MIG Programme and the other non-MIG funded programmes within the framework of the Municipality's pre-existing Integrated Development Plan.
- Ensure the alignment of the approaches and processes of existing and new infrastructure programmes to those of MIG.

The purpose of the PMU is to manage the Municipality MIG-funded and ideally includes the management of the entire infrastructure funded projects and activities to adhere to the grant requirements as contained in the MIG policy framework document and relevant municipal infrastructure documents. The PMU is aware of the various interfaces in terms of national, provincial, and local government, and incorporated these aspects in the planning of the PMU.

**DORA ALLOCATION FOR FY 24 / 25:**

**Total DoRA allocation**

2024/25: R 54 789 000.00

**Total Rollover allocation**

2023/24: R 0.00

**PMU Administration Cost**

2024/25: R 2 239 45.000 (5%)

**STAFF COMPLIMENT:**

PMU Manager	Neo Nkopane
PMU Technician	Olwethu Zihle
ISD Officer	Mbalenhle Sunduza
Data Capturer	Bulelwa Funani
PMU Technician	Sixolile Fojile

### 3.5.3 Roads and Stormwater Service Policy Objectives Taken From IDP

Roads and Stormwater Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Target	Year-2023/2024		Year-2024/2025		Year-2025/2026		Year-2026/2027	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual
		Previous Year 22 23 sect 46		Previous Year	Current Year	Current Year	Current Year	Current Year	Current Year
<b>Service Objective</b>									
To repair and maintain roads, stormwater, bridges, and transport infrastructure	100% completion of Maintenance of roads as per the approved maintenance plan	100% ( 21 Km) Completion of Maintenance of roads as per the approved maintenance plan	Target Exceeded. Road maintenance was plan was 267.23% (56,12 Km) completed against the council approved maintenance plan. This translates into 167% above the target.	9 Km completion of maintenance of roads as per the approved maintenance plan	16 Km completion of maintenance of roads as per the approved maintenance plan	Target Exceeded. (19,35 Km) completed.	20 Km Completion of maintenance of roads as per the approved maintenance plan	30 Km	35 Km

Roads Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Target	Year-2023/2024		Year-2024/2025		Year-2025/2026		Year-2026/2027	
		Target	Actual	Target	Actual	Target	Actual	Current Year	Following Year
Service Objective		Previous Year 22 23 sect 46		Previous Year	Current Year	Current Year	Current Year	Current Year	Following Year
To construct and upgrade roads, stormwater, bridges and transport infrastructure	To construct and upgrade 50km of roads and stormwater within 5-year period as per the approved project implementation plan and MDRG projects	Rehabilitation of 3.5 kms Roads & Stormwater - Mokhesi Village Ward 8; Khwezi Naledi Ward 14; Barkly East Ward 15 & 16; Zwelitsha Ward 10.	Appointment of the contractor and site establishment was not achieved	Repairing of gravel roads and stormwater channels Joveleni, Hinana and Voyizana Ward 9; Sunduza, Bensonville and Jozana Ward 17; Ndofela Bikizana and Mboobo Ward	60% Overall Project completion of Rehabilitation of Roads & Stormwater in Mokhesi Ward 8.	56.93% Overall Project completion of Rehabilitation of Roads & Stormwater in Mokhesi Ward 8.	Target Exceeded. An Overall Progress on completion of Replacement of Tar with Paving in Lulama Barkly East	Target Exceeded. An Overall Progress on completion of Replacement of Tar with Paving in Lulama Barkly East	

56.04% as at 30 June 2025	Appointment of the Contractor in Khwezi Naledi, Lady Grey Ward 14	Appointment of the Contractor was not achieved.	Target Exceeded. The Site was Established on 26 May 2025. Furthermore, Box Cutting of 18% was done on the project.	

		<p>Reconstruction of access roads in Ntabamhlophe in Ward 5; Kwantoyi and Zwelitsha Ward 12; Zava, Mdlokovana and Thaba Koloji Ward 13.</p>	<p>Reconstruction of access roads in Ntabamhlophe in Ward 5; Kwantoyi and Zwelitsha Ward 12; Zava, Mdlokovana and Thaba Koloji Ward 13.</p>	<p>Reconstruction of access roads in Ntabamhlophe in Ward 5; Kwantoyi and Zwelitsha Ward 12; Zava, Mdlokovana and Thaba Koloji Ward 13.</p>
	<p>Practical completion of reconstruction of 6 km of access roads in Ntabamhlophe in Ward 5; Kwantoyi and Zwelitsha in Ward 12; Mdlokovana and Thaba Koloji Ward 13.</p>	<p>Reconstruction of access roads in Ntabamhlophe in Ward 5; Kwantoyi and Zwelitsha Ward 12; Zava, Mdlokovana and Thaba Koloji Ward 13.</p>	<p>Reconstruction of access roads in Ntabamhlophe in Ward 5; Kwantoyi and Zwelitsha Ward 12; Zava, Mdlokovana and Thaba Koloji Ward 13.</p>	<p>Reconstruction of access roads in Ntabamhlophe in Ward 5; Kwantoyi and Zwelitsha Ward 12; Zava, Mdlokovana and Thaba Koloji Ward 13.</p>
	<p>Appointment of the Contractor in Jovelani, Hinana and Voyizana Ward 9; Sunduza, Bensonville and Jozana Ward 17; Ndofoela Bikizana and Mbobo Ward 1 was not achieved.</p>	<p>Appointment of the Contractor in Jovelani, Hinana and Voyizana Ward 9; Sunduza, Bensonville and Jozana Ward 17; Ndofoela Bikizana and Mbobo Ward 1 was not achieved.</p>	<p>Appointment of the Contractor in Jovelani, Hinana and Voyizana Ward 9; Sunduza, Bensonville and Jozana Ward 17; Ndofoela Bikizana and Mbobo Ward 1 was not achieved.</p>	<p>Appointment of the Contractor in Jovelani, Hinana and Voyizana Ward 9; Sunduza, Bensonville and Jozana Ward 17; Ndofoela Bikizana and Mbobo Ward 1 was not achieved.</p>
	<p>Target Met. Reconstruction of 6 km of access roads in Ntabamhlophe in Ward 5, Kwantoyi and Zwelitsha in Ward 12; Mdlokovana and Thaba Koloji Ward 13. completed.</p>	<p>Target Met. Reconstruction of 6 km of access roads in Ntabamhlophe in Ward 5, Kwantoyi and Zwelitsha in Ward 12; Mdlokovana and Thaba Koloji Ward 13. completed.</p>	<p>Target Met. Reconstruction of 6 km of access roads in Ntabamhlophe in Ward 5, Kwantoyi and Zwelitsha in Ward 12; Mdlokovana and Thaba Koloji Ward 13. completed.</p>	<p>Target Met. Reconstruction of 6 km of access roads in Ntabamhlophe in Ward 5, Kwantoyi and Zwelitsha in Ward 12; Mdlokovana and Thaba Koloji Ward 13. completed.</p>



### 3.5.3 Gravel Road Infrastructure

Gravel Road Infrastructure				
				Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year 2022/2023	790	0	0	56,12 Km
Year 2023/2024	790	0	0	15,79 Km
Year 2024/2025	790	PMU	0	19,35 Km

### 3.5.4 Tarred Roads (Infrastructure and Maintenance)

TARRED ROAD – INFRASTRUCTURE KILOMETRES					
	Total tarred roads	New tar roads constructed	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads-maintained Potholes Repaired
Year 2022/2023	57	0	0	0	5683
Year 2023/2024	57	0	0	0	8370
Year 2024/2025	57	0	0	0	7493

### 3.5.5 Employee Statistics (Roads)

Job Level	Year 2023/2024		Year 2024/2025		
	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts)
0-3	17	21	21		
4-6	14	14	14		
7-9					
10-12	1	1	1		
13-15					
16-18	1	1	1		
19-20					
Total	33	37	37		

**3.5.6 FINANCIAL PERFORMANCE : ROAD SERVICES**

**3.5.6 Capital Expenditure Roads & Storm water Services:**

Capital Expenditure Roads & Storm water Services: Year 2024/2025:					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	variance From Original Budget	Total Project Value
<b>Total All</b>					
Interlock Paved Street in Kwezi Naledi - Ward 14	23 366	23 366	19 080	4 286	48 424
Rehabilitation of Roads & Stormwater in Mokhesi Ward 8	21 100	21 100	18 560	2 540	45 791
Rehabilitation of Roads & Stormwater in Ward 10	4 500	4 500	3 375	1 125	38 469
Rehabilitation of Roads & Stormwater in Lady Grey Ward 14	3 500	3 500	95	3 406	1 899

FINANCIAL PERFORMANCE ROAD & STORMWATER SERVICES: YEAR 2024/2025:					
R'000					
Details	Year 2023/ 2024	Year 2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	45 535	61 480	61 480	58 977	2 503
Expenditure					
Employees	15 402	13 679	13 679	17 036	(3 357)
Repairs and Maintenance	5 681	7 055	7 055	3 700	3 355
Other	1 183	15 631	15 631	10 699	4 932
Total Operational Expenditure	22 266	36 365	36 365	31 435	4 930
Net Operational Expenditure	(23 269)	25 115	25 115	27 542	(2 427)

Rehabilitation of Roads & Stormwater in Barkly East Ward 15 & 16	17 800	17 800	14 554	3 246	44 346
Reconstruction of 4,5 km gravel roads and stormwater channels in Zava, Mdlokovana and Thaba Koloji (Ward 13)	3 385	3 385	3 683	(298)	4 236
Reconstruction of Roads_Ntabamhlophe - Ward 05	3 652	3 652	3 700	(48)	6 031
Reconstruction of Roads_KwaNtoyi, Zwelitsha - Ward 12	3 064	686 <sup>2</sup>	3 064	(378)	4 833
Repairing of 5.2 km gravel roads and stormwater channels in Ward 1: N dofela, Bikizana and Mbobo	1 129	1 129	209	920	1 103
Repairing of 6 km gravel roads and stormwater channels in Ward 17: Sunduza, Bensonville, Jozana nek	1 225		221	1 004	1 129
Repairing of 4,5 km gravel roads and stormwater channels in Ward 9: Joveleni, Hinana and Voyizana	1 052		191	861	1 068

### 3.5.7 COMMENT ON THE PERFORMANCE OF ROADS:

Operational - Maintenance of Municipal roads: Gravel Roads repairs & maintenance were done as per the approved Roads Maintenance Plan in Wards 2,7,8 & 10. Because of a lot of challenges not all wards could be reached because of extreme brake-downs on plant & vehicles (Fleet) as well as deviations from politicians and mayor as indicated in monthly reports to the Technical Standing Committee. Repairs and Maintenance were done in different wards as follow

Ward 2 – 7,78 Km

Ward 7 – 2,66 Km

Ward 8 – 6,38 Km

Ward 10 – 2,53 Km

**TOTAL: 19,35 km**

Pothole repairs were done in wards 10, 14 & 15/6 as follows:

Ward 10 – 2005 pothole repairs

Ward 14 – 2123 pothole repairs

Ward 15/6 – 3365 pothole repairs

TOTAL: 7493

As part of the ongoing maintenance programme, the municipality have purchased the following Yellow Fleet for the Roads Department:

- 1 x Lowbed Truck
- 2 x Motor Graders
- 3 1 x TL
- 4 2 x Tipper Trucks
- 5 1 x Excavator

Challenges that were experienced was deviations from the Roads Maintenance Plan where plant were requested to move to different wards to address complaints. The Roads team also assisted with Initiation School access roads in Hohoben, Khiba, Nkopane, Silindini, Bamboespruit, Jozana Hoek and Sunduza Villages.

Furthermore, a lot of down time on plant and vehicles were experienced because of the aging of the plant and vehicles.

**PROJECT MANAGEMENT UNIT:**

Observation / Challenge	Municipal Remedial Measures (Internal)
Late submissions of payment invoices delay reporting to the MIG MIS	Service providers are encouraged to submit payment invoices as early as the 15 <sup>th</sup> of every month
Adverse weather conditions damages infrastructure	The Municipality is conducting minimal regular road maintenance with own funding to the completed roads to attend to the damage experienced during adverse weather conditions.
Borrow pits are running out of quality gravel material	The Municipality is in a process of establishing borrow pits and further exploring in a medium-term usage of alternative technological infrastructure innovations that are sustainable when constructing roads.
The tribal authorities are from time to time requiring royalties for the usage of the material.	The Municipality through the Office of the Mayor is having continuous engagements with the various tribal authorities regarding this matter making them aware that there is no money for cutting of the material and that most importantly that the service provided is for their own constituents/subjects.

**3.6 TRANSPORT (FLEET MANAGEMENT )**

**3.6.1 INTRODUCTION TO TRANSPORT (FLEET MANAGEMENT )**

Fleet is constituted by Plant and Equipment as well as vehicles. The Municipality does not have a fully-fledged fleet management unit, and it is something that it intends to address in future.

Currently the Fleet Management section is located within the technical services department, and its responsibility is to oversee how the Municipality’s vehicles, plant and equipment is being utilized and maintained. The Municipality do not have a Fleet manager and currently make use of the Manager Roads & Stormwater to run this position.

The Fleet Officer is responsible for the management of the fleet and sees to it that the use of fleet is done in accordance with the municipal fleet management policy and that drivers sign trip authorities and that pre-trip inspections are done before the vehicle is released and that check lists of vehicles is done to determine the state at which the vehicle is, before it is released. Post trip inspections are done to determine the state at which the vehicle is brought back.

The maintenance of the vehicles and plant is done using an appointed service provider for the period of three years in line with the Municipality’s supply chain policy. This contract will end in August 2026.

The Fleet Section is also assisting departments to do procurement of new vehicles whenever a need arises and when sufficient budget is available.

**3.6.2 Employees: Fleet Management Services**

Employees: Fleet Management Services					
Job Level	Year-2023/2024	Year 2024/2025			
	Employees No	Posts No	Employees No	Vacancies (full time equivalent) No	vacancies (as % of total post) No
0-3					
4-6					
7-9					
10-12		2	1	1	50
13-15					
16-18					
19-20					
Total		2	1	1	50

### 3.6.3 Financial Performance

Financial Performance Year 2024/2025: Fleet Management Services					
Details	Year-2023/2024	Year 2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure					
Employees					
Repairs and Maintenance	5 300	10 320	10 250	7 908	(2 342)
Other	5 014	9 916	8 495	4 538	(3 957)
Total Operation Expenditure					
Net Operational Expenditure					

### 3.6.4 Capital Expenditure Year o: Fleet Management Services

Capital Expenditure Year o: Fleet Management Services					
Capital Projects	Year o				
	Budget	Adjustment Budget	Actual Expenditure	variance From Original Budget	Total Project Value
Total All					
Plant (Yellow Fleet)	7 903	24 465	7 416	17 049	
Vehicle (White Fleet)	2 253	601	601	0	
Project C					
Project D					

### 3.6.5 COMMENT ON THE PERFORMANCE OF FLEET MANAGEMENT

The Fleet section does not have a Fleet Manager currently and the Municipality does not have a fully fledged fleet management unit therefore the Manager Roads & Stormwater is assisting the Fleet Section.

The Fleet section consists of only 2 people, which is the Fleet Officer and Manager Roads and Stormwater.

A service provider has been appointed for a period of three years to do repairs and maintenance of Municipal Fleet vehicles which assist but also do have its own challenges.

Vehicles serviced, repaired and maintained for the 2024 2025 financial year was a total of 135 vehicles and a total of R 11 210 640 were spent for the maintenance, repair and services.

New Fleet was purchased for the 2024 2025 financial year for different departments as follows:

- 1 x Lowbed Truck – Roads Section
- 2 x Motor Grader - Roads Section
- 1 x TLB - Roads Section
- 2 x Tipper Trucks - Roads Section
- 1 x Minibus - Roads Section
- 1 x Excavator - Roads Section
- 1 x Refuse Compactor Truck – Community Services
- 1 x Cherrypicker Truck – Electrical Department
- 1 x Minibus – Community Services
- 3 x LDV - Community Services

## COMPONENT C: PLANNING AND DEVELOPMENT

### 3.7 PLANNING AND DEVELOPMENT

#### 3.7.1 Introduction to Planning and Development

The Town Planning unit is comprised of the following functions:

1. Land Use Management
2. Spatial Planning
3. GIS
4. Building control
5. Housing; and
6. Investment Properties

The unit is challenged with the fast growth of informal settlements which create difficulties in planning for housing development. Land invasion in current informal settlements creates challenges when planning for informal settlements upgrading, as the numbers of occupants increase rapidly. This is also coupled with land invasion in other areas which are not earmarked for residential developments. This limits the municipality's efforts in attracting investments into its towns. There is potential growth for all the towns, however the towns in Senqu are all land locked, which prohibits outward growth. Towns are surrounded by state land (villages) and private farms. There is great potential for economic growth in Sterkspruit, should the land surrounding the town be vested with the municipality. The demand for housing is still high as a result of immigration and the rising population growth. The municipality is implementing four housing projects through the Department of Human Settlements, which are believed to decrease the housing demand once completed.

#### 3.7.2 Planning

##### Introduction to Planning

The main elements of town planning strategies are :

1. Sustainability of settlements
2. Economic growth
3. Protection of the natural environment
4. Resilience of towns; and
5. Functionality of towns and strong linkages with rural areas.

Top three service delivery priorities:

1. Availing land for residential and business purposes.
2. Integrated settlements.
3. Providing secure tenure (title deeds).

3.7.3 Applications for Land Use Development

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	Year- 2023/2024	Year 2024/2025	Year- 2023/2024	Year 2024/2025	Year- 2023/2024	Year 2024/2025
Planning application received	0	0	1		32	21
Determination made in year of receipt	0	0	1		11	10
Determination made in following year	0	0	0		21	1
Applications withdrawn	0	0	0		0	4
Application outstanding at year end	0	0	0		0	11

3-7.4 Planning Policy Objectives Taken From IDP

Planning Policy Objectives Taken From IDP									
Service Objectives	Year-2023/2024		Year-2024/2025		Year-2025/2026		Year-2027/2028		Following Year
	Target	Actual	Target	Actual	Target	Current Year	Current Year	Current Year	
	Previous Year		Previous Year						
<b>Service Objective</b>									
To develop and maintain urban centres to attract and keep investors to the municipality	Outline Service Target								
	Sterkspruit Development Business Plan/ Urban Design Framework by 30 June 2024	Appointment of a service provider	Approved Sterkspruit Development Business Plan/ Urban Design Framework as per Council Resolution dated 30 April 2024	Approved Sterkspruit Development Business Plan/ Urban Design Framework	No target set	Not applicable	Project costing of the approved Sterkspruit Urban Design Framework		
Spatial Planning	Township Establishment for Lady Grey new settlements by 30 June 2024	Appointment of SP and submission of the engineering services report to the JGDM was done in 2021/2022	Appointment of SP and submission of the engineering services report to the JGDM was done in 2021/2022	Appointment of SP and submission of the engineering services report to the JGDM	Preparation and submission of EIA to DEDEAT for approval.	EIA report submitted to DEDEAT. Environmental authorisation was not granted due to the presence of fossils found on the project site	No target set.		
	Formalisation of Sterkspruit villages by 30 June 2027		MOU drafted but not signed		Signing of MOU between the	Target not met.	Signing of MOU between the		



3.7.5 EMPLOYEES: HOUSING AND PLANNING SERVICES

EMPLOYEES: HOUSING AND PLANNING SERVICES					
Job Level	2023/2024	2024/2025			
TASK SYSTEM	Employees No.	Posts No.	Employees No.	Vacancies (full time equivalents) No.	Vacancies (as a % of total posts)
0-3					
4-6	1	2	2		
7-9	1	0	0		
10-12	0	2	1	1	100
13-15	1	2	2		
16-18	1	1	0	1	100
19-20					
<b>Total</b>	<b>4</b>	<b>7</b>	<b>5</b>	<b>2</b>	<b>29%</b>

3.7.6 Financial Performance: Planning and Local Development Services

Financial Performance: Planning and Local Development Services					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	8 144				
Expenditure					
Employees	16 809				
Repairs and Maintenance	3 090				
Other	115				
<b>Total Operation Expenditure</b>	<b>20 014</b>				
<b>Net Operational Expenditure</b>	<b>(11 870)</b>				

3.7.7 COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

The Senqu Municipal Spatial Development Framework (SDF) was developed as a strategic planning and development tool that seeks to coordinate the growth of the municipality in a manner that benefits society as a whole through land use management, environmental protection, economic growth, socio-cultural development and equitable allocation of resources and infrastructure. The development of the SDF served as a foundation for spatial planning capital projects that would ensue upon its inception. The SDF development project was initiated and completed in the 2022-2023 financial years within the allocated budget.

Findings from the spatial analysis conducted as part of the SDF revealed a fragmented state of the municipality's urban centers and settlements with development patterns of urban growth and decline that were not desirable. The Sterkspruit Urban Design Framework was identified as a priority project that ought to be undertaken to set an overall design framework that seeks to address the spatial planning and built environment challenges that are currently experienced in the town of Sterkspruit and devise objectives, concepts and strategies to guide the sustainable growth and development of Sterkspruit. The Sterkspruit Urban Design Framework projects was successfully initiated and completed in the 2023-2024 financial year within the allocated budget.

The Lady Grey Township Establishment project was initiated but experienced delays due to environmental challenges that were discovered during the EIS phase of the project. Additional funding is required to appoint a palaeontologist to remove the fossils that were found in the project site. The project may only commence once this is done and an environmental authorisation obtained.

### 3.8. LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

#### 3.8.1 Introduction to Economic Development

The Local Economic Development Strategy was reworked and adopted in June 2025. It has the following objectives which include the broad objectives of tourism development as well:

**Objective 1:** To capacitate 200 SMME's annually on business development training

**Strategy 1:** Implementation of an SMME development strategy

The strategy has the following pillars:

**Pillar 1: Compliance**

**Project 1:** bi-annual roadshows with SARS and DEDEA around issues like tax compliance and registration of companies in terms of the Companies Act.

**Project 2:** Company and co-operative registration

**Project 3:** Issuing business licenses with different categories. Currently the Municipality only provides business licenses in accordance with the business act

**Pillar 2: Capacity development of SMME's**

**Project 1:** Annual training programme developed with partners on financial and business management skills. It will also acquaint them with health and hygiene regulations as well as food safety for retail and other compliance regulations particularly in the tourism sector

**Project 2:** Financial assistance to SMME's of seed capital capped at R 5000 per applicant. Annual application

**Project 3:** Financial surety for SMME's who win Senqu tenders so that they procure goods and services

**Pillar 3: Infrastructure**

**Project 1:** Development of SMME's hubs, hawker structures and tourism sites

**Objective 2:** Increase in local procurement from SMME's to 30% of the operational budget annually

**Project 1:** Bi- annual update of SMME database

**Objective 3:** Awarding of 30 % of tangible components of implemented capital projects above R 6 million to Senqu SMME's on an annual basis as per the adopted 30 % framework.

**Project 1:** Bi-annual report on the funding awarded

**Objective 4:** Development and implementation of an agricultural plan by June 2027.

**Project 1:** Develop and adopt an agricultural plan by June 2026

**Objective 5:** To fund 2 tourism events annually to increase tourism in the region

**Project 1:** Provide financial assistance to existing events including the festival

**Objective 6:** To fund 4 visitor information stands in garages by June 2027

## Projects

- Facilitate the development of information areas throughout the Municipality  
Objective 7: To attend 2 trade shows annually to market the region

## Projects

- Marketing at trade shows, expos (i.e., Indaba) and outdoor shows  
Objective 8: To increase social media marketing presence by posting weekly and updating website quarterly

## Projects

- Annual social media marketing campaign
- Media tours

Programmes and implementation plans form part of the strategy.

In order to facilitate job creation, the Municipality has set the following targets which are monitored by the LED Unit. These targets for enterprise development support have been set at 30 % procurement by SMME & Co-operatives of the Operational Budget and 30 % of all projects over R 6 million must be given to subcontractors.

Other job creation is done through the implementation of the EPWP programme which created 453 jobs on 11 sites.

The capital projects where the 30 % of all projects over R 6 million must be given to subcontractors were 3 in total viz Blue Gums Sports Field, DLTC Sterkspruit, Lady Grey Paving. To date 29 sub-contractors have been employed for the 2024-2025 FY with a value of R 11,102,544.14

The target for 30 % procurement by SMME & Co-operatives of the Operational Budget A total amount of R 135,871,085.92 was spent for the operational budget for the 2024-2025 FY. This amount excludes the expenditure on staff and stipends paid to outside person such as the Audit Committee. The amount of R 135,871,085.92 therefore consists of all operational budget expenditure on goods and services. Out of the R 135,871,085.92 an amount of R71,296,483.59 was spent on SMME's. these SMME's consist of both local and national SMME's.

**3-8.2 Local Economic Development Policy Objectives Taken From IDP**

Local Economic Development Policy Objectives Taken From IDP									
Service Objectives	Outline Service Target	Year-2023/20245		Year-2024/2025		Actual	Year-1 Target	Year-3 Current Year	Following Year
		Target Previous Year	Actual	Target Previous Year	Current Year				
<b>Service Objective</b>									
<b>Growth of the economy</b>	<b>Implementing the LED and tourism strategy</b>	To grow the local economy by 3 %	Annual implementation	Annual implementation	Annual implementation				
<b>Employment</b>	<b>Increase employment</b>	To attract 2 main investments by 2027	Annual implementation plan adopted	Annual implementation plan adopted	Annual implementation				
		Number of jobs created through the LED initiatives including capital projects annually	An average of 290 jobs were created during the 2022/2023 financial year	Annual reports					
		To increase employment by X% by 2027							

Economic Activity by Sector			
	R'000		
Sector	Year-2022/2023	Year-2023/2024	Year-2024/2025
Agric, forestry and fishing	162.0	150.0	135.6
Mining and quarrying	7.0	7.1	7.2
Manufacturing	122.0	122.7	118.3
Electricity	26.2	26.0	27.2
Construction	108.7	101.9	99.0
Transport	188.5	193.7	175.4
Finance, property, etc.	451.1	464.3	458.2
Govt, community and social services	2.028.5	2.049.8	1,931.1
infrastructure			
Households			
<b>Total</b>	<b>3.571.1</b>	<b>3.581.5</b>	<b>3,399.2</b>

Economic Employment by Sector			
	Jobs		
Sector	Year-2022/2023 No	Year-2023/2024 No	Year-2024/2025 NO
Agric, forestry and fishing	2,410	2,860	2 770
Mining and quarrying	32	25	26
Manufacturing	871	1,030	1 000
Electricity		33	41
Construction		2,310	2 260
Wholesale and retail trade	4990		5 070
Finance, property, etc.	2,224	1,820	1 890
Transport		969	1 100
Govt, community and social services	9,430	6,870	6 760
Infrastructure services	2,664		
Households		2,190	2 300
<b>Total</b>	<b>22,621</b>	<b>18.107</b>	<b>23 200</b>

### 3.8.3 Job creation through EPWP\* Projects

Job creation through EPWP* Projects		
	EPW P Projects	Jobs creation through EPWP projects
Details	No	No
2022/2023		
2023/2024	7	346
Year-2024/2025	11	453

### 3.8.4 Employees: Local Economic Development Services

Employees: Local Economic Development Services					
Job Level	Year-2023/2024	Year 2024/2025			
	Employees No	Posts No	Employees No	Vacancies (full time equivalent) No	vacancies (as % of total post) No
0-3					
4-6					
7-9					
10-12	2	2	2	0	0
13-15					
16-18	1	1	1	0	0
19-20					
<b>Total</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>

### 3.8.5 Financial Performance Year 0: Local Economic Development Services

Financial Performance Year 0: Local Economic Development Services					
Details	Year-2023/2024	Year 2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		1 710	2 109	9 629	(7 520)
Expenditure					
Employees		15 288	15 262	16 627	(1 365)
Repairs and Maintenance		11 570	8 229	2 408	5 821
Other		4 804	4 832	2 304	2 528
Total Operation Expenditure					
Net Operational Expenditure					

### 3.8.6 COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The main hinderance to economic development is the limited and aging infrastructure. The majority of roads are unpaved and poorly maintained. In addition, the low speed and poor quality of internet reception throughout the region limits trading activities from home unlike other economies. Access to land and finance remain obstacles for SMME development.

The lack of skills amongst workers remain a challenge as most workers only have a secondary qualification with very few having tertiary qualifications. These workers are therefore dependent on primary industry activities particularly in agriculture and tourism.

Tourism is a growth sector due to its scenic beauty, hiking and wildlife attractions and trout fishing. The remoteness of the area and its diverse landscapes are favored by off road enthusiasts, trail runners and mountain bikers. Adventure tourism including hiking and biking will result in economic growth.

Agriculture particularly livestock production such as wool production is a major economic driver. Senqu is one of the largest producers of wool in the Eastern Cape. Its climate and topography make it well suited to expand this type of farming. Due to the limited use of irrigation, most crop production is dryland and small. Therefore, niche agricultural production is a key to expanding this sector.

SMME development especially around contractor development will assist in our contractors being able to take on larger capital projects in the area. However, many SMME's lack business skills to run and maintain their businesses such as financial skills as well as a lack of space to operate from. Therefore, SMME hubs and an increase in hawkers stalls will assist SMME's to reach their target audience.

## COMPONENT D: COMMUNITY & SOCIAL SERVICES

### 3.9 COMMUNITY & SOCIAL SERVICES

#### Introduction to Community and Social Services

This component includes Waste Management, Indoor Community facilities (Halls), Cemeteries & Crematoria, Pollution Control, Biodiversity & Landscape, Traffic & Public Safety, Disaster Management, Animal Licensing and Control, Control of Public Nuisances, Sport & Recreation and Libraries, Archives, Museums, Galleries.

#### 3.9.1 LIBRARIES AND COMMUNITY FACILITIES

##### INTRODUCTION TO LIBRARIES AND COMMUNITY FACILITIES

The main purpose of the Library Service in Senqu Municipality is to provide information and knowledge to the community. There are 5 libraries in Senqu (Lady Grey, Sterkspruit, Barkly East, Rhodes, and Rossouw) and one modular library in Hillside village, Sterkspruit. With respect to libraries the municipality continue to receive the subsidy from the Department of Sport, Recreation, Arts, and Culture because this is a Provincial function in terms of Schedule 4, part B of the Constitution of the Republic of South Africa. The municipality is performing this function on behalf of the department which is regulated by a signed MOA. The total number of community halls is 27,18 in rural and 9 in urban. Senqu Municipality is committed in maintaining a range of municipal halls for the benefit of the community and to be made available for hire by groups and individuals for the purpose of holding meetings, activities, and events.

3-9.2 SERVICE STATISTICS FOR LIBRARIES; COMMUNITY FACILITIES

Policy Objectives Taken From IDP: Libraries; archives; Museums; Galleries; Community Facilities; Other									
Service Objectives	Outline Service Target	Year-2023/2024		Year-2024/2025		Following Years			
		Target	Actual	Target	Actual	Year-2025/2026	Year-2026/2027	Year-2027/2028	Target
Service Objective		Previous Year		Previous Year		Year-2025/2026	Year-2026/2027	Year-2027/2028	Target
Provision of basic service and infrastructure	Average no of library visits per library quarterly	Quarterly reports on individual libraries regarding visits	4 Quarterly reports on individual libraries regarding visits	Quarterly reports on individual libraries regarding visits	4 Quarterly reports on individual libraries regarding visits	Quarterly reports on individual libraries regarding visits	Quarterly reports on individual libraries regarding visits	4 Quarterly reports on individual libraries regarding visits	Quarterly reports on individual libraries regarding visits

**3.9.3 Employees: Libraries; Community Facilities**

Employees: Libraries; Community Facilities					
Job Level	Year-2023/2024	Year 2024/2025			
	Employees No	Posts No	Employees No	Vacancies (full time equivalent) No	vacancies (as % of total post) No
0-3					
4-6					
7-9	3	3	3		
10-12	2	2	2		
13-15					
16-18					
19-20					
<b>TOTAL</b>	5	5	5		

**3.9.4 Financial Performance Year 2024/2025: Libraries; Community Facilities**

Financial Performance Year 2024/2025: Libraries; Community Facilities					
Details	Year-2023/2024	Year 2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>	1 520	2 366	2 366	2 144	222
Expenditure					
Employees	2 649	14 974	14 974	14 850	124
Repairs and Maintenance	-	2 005	2 005	1 421	584
Other	136	3 257	3 257	2 788	469
<b>Total Operation Expenditure</b>	2 785	20 236	20 236	19 059	733
<b>Net Operational Expenditure</b>	(1 265)	(17 870)	(17 870)	(16 915)	(955)

3.9.5 Capital Expenditure Year 2024/2025: Libraries; Community Facilities;

Capital Expenditure Year 2024/2025: Libraries; archives; Museums; Galleries; Community Facilities; Other					
R' 000					
Capital Projects	Year 2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	variance From Original Budget	Total Project Value
Total All					
Barkly East & Lady Grey Boundary Fence	408	408	397	11	1 803
Herschel Community Hall - Ward 13	4 800	4 800	3 691	1 109	15 943

The following is a membership in respect of the financial year 2023/2024:

LIBRARIES	JUNE 2024 MEMBERSHIP
Lady Grey	377
Barkly East	472
Sterkspruit	635
Rhodes	186
Rossouw	147

3.9.2 COMMENT ON THE PERFORMANCE OF LIBRARIES; AND COMMUNITY FACILITIES:

The MOA was signed for 2024/2025 financial year with responsibilities of both the municipality and the Department. The funding provided by the department affords for the operational costs for this function. An amount of R 2 106 000.00 was paid by the Department to the municipality. The rental lease agreement was signed for Lady Grey library for the period of 3 years. Library maintenance was conducted during the financial year with the highlight of installation of new air conditioners in Sterkspruit, Barkly East and Lady Grey libraries. Libraries have free WIFI access available to the public through the ICT project funded by DSRAC. The library business plan was implemented which highlights the achievement in terms of operations, including staffing, facilities management, and technology infrastructure. Regular inspections and upkeep ensured that these facilities remained safe, functional, and well maintained for public use. The renovations of the Herschel Community hall started during the financial year 2024/2025.

### 3.10 CEMETERIES AND CREMATORIIUMS

#### 3.10.1 INTRODUCTION TO CEMETERIES & CREMATORIIUMS

Senqu Municipality operates and maintains cemeteries in urban and rural areas in terms of functions and powers as prescribes by Municipal Structures Act 117 of 1998. . The Municipality strives to provide safe and accessible cemeteries to all residents. The Municipality also provides an administration and booking function for burial sites. This includes the including pauper and indigent burials. There are 12 municipal cemeteries within the urban areas of the Senqu Municipality. The Municipality strives to provide safe and accessible cemeteries to all residents.

#### 3.10.2 SERVICE STATISTICS FOR CEMETERIES & CREMATORIIUMS

The cemeteries are managed by implementing the cemetery by-laws and maintaining all cemeteries to an acceptable standard. The Municipality also provided an administration and booking function for burial sites. This includes pauper and indigent burials. There are 11 number of cemeteries that exists in urban areas. Steve Tshwete cemetery, Lady Grey reaching full capacity. The municipality has started with the EIA processes for the new cemetery in Lady Grey and Herschel. There were also 22 cemeteries that were developed in the rural areas which are maintained on a quarterly basis. In the 2024/2025 financial year there were 215 normal burials that took place in the municipal cemeteries and the Municipality assisted with 8 destitutes.

#### 3.10.3 OPERATING CEMETERIES

Steve Tshwete Cemetery, Barkly East waste site Cemetery, Transwilger Cemetery, Sterkspruit Cemetery, Rhodes Cemetery, Zakhele Cemetery, Rossouw Cemetery and Lady Grey Cemetery.

3.10.4 Cemeteries and Crematoriums Policy Objectives Taken From IDP

Cemeteries and Crematoriums Policy Objectives Taken From IDP									
Service Objectives	Outline Service Target	Year-2023/2024		Year-2024/2025		Year-2025/2026		Year-2026/2027	
		Target Previous Year	Actual	Target Previous Year	Actual	Target Current Year	Actual	Target Current Year	Actual
To ensure effective management, construction, and maintenance of cemeteries	Development of Cemeteries	Lady Grey and Herschel Cemetery Layout Plans	Nil		Fencing of Voyizana, Hinana and Joveleni Cemeteries	Nil			

### 3.10.5 Employees: Cemeteries and Crematoriums

Employees: Cemeteries and Crematoriums					
Job Level	Year-2023/2024	Year 2024/2025			
	Employees No	Posts No	Employees No	Vacancies (full time equivalent) No	vacancies (as % of total post) No
0-3	7	8	8		
4-6	8	7	7		
7-9	3	5	4	1	20
10-12	2	2	2		
13-15					
16-18	1	1	1		
19-20					
<b>Total</b>	<b>21</b>	<b>23</b>	<b>22</b>	<b>1</b>	<b>4.34</b>

### 3.10.6 Financial Performance Year 2024/2025: Cemeteries and Crematoriums

Financial Performance Year 2024/2025: Cemeteries and Crematoriums					
Details	Year-2023/2024	Year-2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				
Total Operational Revenue	24	27	27	22	5
Expenditure					
Employees	198	209	209	139	70
Repairs and Maintenance	818	283	283	244	39
Other	923	1 995	1 995	1 521	474
Total Operation Expenditure	1 939	2 487	2 487	1 904	583
Net Operational Expenditure	(1 915)	(2 460)	(2 460)	(1 882)	578

### 3.10.7 Capital Expenditure Year 2024/2025: Cemeteries and Crematoriums

Capital Expenditure Year 2024/2025: Cemeteries and Crematoriums					
R' 000					
Capital Projects	2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	variance From Original Budget	Total Project Value
<b>Total All</b>					
Fencing of existing cemeteries at Joveleni Hinana and Voyizana	300 000	300 000	220	80	1 067
Lady Grey Cemeteries - Ward 14			0	0	604

### 3.10.5 COMMENT ON THE PERFORMANCE OF CEMETERIES

The Municipality succeeded in providing well maintained cemeteries to the urban areas in the municipal area. In the 2024/2025 financial year there were 169 normal burials that took place in the municipal cemeteries and the municipality assisted with 6 destitutes. Burial plots were purchased in urban areas which created revenue for the municipality. Cemeteries maintenance was successfully carried out during the year in review. Burial plots were provided as per the targets achieved in the SDBIP. The services provided include the maintaining a register of graves and the maintenance of cemeteries to an acceptable level of orderliness. EPWP projects were also implemented for the maintenance of cemeteries. Vandalism of cemetery fences remain a problem.

## 3.11 COMPONENT F: SPORT AND RECREATION

### 3.11.1 INTRODUCTION TO SPORT AND RECREATION

This section delas with the development, maintenance and management of all municipal sports facilities and the promotion and development of sports and recreation. Sport fields and stadiums are maintained to an acceptable standard for use by communities. Parks are thoroughly cleaned. There is a grass cutting team that maintains the parks during rainy seasons. They perform their duty in a more dedicated manner. Our parks deserve some improvements as fencing and toilet facilities are aging and vandalised. Major maintenance programmes can assist to improve and better the service rendered. The Municipality in terms of powers and functions provides for the building and maintenance of sports facilities, these facilities are availed for the community to participate in recreational activities, and they are used for rental.

### 3.11.2 SERVICE STATISTICS FOR SPORT AND RECREATION

Senqu Local Municipality is currently having sport facilities in the following areas: Lady Grey, Barkly East, Sterkspruit, Kwa Gcina and Zava and Blue Gums sport field is in a process of being constructed. Recreational Parks are 05 and one

**3-11-3 SERVICE STATISTICS FOR INTRODUCTION TO INDOOR RECREATIONAL COMMUNITY FACILITIES (HALLS)**

Sport And Recreation Policy Objectives Taken From IDP									
Service Objectives	Outline Service Target	Year-2023/2024		Year-2024/2025		Following Years			
		Target	Actual	Target	Actual	Target	Year - 2025/2026	Year-2026/207	Year -2027/2028
Service Objective		Previous Year		Previous Year	Current Year				
To ensure effective management and maintenance of sports facilities	Upgrade and construction of municipal facilities								
	Construction of Blue Gums sport field								
	Construction of Blue Gums sport field								
	Construction of Blue Gums sport field								
	Construction of Blue Gums sport field								

### 3.11.4 Employees: Sport and Recreation

Employees: Sport and Recreation					
Job Level	Year -2023/2024	Year 2024/2025			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	7	8	8		
4 - 6	8	7	7		
7 - 9	3	5	4	1	20
10 - 12	2	2	2		
13 - 15					
16 - 18	1	1	1		
19 - 20					
<b>Total</b>	<b>21</b>	<b>23</b>	<b>22</b>	<b>1</b>	<b>4.34</b>

### 3.11.5 Financial Performance Year 2024/2025: Sport and Recreation

Financial Performance Year 2024/2025: Sport and Recreation					
R'000					
Details	Year - 2023/2024	Year 2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					

### 3.11.6 Capital Expenditure Year 2024/2025: Sport and Recreation

Capital Expenditure Year 2024/2025: Sport and Recreation					
R' 000					
Capital Projects	Year 2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Bluegums Sport field	22 132	22 132	22 279	(147)	36 793
Project B					

### 3.11.7 COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION

Taking the targets into account, the department has achieved its objectives during 2023/2024 financial year in the provision of sport facilities and service. Provision of sport facilities was achieved with grass cutting and general maintenance of the facilities. A maintenance plan was developed and 5 sports fields were maintained during the financial year in Lady Grey, Barkly East, Gcina – Sterkspruit, Naledi – Sterkspruit and Sterkspruit. Soccer fields in rural areas of Sterkspruit were not maintained due to lack of resources. Some of the stadiums require major maintenance which could not be conducted due to lack of funding only preventative maintenance has been conducted. The fixing of Khwezi Naledi stadium fence could not be achieved due to budgetary constraints. The sport fields in Kwa Gcina and Zava which are situated in villages of Sterkspruit continue to be a challenge as these facilities are constantly being vandalised.

## 3.12 INDOOR RECREATIONAL COMMUNITY FACILITIES (HALLS)

### 3.12.1 INTRODUCTION TO INDOOR RECREATIONAL COMMUNITY FACILITIES (HALLS)

This unit is responsible for the management and maintenance of Halls and facilities. Halls and facilities are maintained to an acceptable standard for use by communities.

### 3.12.2 SERVICE STATISTICS FOR INTRODUCTION TO INDOOR RECREATIONAL COMMUNITY FACILITIES (HALLS)

Total number of halls - 27, 18 in rural areas and 9 in urban areas.

3-12-3 Indoor Recreational Community Facilities (Halls) Policy Objectives Taken From IDP

Indoor Recreational Community Facilities (Halls) Policy Objectives Taken From IDP										
Service Objectives	Outline Service Target	Year-2023/2024			Year-2024/2025			Following Years		
		Target	Actual	Target	Actual	Target	Year - 2025/2026	Year - 2026/2027	Year-2027/2028	
		Previous Year	Previous Year	Current Year	Current Year					
Service Objective										
To ensure effective management, construction, and maintenance of indoor recreational community facilities	Upgrade of municipal facilities	Construction of Herschel Hall Renovate Barkly East Town Hall	BE Town Hall renovated but still finalising snags and furniture. Hershel Community Hall project had to be readvertised	Renovate Barkly East Town Hall	Construction of Herschel Hall Renovate Barkly East Town Hall	Completion of Steel Structure (Community Hall)				

**3.12.4 Employees: Indoor Recreational Community Facilities (Halls)**

Employees: Indoor Recreational Community Facilities (Halls)					
Job Level	Year-2023/2024	Year 2024/2025			
	Employees No	Posts No	Employees No	Vacancies (full time equivalent) No	vacancies (as % of total post) No
0-3	7	8	8		
4-6	8	7	7		
7-9	3	5	4	1	20
10-12	2	2	2		
13-15					
16-18	1	1	1		
19-20					
<b>Total</b>	<b>21</b>	<b>23</b>	<b>22</b>	<b>1</b>	<b>4.34</b>

**3.12.5 COMMENT ON THE PERFORMANCE OF INDOOR RECREATIONAL COMMUNITY FACILITIES (HALLS)**

Minor maintenance was conducted in halls; major maintenance could not be conducted due to lack of funding only preventative maintenance has been conducted. During this period, it must be noted that although renovations were intended for Herschel Community Hall, this was not done due the delays in the supply chain management processes. Hershel Community Hall project had to be readvertised. Halls were cleaned and maintained as per the cleaning and maintenance schedule and reported monthly to the standing committee. Halls in urban as areas are booked through finance and are in a good condition as most of them are in a good condition. Barkly East Town Hall renovated is completed but still finalising snags and furniture.

NB. It must also be noted that the Municipality does not have a dedicated staff for Sports and Recreation and Recreation Community Facilities. Instead, those are catered for under the Amenities segment. Therefore, the numbers for Amenities are reflective of both Community Halls and Sport fields.

### 3.13 COMPONENT G SECURITY AND SAFETY

This component includes Traffic Services; licensing and control of animals, and control of public nuisances, etc.

#### 3.13.1 Introduction to Traffic Services

The department of public safety helps to ensure a safe environment through effective traffic policing and control and regulate all forms of Traffic, promote education and training on the road and traffic safety.

#### 3.13.2 Service Statistics – Traffic and Licencing Services

	Details	Year 2023/2024	Year 2024/2025
1	Number of road traffic accidents during the year	168	235
2	Number of Licensing officers in the field on an average day	5	4
3	Learner licenses processed	756	918
4	Drivers licenses processed	2677	2506
5	Number of road ticket offenses issued	222	278
6	Number of Traffic officers on duty on an average day	4	4

3-13-3 Traffic Policy Objectives Taken From IDP

Traffic Policy Objectives Taken From IDP										
Service Objectives	Outline Service Targets		Year -2023/2024		Year 2024/2025		Year 2025/2026		Year 2027/2028	
			Target	Actual	Target		Actual		Target	
	(i)		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	*Current Year (vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
<b>Service Objective: To create an effective and efficient law enforcement unit within the municipal area</b>										
Reduction in road accidents	x% reduction in road accidents over the target for the previous year	To% reduction in year -1	A0% reduction in year -1	T1% reduction in year 0	T1% reduction in year 0	T1% reduction in year 0	A1% reduction in year 0	T2% reduction in year 1	T5% reduction in year 3	T5% reduction in year 3
To improve access to testing of drivers and vehicle roadworthiness	Side establishment and clearing and grubbing	Completion of earthworks, building foundations and concrete casting	Completion of earthworks, building foundations and concrete casting	Completion of earthworks, building foundations and concrete casting.	Completion of 100% roofing, 100% building structure (brickwork to wall plate), 90% kerbing, 90% block paving.	Completion of 100% roofing, 100% building structure (brickwork to wall plate), 90% kerbing, 90% block paving.	Block paving =92.5%, building roofing= 100%, kerbing= 90% and building structure (brick work to wall plate)= 100%	Completion of construction of the DLTC	N/A	N/A
Improved traffic flow in urban areas	Building the DLTC in Sterkspruit	Acquire land for the development of parking base	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Increase the number of parking opportunities									

### 3.13.4 Employees: Traffic Officers

Employees: Traffic Officers					
Job Level	Year - 2023/2024	Year 2024/2025			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Traffic Officer & Deputy					
Other Traffic Officers					
0 - 3	1	1	1	0	
4 - 6	0	4	4	0	
7 - 9					
10 - 12	9	10	9	1	10
13 - 15					
16 - 18	0	1	1	0	
19 - 20					
<b>Total</b>	<b>10</b>	<b>16</b>	<b>15</b>	<b>1</b>	

### 3.13.5 Financial Performance

Financial Performance: Transport Services (Traffic services and Vehicle Licensing)					
Details	Year - 2023/2024	Year 2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		1 932	1 932	2 915	(983)
Expenditure					
Employees		7 666	7 666	8 653	(987)
Repairs and Maintenance		454	454	307	147
Other		1 342	1 342	1 277	65
Total Operation Expenditure		9 462	9 462	10 237	(775)
Net Operational Expenditure		7 530	7 530	7 322	208

### 3.13.6 Capital Expenditure Year 2024/2025: Traffic Services

Capital Expenditure Year 2024/2025: Traffic Services					
Capital Projects	Year 2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
DLTC Sterkspruit	21 529	21 529	18 363	3 166	49 008
Project B					
Project C					
Project D					

### 3.13.7 COMMENT ON THE PERFORMANCE OF TRAFFIC SERVICES

918 people tested for Learners Licenses, which is an over achievement that can be attributed to a surge in the number of individuals seeking learners 's licenses has resulted in the increase. 2506 people tested Drivers Licenses over achievement as a result of a surge in the number of individuals seeking Driver's License that has resulted in the increase. In the traffic law enforcement unit, 278 Road Offenses. During the financial year 2024/2025 law enforcement, were introduced to a pilot project of shift system that has resulted in a shortage of manpower per shift. This has led to officers focusing on point duty and stop and check services, reducing visibility and presence on the roads, and limiting proactive law enforcement. Adjustment of shift schedules to optimise officer deployment and ensure adequate coverage during peak hours. Integrated operations together with other stakeholders were held during the financial to prevent crime increase in the municipal area through proper planning. Refresher Firearm training for Traffic Officers was conducted during the 2024/2025 financial year.

is being built that will eventually allow residents to undertake drivers and learners license exams in the town. The construction of a DLTC in Sterkspruit town will assist in increased revenue for the Municipality as learners and drivers licenses tests will occur in the town.

### 3.13.8 ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCES

The section is responsible for ensuring stray animals are safely escorted and placed in a secured pound, be kept up to a time the owners come and be informed on the penalty for safekeeping. Upon paying the set fee, the animals are released back to the owners. Also, responsible for managing commonage land of the municipality, mainly for grazing purposes used by small scale farmers within the municipality.

## Miscellaneous

### 3.14 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

#### 3.14.1 INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

In the modern business world ICT has become a strategic imperative without which organisations cannot survive. Due to this and other factors, ICT strategic planning has become critical for every organisation. As Senqu Municipality we have embraced the centrality of ICT in the operations architecture of the institution and as a business enabling environment. Information Communication and Technology Services of the Senqu Local Municipality is delegated to the office of the Budget and Treasury Offices (BTO) under the stewardship of the Chief Financial Officer. The ICT section operates with a staff complement of 3 officials (ICT Manager, ICT Systems Administrator, and ICT Network Security Technician. The section has for the 2024- 25 FY operated on a total budget of R 11, 941,000 This is inclusive of operational and capital budget for section.

Senqu Municipality has recognised this fact and embarked on a project to develop an ICT Strategy. The ICT Strategic Plan for Senqu Municipality was developed in conjunction with key stakeholders from within the municipality. The Municipality strives to make the best use of Information and Technology and therefore subscribes to the COBIT 2019 Best Practice Framework for the governance of enterprise ICT as developed by ISACA which are:

The 5 underlying principles of this framework are:

- Meeting Stakeholder's needs.
- Covering the enterprise end to end service delivery objectives.
- Applying a single integrated framework.
- Enabling a holistic approach and
- Separating Governance from Management.

In the process of trying to attain the above-mentioned principles of the framework the council developed and a 5-year ICT Strategic Plan which has 28 business processes. So far Senqu Local Municipality have achieved 15 business processes of which 3 were implemented in the 2024-25 FY. The achieved 4 business processes are as follows:

- ICT Equipment and Refreshment Cycle
  - Virtual Private Network Line Rental (Network Connectivity & Bandwidth)
  - ICT Staff Trainings
- ✓ The implementation of the above-mentioned business processes has had a positive impact on the institution so that ICT as business enabler is able to:
- Mitigate the risk of ageing workstations and network devices.
  - Employees ICT tools of trade were enhanced, and new technological application were upgraded.
  - Secured data lines for the centralised connectivity of municipality's sites/towns.
  - Capacitation of ICT Staff members for alignment to the new technologies deployed.

### 3.14.2 ICT service Policy Objectives Taken From IDP

ICT service Policy Objectives Taken From IDP										
Service Objectives	Outline Service Target	Year-2023/2024		Year-2024/2025		Following Year		Current Year	Year -2026/2027	Year-2027/208
		Target	Actual	Target	Actual	Target	Actual			
		Previous Year	Previous Year	Previous Year	Previous Year	Year -2025/2026	Year -2026/2027			
Service Objective										
To ensure a continually secure, effective, and efficient ICT service through implementation of ICT policies and plans and upgrading of ICT equipment		8 Strategic ICT Prio Implemented 2023/2024	8 Strategic Priorities Impleme in 2023/2024	4 Strategic ICT Prio Implemented 2024/2025	4 Strategic Priorities Impleme in 2024/2025	3 Strategic Priorities Impleme in 2024/2025	4 Strategic Priorities Impleme in 2025/2026	4 Strategic Priorities Impleme in 2026/2027	N/A	

### 3.14.3 Employees: ICT Services

Employees: ICT Services					
Job Level	Year-2023/2024	Year 2024/2025			
	Employees No	Posts No	Employees No	Vacancies (full time equivalent) No	vacancies (as % of total post) No
0-3					
4-6					
7-9					
10-12	2	2	2	0	100
13-15					
16-18	1	1	1	0	100
19-20					
<b>Total</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>100</b>

### 3.14.4 Financial Performance Year : ICT Services

Financial Performance Year : ICT Services					
Details	2023/2024	2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>					
Expenditure					
Employees	2 569	2 850	3 186	2 871	315
Repairs and Maintenance	-	-	-	-	-
Other	4 375	4 351	6 235	4 684	1 551
<b>Total Operation Expenditure</b>	<b>6 944</b>	<b>7 201</b>	<b>9 421</b>	<b>7 555</b>	<b>1 866</b>
<b>Net Operational Expenditure</b>	<b>(6 944)</b>	<b>(7 201)</b>	<b>(9 421)</b>	<b>(7 555)</b>	

3.14.5 Capital Expenditure Year : ICT Services

Capital Expenditure Year : ICT Services					
Capital Projects	2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	variance From Original Budget	Total Project Value
Total All					
Automated Office Solution (Departmental Network Printers)	1 300	2 520	1 801	719	
Project B					
Project C					
Project D					

3.14.6 COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

For the 2024/2025 Financial Year the ICT Unit undertook the following projects

- Unified Telecommunication Solution as to reduce number of service providers for council information security.
- Perimeter Firewall Implementation to cover security of all sites/towns of the municipality
- Installation and configurations of departmental network printers.
- Procurement of high-speed Wi-Fi Access points

The provisioning of the above capital ICT infrastructure has ensured that the municipal processes and functions that rely heavily on the ICT services as business enablers were able to improve and operate at the optimum levels. The municipality has also obtained licences for critical systems to enable the ICT services to operate legally and authentically and to enhance the security of the ICT infrastructure. The ICT has been functioning with the staff establishment of 3 personnel; this is a far cry from the expected norm as per approved ICT Strategy.

### 3.15 LEGAL: RISK MANAGEMENT AND PROCUREMENT SERVICES

#### INTRODUCTION TO LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

##### 3.15.1 Legal Services: Overview

The Legal Services Unit is located in Corporate Services Directorate and has a staff establishment of 2 people (1 x Manager and 1 x legal Officer). Legal Services attends to municipal litigations, general provision of legal services support to directorates and maintains a litigation register that is constantly updated. A quarterly report of litigations is sent to our standing committee, audit committee, senior executive, and COGTA (Executive Committee and Council as and when required). Upon receipt of proceedings legal services informs and follows up with the affected directorate to assess whether the proceedings should be defended or settled accordingly. A panel of legal services is appointed on a three-year term to further pursue cases that arise on behalf of the municipality; referrals are made to the panel on a case-by-case basis.

The legal services unit has made significant strides in ensuring access to administrative justice and promoting good governance. Herewith some highlights and achievements:

- ✓ Establishment of In-House Legal Personnel: The Municipality has established its own in-house legal unit to manage litigation and provide legal advisory services, ensuring that legal matters are managed efficiently and effectively.
  - ✓ Provision of quality Legal Services: Legal services has been working to deliver quality services, by developing a Litigation Management Framework and Standard Operating Procedures.
  - ✓ Transformation of Legal Services: Efforts have been made to transform legal services, by ensuring that we provide proactive legal interventions.
  - ✓ Mindset of the institution when on legal matters: Raising consciousness within the municipality on matters that may have legal implications and put the municipality under risk of litigation to the municipality.
- Achievements
    - Reduced legal risks by reviewing contracts and policies before implementation.
    - Achieved clean audit findings related to legal compliance.
    - Successfully defended the municipality in court cases, saving public funds.
    - Reduced litigation costs through effective mediation and settlement strategies.
    - Established a case management system to track and resolve disputes faster.
    - Drafted and updated municipal by-laws to align with national legislation.

### 3.15.2 Risk Management : Overview

The Municipal Finance Management Act (MFMA) Section 62 (1) (c) (i) requires the municipal manager to ensure that the municipality has and maintains a risk management policy and a risk management framework.

In simple terms, the need for this is to protect municipal resources and ensure service delivery.

A municipality is a complex organisation that manages public money and delivers essential services. The need for risk management, as mandated by the MFMA, arises from the following:

- **Safeguarding Public Funds:** To protect the municipality's assets (money, infrastructure, property) from loss, waste, fraud, and corruption.
- **Ensuring Service Delivery:** To identify anything that could disrupt the provision of essential services like electricity, waste removal, and roads. By managing these risks, the municipality can ensure consistent service delivery to communities.
- **Informed Decision-Making:** To provide the council with a clear understanding of potential threats and opportunities, allowing for better strategic planning and budgeting.
- **Promoting Accountability and Governance:** It is a legal requirement that promotes good governance, transparency, and accountability in the use of public funds.

Without effective risk management, a municipality operates blindly, is vulnerable to crises, and may fail in its constitutional duty to deliver services sustainably.

The Risk Management Unit is responsible for implementing and maintaining the municipality's risk management system. Its primary role is to facilitate, coordinate, and advise on the process across all municipal departments.

#### 3.15.2.1 Key functions include:

- **Framework Development:** Creating the risk management policy, strategy, and procedures for the entire municipality.
- **Guidance and Support:** Assisting other departments in identifying and evaluating their own risks through workshops and training.
- **Consolidation and Reporting:** Gathering risk information from all departments to create a central risk register and reporting key findings to management, the Risk Management Committee, and the Audit Committee.
- **Monitoring and Review:** Tracking the progress of risk mitigation plans and ensuring the risk management system remains effective over time.

In essence, the Risk Management Unit provides the necessary structure, tools, and oversight to ensure that all parts of the municipality manage their risks properly, thereby complying with the MFMA.

### 3.15.2.2 Top Five Risks of Senqu Local Municipality

Risk Description	Risk Causes	Risk Rating	Risk Action Plans	Risk Owner
Inadequate resources to maintain existing municipal infrastructure	Uncosted repairs and maintenance plans. Inadequate costing system. No occupancy of municipal investment properties. Organisational structure does not fit for purpose.	HIGH	Increase the maintenance budget to be aligned with the Treasury norms. Link the strategic budget with the long-term municipal. Enhancing the Land Use Management Forum. Develop the Land Invasion Strategy. Review the Organizational structure to be fit for purpose.	Directors: Technical, Community Services, Corporate Services, & DTPS
Under-expenditure of conditional grants	Ineffective SCM Processes lead to a delay in procurement. Ineffective implementation of the project management cycle. Non-compliance with the procurement plan. Inadequate management of SCM and project management processes.	HIGH	Development Strategic Procurement Framework that is aligned to other municipal strategies.  Implementation of the Strategic Procurement Framework.  Implementation and monitoring of the Institutional Procurement Plan.	CFO
Illegal occupation of municipal land	Lack of disposal of municipal land. Lack of institutional appetite to obtain and execute eviction orders. Lack of implementation of Municipal By-laws.	HIGH	The implementation Land Disposal Policy - Signed MOU with JGDM on bulk service plans - Signed MOU with Traditional leaders around the formalisation of villages Development of Land Acquisition Strategy.	Director: DTPS
Limited growth in the key sector of local economic development within the Senqu Local Municipality	Unconducive local economic conditions are due to: - Decline the Agriculture Sector. - The municipality does not have an agricultural strategy. - Non-availability of serviced land and tenure. - Lack of stakeholder engagement and mobilisation. Decline in Tourism affected by: - Deterioration of ageing municipal infrastructure, such as amenities (caravan park), roads & stormwater, and electricity networks. Poor enforcement of municipal By-Laws.	MEDIUM	The municipality needs to develop an Agricultural Strategy (2024/25).	Director: DTPS
Non-implementation of the environmental management function	Limited Financial Resources. Scarcity of Municipal Land. Lack of Skilled Personnel. Inadequate maintenance of Equipment. Outdated IWMP. Illegal mining of properties.	MEDIUM	Development of an Environmental management plan and establishment of an environmental management unit.	Director of Community Services

### 3.15.2.3 ANTI-CORRUPTION AND FRAUD

#### FRAUD AND ANTI-CORRUPTION STRATEGY

Note: See Chapter 4 details of Disciplinary Action taken on cases of financial mismanagement (T 4.3.6). MSA 2000 s 83 (c) requires providers to be chosen through a process which minimizes the possibility of fraud and corruption.

The Senqu Local Municipality's approved Fraud Prevention Plan is the cornerstone of its ethical framework. This plan is built upon the municipality's core values, which guide all municipal operations, including the development of systems and policies, interactions with ratepayers and stakeholders, and decision-making at all levels.

In practice, the Plan serves as the primary reference for conduct, directing the actions of all internal departments, business units, and external parties in their dealings with the municipality.

Beyond promoting a culture of integrity, the Plan provides a robust mechanism to proactively prevent, detect, investigate, and sanction incidents of fraud and corruption. As a dynamic document, it details the ongoing and future steps Senqu Municipality is committed to taking in upholding ethical standards and combating malfeasance.

Key fraud prevention initiatives and oversight structures include:

- Ongoing fraud prevention and ethics awareness campaigns.
- Regular risk assessments to identify and mitigate potential fraud risks.
- Functioning oversight committees, including the Risk Management Committee, Audit Committee, and the Municipal Public Accounts Committee (MPAC), which provide essential governance and scrutiny.

### 3.15.3 SUPPLY CHAIN MANAGEMENT: OVERVIEW

The MFMA s110-119, the SCM Regulations of 2005 and the relevant MFMA circulars set out the required processes and guidance manuals that will facilitate that the application of Supply Chain Management Policy and Procedures – facilitating the correct acquisition and provision of required goods and services.

- a. All SCM reporting submissions as legislated were met. Quarterly reports to the Municipal Manager and Mayor were made within 10 working days of each quarter, and submission of annual SCM report within 30 days of end of each financial year on implementation of SCM Policy to Council: and
- b. During 2023/2024, SCM compliance reporting was submitted to National Treasury; and
- c. Reference is made to Appendix H for detail regarding long-term contracts and Chapter 3 for statistical reporting regarding Supply Chain Management.

3-15.4 Legal Services, Risk Management; and Procurement Services Policy Objectives Taken From IDP

Legal Services, Risk Management; and Procurement Services Policy Objectives Taken From IDP									
Service Objectives	Outline Service Target	Year-2023/2024		Year-2024/2025		Year-1		Year-3	
		Target	Actual	Target	Actual	Year - 2025/2026	Year - 2026/2027	Year - 2027/2028	
Service Objective									
Legal Services									
To ensure initiation of legal matters	% of legal matters( Instructions and correspondences) initiated within 7 and tracked	100% initiation of labour and legal matters	Target Met. 100% labour and legal matters initiated	100% initiation of labour and legal matters	100% initiation of labour and legal matters	100% initiation of labour and legal matters	Target Met. 100% labour and legal matters initiated		
Risk Management									
Implementation of risk management and fraud prevention plans	Implementation of Risk management Committee	100% implementation of the Risk Management Plan	Target not Met. 100% implementation of the Risk Management Plan not achieved	100% implementation of the Risk Management Plan	100% implementation of the Risk Management Plan	100% implementation of the Risk Management Plan	Target not Met. 100% implementation of the Risk Management Plan not achieved		



**3.15.5 Employees: Legal; Risk Management; and Procurement Services**

Employees: Legal; Risk Management; and Procurement Services					
Job Level	Year-1	Year o			
	Employees No	Posts No	Employees No	Vacancies (full time equivalent) No	vacancies (as % of total post) No
0-3	1	1	1	0	
4-6					
7-9	3	4	4	0	0
10-12	4	5	5	0	0
13-15	2	1	1	0	0
16-18	5	5	5	0	0
19-20					0
<b>Total</b>	15	16	16	0	0

**3.15.6 Financial Performance Year 2024/2025: Legal; Risk Management; and Procurement Services**

Financial Performance Year 2024/2025: Legal; Risk Management; and Procurement Services					
Details	Year-2023/2024	Year 2024/2025			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>					
<b>Expenditure</b>	-	-	-	-	-
Employees	3 508		4 615	3 645	970
Repairs and Maintenance	-		5 345	2 990	2 355
Other	3 741		2 420	1 715	705
<b>Total Operation Expenditure</b>	7 249				
<b>Net Operational Expenditure</b>	(7 249)				

**COMPONENT H**  
**ORGANISATIONAL PERFORMANCE SCORECARDS AND S46 PERFORMANCE REPORT 2023/2024**

**3.16 Result of the Current financial year 2023/2024**

**Result of the prior financial year under review 2023/2024**

KPA 2023/24	Targets exceeded	Targets met	Targets not met	Targets not assessed or on hold
Service Delivery	16%	47%	37%	0,00%
LED	0%	75%	25%	0,00%
Financial Viability	0%	72%	28%	0,00%
Municipal Transformation & Institutional Development	8%	61%	31%	0,00%
Good Governance & Public Participation	0,00%	86%	14%	0,00%
Environment and Spatial Management	0,00%	30%	70%	0,00%

**Results of the current financial year 2024/2025**

KPA 2024/25	Targets met	Targets not met	Targets not assessed or on hold
Service Delivery	60%	40%	0,00%
LED	67%	33%	0,00%
Financial Viability	65%	35%	0,00%
Municipal Transformation & Institutional Development	79%	21%	0,00%
Good Governance & Public Participation	79%	21%	0,00%
Environment and Spatial Management	25%	75%	0,00%

For the 2024/2025 financial year the municipality had 94 Key Performance Indicators (kpi's) compared to the 90 KPI's recorded in the 2023/2024 financial year. This shows an increase of 4 from the previous year. 63.8 % targets were met during the year under review; this is inclusive of both the targets exceeded and the targets met. This translates to a 6.2% regression from the previous financial year, which was 70%. There has been overall results of 36.2% of targets not met and this is a slight increase from 30% targets not met that was reported during the 2023/2024 Financial Year. This can be attributed partly to termination of contracts of underperforming contractors which led to delays in the timely completion of certain construction projects as the procurement processes for the new contractors had to be restarted. This process consumed a considerable amount of project implementation time.



# CHAPTER 4

4

**ORGANISATIONAL DEVELOPMENT PERFORMANCE  
(PERFORMANCE REPORT PART II)**

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

Organisational Development section is a key transformation agent dealing with the structure of the municipality to ensure that it remains in alignment to its strategy, job evaluation process, and change management philosophy. Organisational Development is placed as a separate in HR within Corporate Service Department.

As a practice, organisational development, involves an ongoing, systematic process of implementing effective organisational changes such as municipal functions; structure; budget allocation etc Organisational development seen as both a field of applied science focused on understanding and management organisational change and field of scientific study and inquiry. Underlying organisational development are humanistic values such as the provision of opportunities for people to function as human being rather than as resources in the service delivery processes as well as providing opportunities for the employees to be developed to their full potential by the municipality.

In the process of implementation, within the year under review, Senqu Local municipality has continuously and actively participated in the organisation processes through the effective seating in the District Job Evaluation Committee by submitting their reviewed organogram; draft job descriptions that were reviewed or developed for the new or reviewed jobs aligned to the Regulations, when necessary. Out of the submission, a number of our newly developed or reviewed job descriptions were approved and other were downgraded or upgraded in line with the SALGA's Job Evaluation Policy and principle as it is SALGA EC' competency.

Through effective organisational development, the municipality has also managed to successfully and effectively implemented the recruitment and selection processes and managed to close a number of vacant positions without any litigations within the year in review. The municipality managed to embark on a work study to review its organisational structure to a "fit for purpose" structure in ensuring the alignment with the COGTA Regulations and per SALGA's results and guidance.

### COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

#### INTRODUCTION TO THE MUNICIPAL PERSONNEL

According to the section 66 of the Municipal Systems Act, the Municipal Manager of Senqu Municipality as the head of administration and as delegated by the municipal council system of delegation, with the assistance of Corporate Services Director and relevant managers is responsible for approving the staff establishment of the institution, ensuring that job description are provided for the all the positions or posts in the organogram adopted by the council. He should also ensure that remuneration and conditions of services are attached to the determined posts on the staff establishment as per all other applicable legislations or policy frameworks. Such remunerations and conditions of services should be done in line or in compliance with the job evaluation process determine by SALGA. Senqu Municipality is legally enjoined by the Constitution of the Republic of South Africa and other labour related legislation to adopt and follow employment equity when populating its staff establishment and in undertaking its recruitment processes apply a council adopted code of conduct to regulate the behaviour of all municipal employees. The employment equity seeks to achieve socio- economic redress, open equitable opportunities to all aspiring people who wish to get employment as Senqu Municipality, ensures fairness, efficiency, effectiveness, and transparency of the recruitment process. The Municipality has adopted a set of policies to regulate and govern all aspects that relate the municipal personnel.

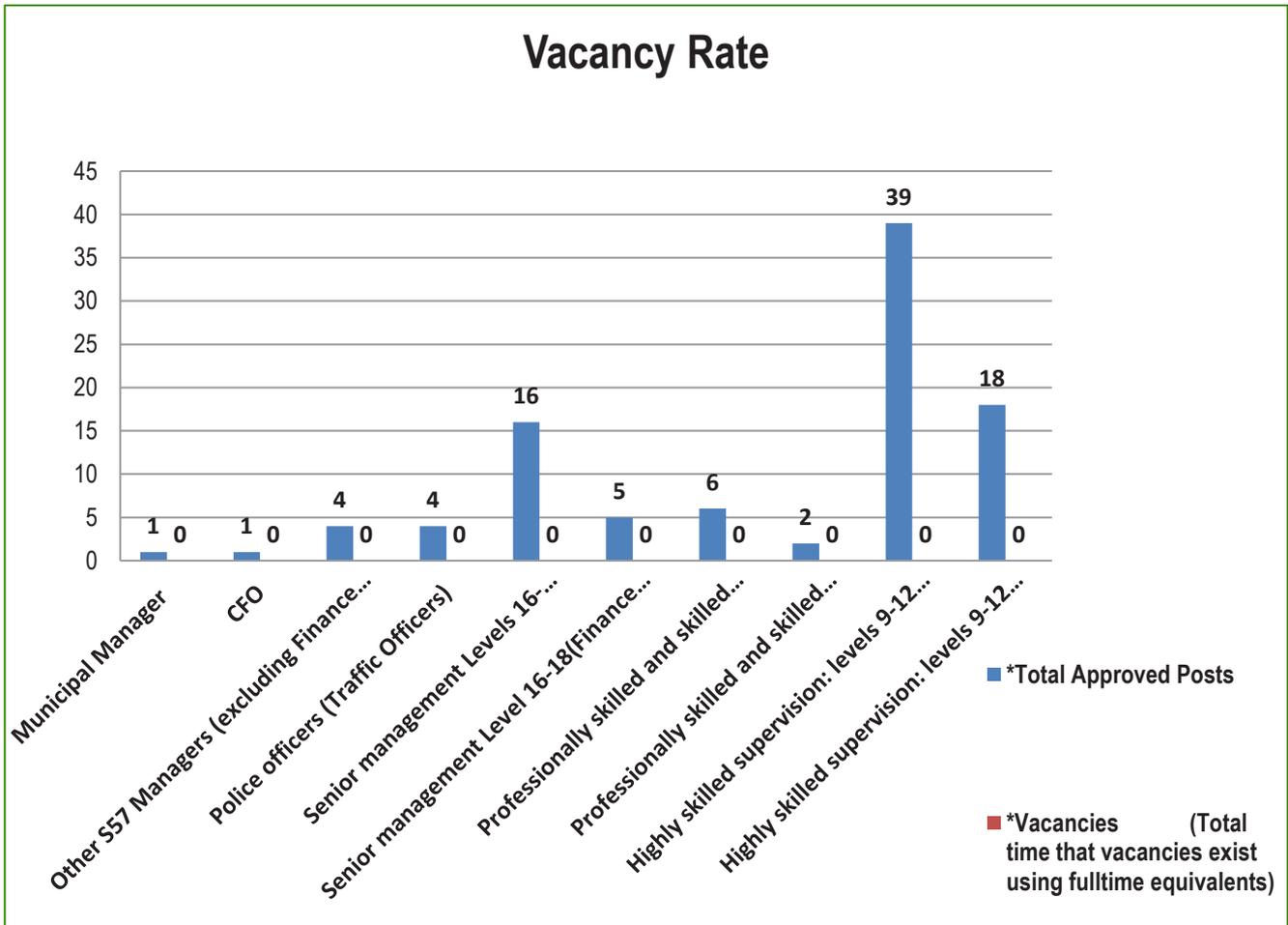
#### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees:					
Description	Year-2023/2024	Year 2024/2025			
	Employees No	Approved posts No	Employees No	Vacancies No	vacancies %
Water					
Waste Water (Sanitation)					
Electricity	17	18	18	0	
Waste Management	80	72	69	3	4.18%
Roads	33	37	37	0	
Transport	1	1	1	0	
Planning ( PMU)	5	5	5	0	
Local Economic Development	3	3	3	0	
Planning (Strategic & Regulatory	4	4	4	0	
Community & Social Services	22	26	24	2	7.69%
Health					
Security and Safety (Traffic)	11	11	10	1	9.09%
Sport and Recreation					
Corporate Policy Offices and Other	117	130	120	10	7.63%
<b>Totals</b>	<b>289</b>	<b>307</b>	<b>291</b>	<b>16</b>	<b>5.50</b>

Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	4	0	0.00
Police officers (Traffic Officers)	4	0	0.00
Senior management Levels 16-18(excluding Finance Posts)	16	0	0.00
Senior management Level 16-18(Finance posts)	5	0	0.00
Professionally skilled and skilled technicians Levels 13-15 (excluding Finance Posts)	6	0	0.00
Professionally skilled and skilled technicians Level 13-15 (Finance posts)	2	0	0.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	39	0	0.00
Highly skilled supervision: levels 9-12 (Finance posts)	18	0	0.00
<b>Total</b>	<b>96</b>	<b>0</b>	<b>0.00</b>

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

T 4.1.2



Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate
	No	No	
Year-2022/2023	7	17	242.9
Year-2023/2024	24	8	33.3
Year 2024/2025	22	11	50

**COMMENT ON VACANCIES AND TURNOVER:**

During the 2024/2025 financial year, the Human Resource Section, reviewed Recruitment & Selection policy to ensure its alignment to the HR Strategy and the Regulations and addressing the departmental needs for staffing of critical positions. In the year under review, the municipality filled in all the critical vacancies that were funded as per the departmental needs and the vacancy rate was 5.5% = 16 positions. In terms of the turnover rate the municipality registered a 50% turnover rate. This is due to the fact that out of the 11 employees who were removed from the employment register, 8 were due to natural attritions and 3 were as a consequence of resignations.

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

*“Section 67 of the MSA requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; adopt transparent personnel administration in accordance with the Employment Equity Act of 1998”.*

Municipal workforce management is the process of organisation’s ??? and leading a municipality’s employees and resources to improve efficiency, productivity and service delivery. This involves key functions like strategic planning, performance, recruitment, and skills development to align the workforce with municipal goals and ensuring legal compliance. Specialised tools and policies, such as performance management systems and staff negotiations, help municipalities manage their human resources effectively.

At Senqu Local Municipality workforce management is a core function of each line manager who has to ensure reasonable standardisation and consistency in the handling of the workforce, staff policies procedures. The conditions of services are developed at a central level and are implemented by line management. The Senior Executive Management’s condition’s of service are based on the regulations as promulgated by the Minister of COGTA. Further to that the conditions of service of staff below senior management level are negotiated by the National and Provincial division of the South African Local Government Bargaining Council (SALGBC) and where relevant, at a local level between management and the representative unions SAMWU and IMATU in the Local Labour Forum.

In addition to the above, a wide range of policies procedures and directives are approved by relevant approval authorities after due consultation with Council, the Municipal Manager and Senior Executive Management. Such policies, procedures and directives are then circulated to all staff for implementation and compliance. Policies, procedures and directives are revised as the need arises.

#### 4.2 Policy Review and Development

Senqu, as an evolving and developmental Local Government Institution, regularly reviews its policies, processes, and procedures to ensure all processes followed, implemented, and executed are open, transparent, and aligned to legislative requirements, not to unfairly discriminate against employees.

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Remuneration Policy	100	100	30 June 2025
2	Recruitment & Selection Policy	100	100	30 June 2025
3	Qualification Recognition Policy	100	100	30 June 2025
4	Cellular Phone Policy	100	100	30 June 2025
5	Bursary Policy	100	100	30 June 2025
6	Vehicle Allowance Policy	100	100	30 June 2025
7	Termination Policy	100	100	15 May 2024
8	Skills Development Policy	100	100	15 May 2024
9	Code of Ethics	100	100	15 May 2024
10	Substance and travelling	100	100	15 May 2024
11	Bereavement Policy	100	100	15 May 2024
12	Individual Performance Management and Development	100	100	15 May 2024
13	Employee Assistance Programme	100	100	15 May 2024
14	Leave Policy	100	100	31 May 2023
15	Danger Allowance Policy	100	100	15 September 2023
16	Promotion, Demotion and Transfer Policy	100	100	30 May 2022
17	Internship Policy	100	100	15 May 2023
18	Inservice Training Policy	100	100	15 May 2023
19	Promotion, Demotion and Transfer Policy			30 May 2022
20	Disciplinary Code and Procedures			August 2018
21	Occupational Health and Safety	100	100	July 2017
22	Housing Subsidy / Allowance Scheme/ Home Owners and Gap Market Employees	100	100	June 2016
23	Relocation Policy	100	100	6 June 2016
24	Sexual Harassment	100	100	September 2015
25	Employment Equity and affirmative Action	100	100	March 2014
26	Essential User Scheme	100		29 September 2014
27	Attraction and Retention Policy	100		May 2014
28	Job Evaluation (SALGBC Policy)	100		2012
29	Exit Interview Management	100	100	2010

**COMMENT ON WORKFORCE POLICY DEVELOPMENT:**

In the year under review, the municipality reviewed and adopted all human resource policies to ensure the alignment to the Municipal Staff Regulations No. 890 in May 2023 and the amended legislation. The policy review process commenced with the development of the Policy Review Process Plan and after its approval all stakeholders were consulted, and which policies were presented to Council for adoption in May 2024. Further to that policies were implemented with effect from 1<sup>st</sup> July 2025. However, there were other policies which were not reviewed yet as shown in the table above, but the process is continuous.

#### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

In the year in review, sick leave has been monitored through the Leave Policy and monthly audits which are implemented as part of controls. Over and above this, twelve (12) monthly reports were submitted to departments and Standing Committees

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee DAYS	Total Estimated Cost R'000
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### COMMENT ON WORKFORCE POLICY DEVELOPMENT:

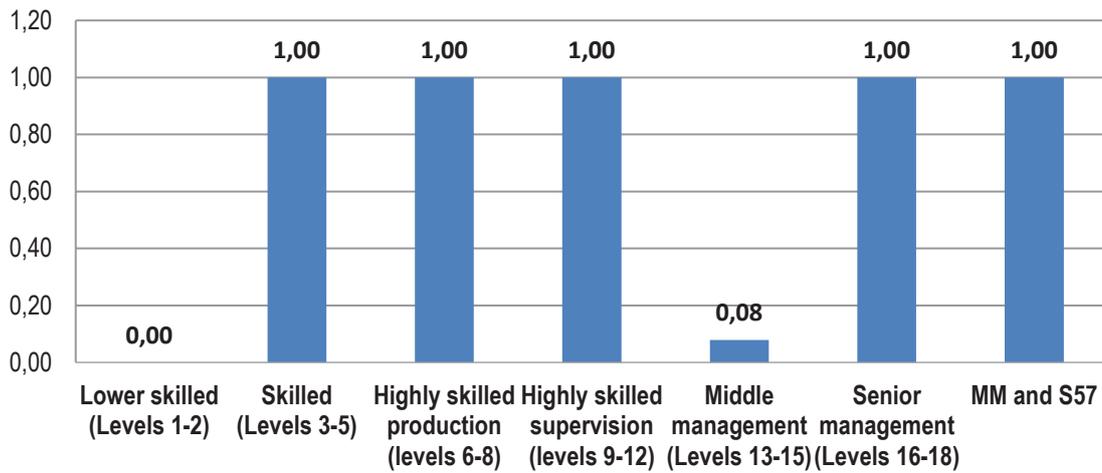
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#### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

In the year in review, sick leave has been monitored through the Leave Policy and monthly audits which are implemented as part of controls. Over and above this, twelve (12) monthly reports were submitted to departments and Standing Committees.

Number of days and Cost of Sick Leave (excluding injury on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post No.	Average sick leave per Employees Days	Estimated cost R'000
Lower skilled (Levels 1-2)						
Skilled (Levels 3-5)	265	0	41	127	1	29 633
Highly skilled production (levels 6-8)	363	0	44	72	1	300 338
Highly skilled supervision (levels 9-12)	273	0	47	57	1	182704
Middle management (levels 13-15)	23	0	4	7	3	60 349
Senior management (levels 16-18)	128	0	16	21	1	223 365
MM and S57	12	0	2	6	1	69 849
<b>Total</b>	<b>1064</b>	<b>0</b>	<b>154</b>	<b>91</b>	<b>8</b>	<b>866 238</b>

### Average Number of Days Sick Leave (excluding IOD)



**COMMENT ON INJURY AND SICK LEAVE:**

**Steps taken during the year to reduce injuries:**

1. HIRA Hazard Identification Risk Assessment: This process helps with identification of risk & potential hazards, and these are communicated to staff.
2. Inspections: OHS inspections are done monthly by OHS Officer & SHE Reps. Faulty/ defective machinery, vehicles, buildings etc are reported regularly to responsible sections to fix. In quarterly OHS meetings, these are also discussed, and recommendations are made to Management.
3. Training of staff on use of machinery, equipment, and on handling of chemicals is implemented
4. Provision of PPE to minimize exposure is done regularly.
5. Medical Surveillances to assess employee fitness is also done annually.
6. In cases where employees are injured medical care is provided by external doctors and the employer is responsible for cost incurred. All IOD's are reported to COIDA
7. Personal records are maintained

In the reviewed year, the municipality put measures in place in ensuring sick leave is reduced, the leave policy was reviewed and is therefore recorded when taken. In terms of the leave policy, if an employee is off sick for two days or more, a sick leave note is always required. Over and above that, leave audits are conducted and reported on quarterly basis to the Standing Committee.

**Suspensions**

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken, or Status of Case and Reasons why not finalised	Date finalised
0	0	0	0	0

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
0	0	0	0
T 4.3.6			

**COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:**

Senqu Local Municipality has established strict guidelines for disciplinary punishment in all cases of significant wrongdoing. When such substantial wrongdoing is detected, alleged employees are suspended as a precautionary measure. There was no financial misbehavior recorded during the year under review; hence no disciplinary actions or suspensions were imposed.

**4.4 PERFORMANCE REWARDS**

The 2001 Municipal Planning and Performance Management Regulations as amended in 2011, make a provision for senior managers to be rewarded for outstanding performance. The 2021 Local Government – Municipal Staff Regulations provides municipalities with an option to recognise outstanding performance through the payment of performance rewards for levels below Senior managers. The Senqu Municipality has opted to recognise good performance through monetary incentives.

A Performance reward is an incentive given to an employee based on his/her contribution to the municipality’s success in achieving its targets. Performance awarding is aimed at linking performance to reward and reinforce effective work behaviours by determining and allocating appropriate rewards to employees aligning it to the Regulations. Out of the two types of performance-based rewards, the municipality is approved the “bonuses type” as it is a % which is indicated in the Individual Performance Management Policy as approved by Council and is aligned to the Regulations. A bonus is a lump sum paid in addition to base employee salary, and it is flexible than an incentive type and is linked to specific a specific goal. The performance rewards are also aimed at motivating employees to do better; encouraging the innovation and creativity within the employee; boosting productivity and ensuring better and improvement on services delivered to the Senqu local communities.

At Senqu Local Municipality, performance rewards are also aimed at motivating employees to do better; encouraging the innovation and creativity within the employee; boosting productivity and ensuring better and improvement on services delivered to the Senqu local communities. In the year reviewed the municipality developed and adopted Individual Performance Management Policy which outlines the process and procedures for the effective implementation of performance management system.

Over and above this, the municipality appointed a service provider for the provision of performance management appraisals for a three-year period and that resulted in the municipality being to conduct performance assessment/appraisals for 2022/2023 and 2023/2024 financial years that were outstanding.

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 and Year 2 R'000	Expenditure on rewards Year 2 %
Lower skilled (Levels 1-2)	Female	0	0	0	
	Male	0	0	0	
Skilled (Levels 3-5)	Female	0	0	0	
	Male	0	0	0	
Highly skilled production (levels 6-8)	Female	0	0	0	
	Male	0	0	0	
Highly Skilled (level 12-15)	Female	14	14	R418510,75	
	Male	15	15	R279922,85	
Middle management (levels 16-18)	Female	9	9	R1035235,85	
	Male	11	11	R1310949,31	
MM and S56	Female	2	2	R1460428,95	
	Male	4	4	R2714317,36	
<b>Total</b>		55	55	R6943651,61	

During the 2024/25 financial year, the performance reward were paid at sliding scale for levels below middle managers. However the policy was reviewed and as of 2025/26, the rewards for levels will all be paid at the full monthly salary

#### Comment on Performance Rewards

Performance Rewards are incentives given to the employees for achieving work goals, boosting motivation, productivity and loyalty. Performance Rewards could be in a monetary (bonuses, raises, profit-sharing) or non-monetary such as recognition, time off, development), aiming to align individual efforts within the institutional success. Upon implementation of its Performance Rewards system, Senqu Local Municipality is rewarding its workforce in monetary value in a form of performance bonuses after it has received its audit outcomes and Council approved its annual report.

In the year reviewed (2024/2025), Senqu Local Municipality reviewed employees' performance and paid rewards for the 2022/2023 and for the 2023/2024 and all 55 qualifying employees were rewarded for their outstanding performance. Further to this, Senqu Local Municipality will be able to pay its performance rewards for 2024/2025 to all qualifying employees in the 2025/2026 financial year once the annual assessments have been concluded.

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

*Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.*

Workforce capacity development is a set of solutions designed to build capacity of employees in the workplace both individually and collectively, to enhance the institutional performance. Workforce capacity development enables the municipality to develop its existing workforce and successfully recruit qualified employees to reach their full potential by implementing HR best practices and training its staff through the approved Workplace Skills Plan.

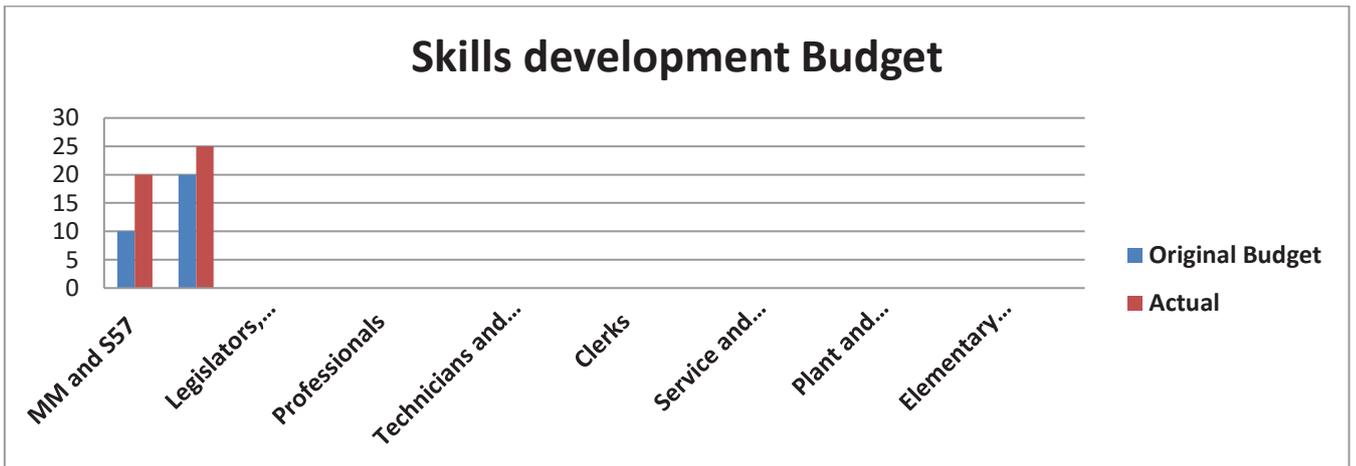
In the year under review, Senqu Local Municipality viewed workforce capacity development as an important aspect of its success in maintaining the clean audit status, in that through effective implementation of the workforce capacity process and ensuring the capacity and readiness of its workforce to effectively and efficiently fulfill its roles and responsibilities. Effectively managing workforce capacity is vital for organisational success and resilience. Although the municipality experienced a number of challenges, staff and councillor' s capacity building and training programmes were implemented.

**4-5 SKILLS DEVELOPMENT AND TRAINING**

Skills Matrix															
Management level	Gender	Employees in post as at 30 June Year 2024/25	Learnerships						Other forms of training						Total
			Actual: End of Year - 2023/24	Actual: End of Year 2024/25	Year Target 2024/25	Actual: End of Year - 2023/24	Actual: End of Year 2024/25	Year Target 2024/25	Actual: End of Year - 2023/24	Actual: End of Year 2024/25	Year Target 2024/25	Actual: End of Year - 2023/24	Actual: End of Year 2024/25	Year Target 2024/25	
No.															
MM and s57	Female	2	0	0		2	1	0	0	0		0	0		
	Male	4	0	1	1	1	3	0	0	0		0	0		
Councillors	Female	14	0	0											
	Male	20	0	0											
Middle Managers	Female	11	0	2	0	4	4	0	0	0		0	0		
	Male	12	0	2	2	5	5								
Technicians and associate professionals*	Female	4	0	0		2	2								
	Male	18	0	0		5	5								
Professionals	Female	22	0	0		5	5								
	Male	22	0	0		8	8								
Sub total	Female	53	0	0		13	13								
	Male	78	0	0		19	19								
Total		129				32	32								

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1		1	0	1	0
Chief financial officer	1		1	1	1	1
Senior managers	4		4	4	4	4
Any other financial officials	5		5	5	5	5
Supply Chain Management Officials						
Heads of supply chain management units	1		1	1	1	1
Supply chain management senior managers	2		2	2	2	2

Skills Development Expenditure										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	2				6050				6050
	Male	4				70100				70100
Legislators, senior officials and managers	Female	11								76224
	Male	12								169 800.18
Professionals	Female	22								
	Male	22								
Technicians and associate professionals	Female	4								
	Male	18								
Clerks	Female									
	Male									
Service and sales workers	Female									
	Male									
Plant and machine operators and assemblers	Female									
	Male									
Elementary occupations	Female					2900				
	Male					72890				
Sub total	Female									
	Male									
Total										



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

In the year reviewed, Senqu Local Municipality was able to identify skills gaps through the skills audit processes that were conducted from the second and the third quarter, the Workplace Skills Plan and its Implementation Plan were successfully developed though 100% of the budget was not spent as planned due to a number of challenges experienced such as the capacity within the unit; lack of accredited service providers in the target skills programme; non response from the service providers when trainings interventions were required through the competitive bidding processes, the resignation of the Skills Development Facilitator during that time. This resulted in the number of the required and targeted training interventions being differed to the following financial year (2026/2027).

DIRECTORATE	TOTAL BUDGET
TECHNICAL	195 070
EXECUTIVE AND COUNCIL	4 772 390
CORPORATE SERVICES	856 824
DTPS	387 927
COMMUNITY SERVICES	820 682
BTO	1 511 848

**COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE**

**INTRODUCTION TO WORKFORCE EXPENDITURE**

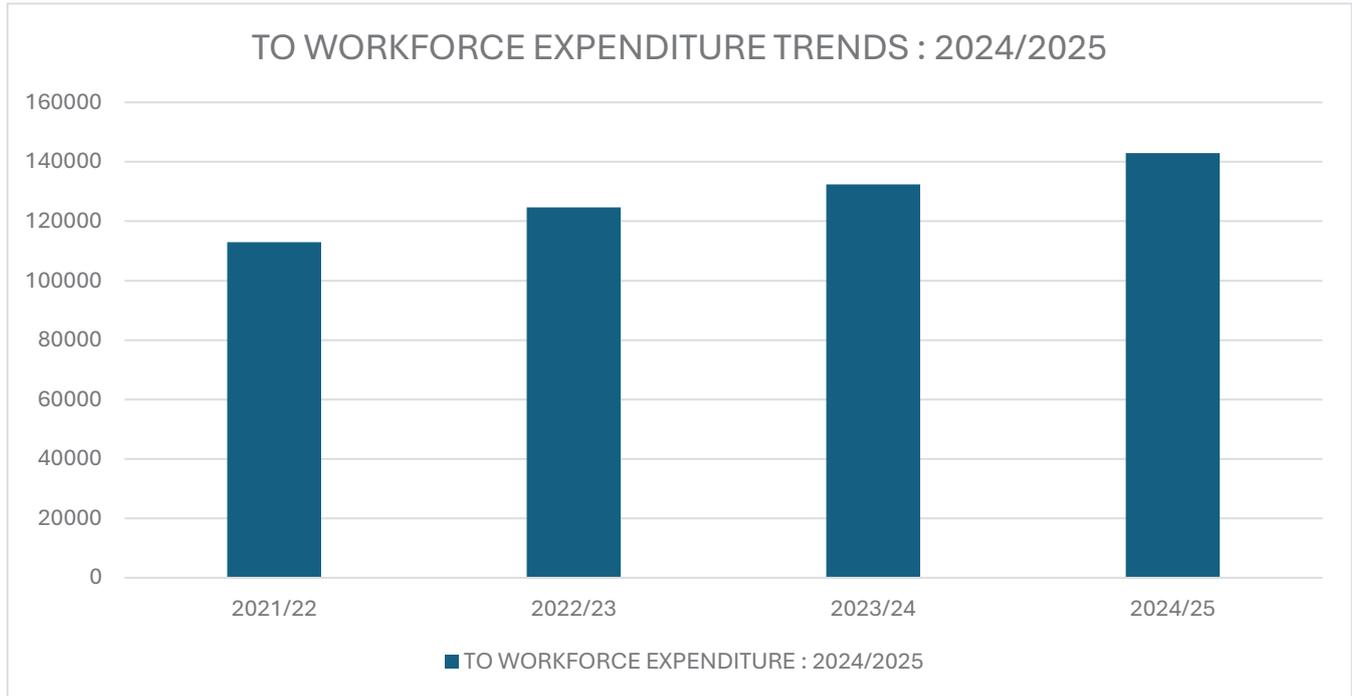
In the process of managing workforce expenditure, Senqu Local Municipality in its area of planning and putting controls in place, for both financial years, the municipality performed exceptionally well as detailed below:

- During 2024/2025: 5.4% of funded posts were filled.

The Municipality is costing the structure only on the part of new funded and existing vacant position. Departments are being informed about the vacancies through request to advertise that is confirmed by Finance whether funds are available or not. If the post is confirmed, draft advert confirmed, and the Municipal Manager approved the advertisement for advertisement. This control seeks to monitor the expenditure and the obligation of filling vacant positions that appear in the structure.

TO WORKFORCE EXPENDITURE : 2024/2025	
Year	Amount
2021/22	112 976
2022/23	124 616
2023/24	132 393
2024/25	142 902

**4.6 EMPLOYEE EXPENDITURE**



**COMMENT ON WORKFORCE EXPENDITURE:**

Senqu Local Municipality is a member of the District Job Evaluation Committee as well as the EC Provincial Job Evaluation Committee, which ensures that all job evaluation processes are followed consistently. As a result, we confirm that Senqu Local Municipality's spending pattern has not changed in the preceding two years, nor in the year under review (2024-2025), with no modifications resulting from position upgrades.

Number of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (levels 1-2)	Female	0
	Male	0
Skilled (levels 3-5)	Female	0
	Male	0
Highly skilled (levels 6-8)	Female	0
	Male	0
Highly skilled supervision (levels 9-12)	Female	0
	Male	0
Senior management (levels 13-16)	Female	0
	Male	0
MM and S57	Female	0
	Male	0
<b>Total</b>		

Employees Whose Salary Levels Exceed the Grade Determined by Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
0	0	0	0	0
				T 4.6.6

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
0	0	0	0	0

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

There were no employees whose salaries were increased due to their positions being upgraded. There were also no employees whose salary level exceeded the grades determined by the Job evaluation process during the year under review. Lastly, there were also no employees appointed to posts that are non-existence in the organogram/not approved within the adopted structure during the year in review.

**DISCLOSURES OF FINANCIAL INTERESTS**

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



# CHAPTER 5

## FINANCIAL PERFORMANCE

## CHAPTER 5 – FINANCIAL PERFORMANCE

### 5.1 INTRODUCTION TO FINANCIAL PERFORMANCE

As the global economic uncertainty and rising costs places inflationary continues to put pressure on the municipality, financial sustainability of every organisation including municipalities are severely challenged. Due care is exercised to ensure that effective financial management is maintained to sustain the municipality well into the foreseeable future. In this regard, Senqu Local Municipality makes every effort to ensure that systems and procedures are in place to ensure that there are sound fiscal controls and an environment that promotes effective financial management and minimizes fruitless and wasteful expenditure. In addition, the municipality takes appropriate steps to ensure that operations are properly controlled – thereby maintaining efficient and effective service delivery to our consumers.

The 2024/2025 financial year has once again been another successful year for Senqu Municipality as far as financial management and proven financial sustainability is concerned, as has been the case in the previous years. The municipality has once again obtained yet another clean audit opinion from the AGSA on its 2024/25 annual financial statements, this being the 11<sup>th</sup> time in the past 12 years. Furthermore, the municipality's 2025/26 Approved Budget is funded with sufficiently cash-backed reserves, provisions and all liabilities including the long-term. The municipality was able to achieve a net operating surplus of R37.6 million during the 2024/25 financial year, with a cash balance of R475.9 million as at 30 June 2025. Although both the operating surplus and the cash balance has decreased when compared to the 2023/24 financial year however, this level of financial performance depicts excellent financial management results. The aforementioned key aspects of success are indeed a testament of the municipality's commitment to sound financial management initiatives ensuring continued and sustainable financial performance.

Compliance to mSCOA related prescripts continue being incorporated and implemented within Senqu Municipality and its operating systems – ensuring that the financial and support systems integrate with mSCOA requirements and performance reporting in compliance with the relevant legislation. With the assistance of GRAP standards reporting requirements, financial information has become more readily available, and this allows information to be presented and reported in an accurate manner. That being said, difficulties are experienced in respect of information which is processed outside of the financial system such as procurement related information. Regular reporting and reporting of compliant and useful information is required from each directorate and is mandatory as required by various legislated prescripts. Efforts are being coordinated to ensure full utilization of computerized environment through the automated financial system.

### 5.2 STANDARD PRACTICES TO FACILITATE ACCURATE INFORMATION PROVISION

- a. It is required that there be compliance regarding all reporting and in particular regarding the predetermined objectives - ensuring that they are written in accordance with the SMART principles.
- b. Issues identified in terms of the Audit Action Plan are required to be addressed and appropriate “follow ups” conducted.

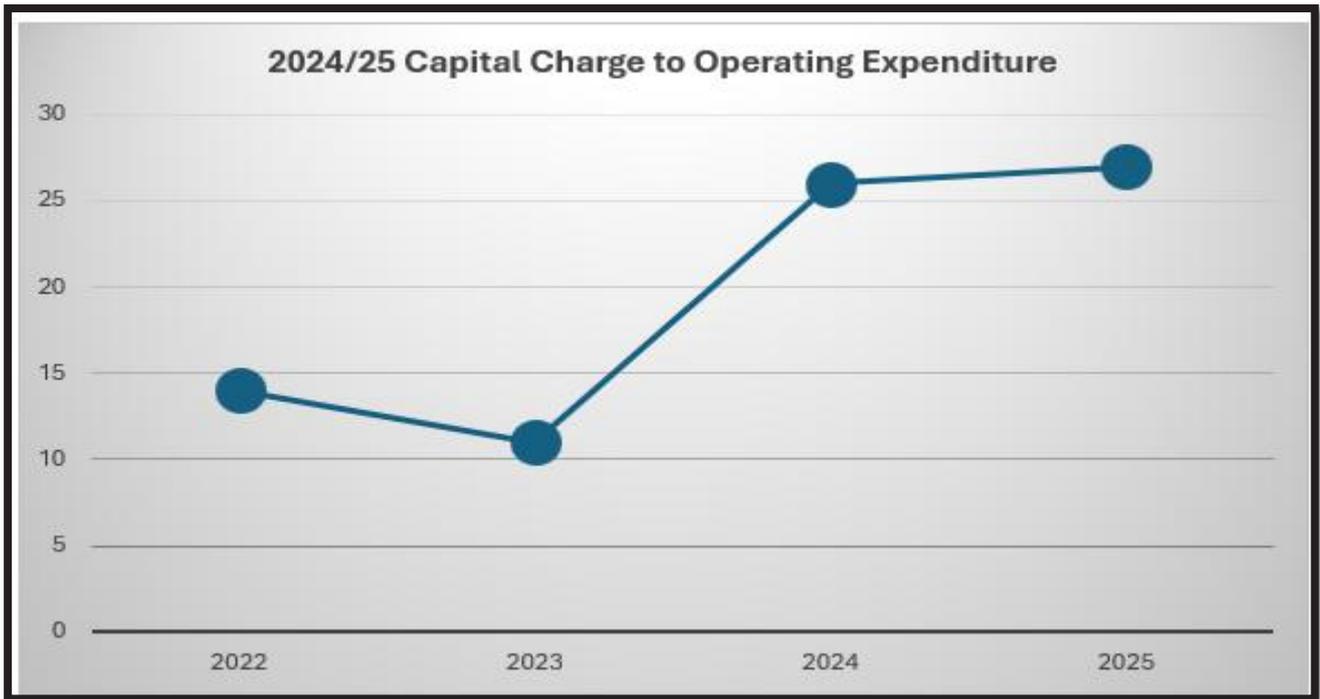
- c. The Internal Audit and Audit Committee are required to work together in order to review the Strategic and Annual Performance Plans – ensuring that these are correctly addressed, and that appropriate and valuable reporting occurs.
- d. The quality of quarterly and monthly reports is to be assessed, and suitable and timeous action taken to rectify issues identified (financial, pre-determined targets or otherwise). Oversight from managers and the Internal Audit/Audit Committee is required; and
- e. Zero tolerance is being implemented in respect of unauthorised, irregular, fruitless and/or wasteful expenditure and in respect of the potential qualification, due to the failure to detail and report on predetermined objectives and National Treasury views on non-priority spending.

**5.1 FINANCIAL INDICATORS**

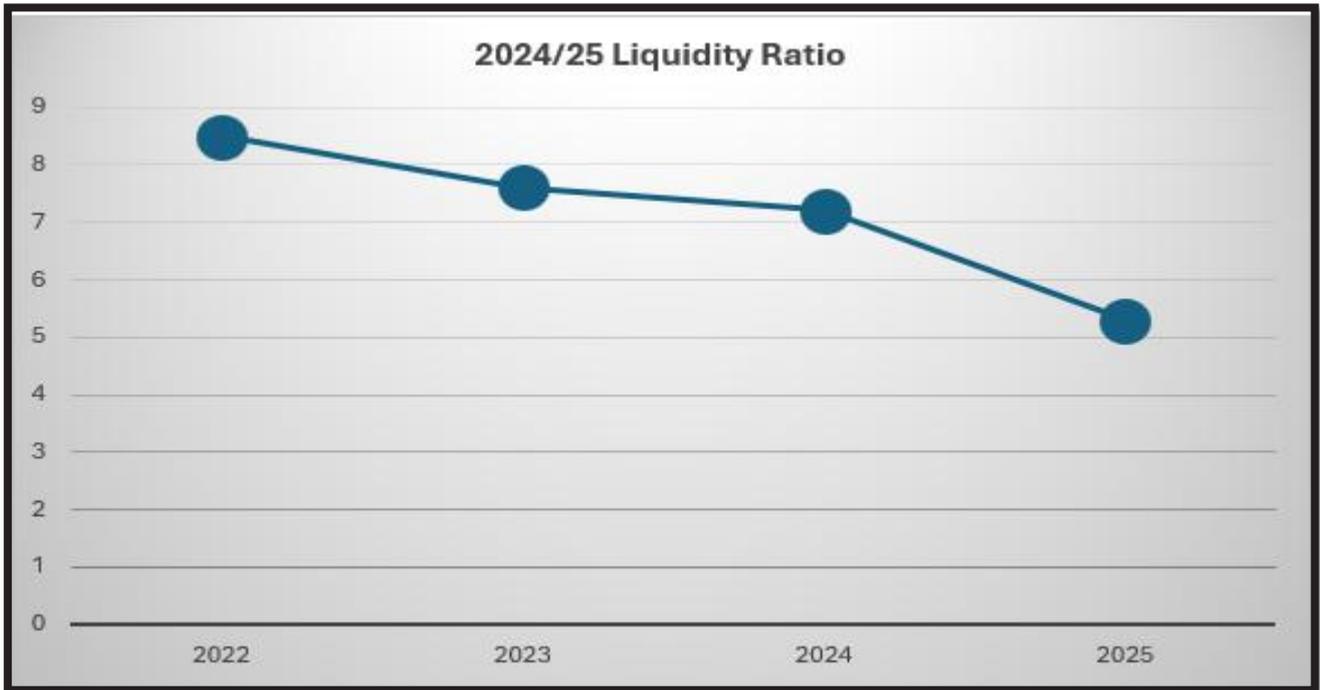
FINANCIAL INDICATORS	2024/2025	2023/2024
Capital charges to Operating Expenditure	27%	26%
Liquidity: times	5.32	7.60
Repairs and maintenance	4.4%	2%
Creditors Payment Period	15 days	24 Days
IDP REGULATION FINANCIAL VIABILITY FIGURES		
Debt Coverage	2 times	2 times
Outstanding Service Debtors	99%	104%
Cost Coverage	16 Months	20 Months

The following dashboard information and tables indicate the municipality’s performance in terms of National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and Section 43 of the MSA. These key performance indicators are linked to the National Key Performance Areas.

As an overall assessment, the following indicators are highlighted:



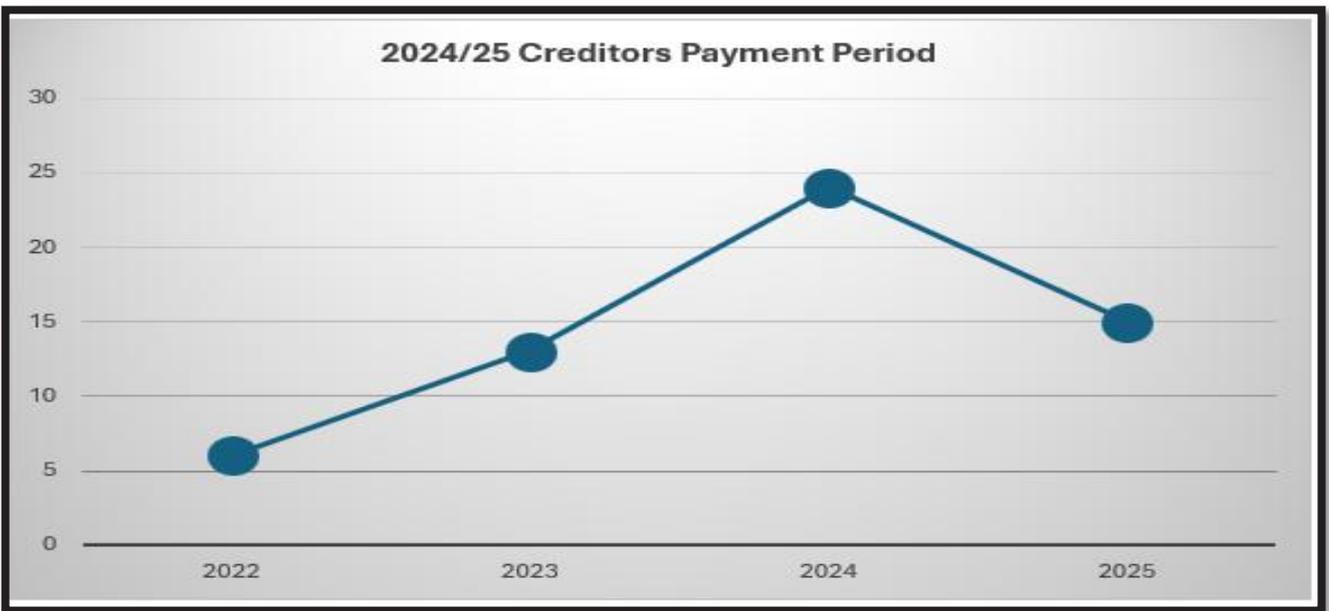
The above graph shows the % of capital budget to operational budget.



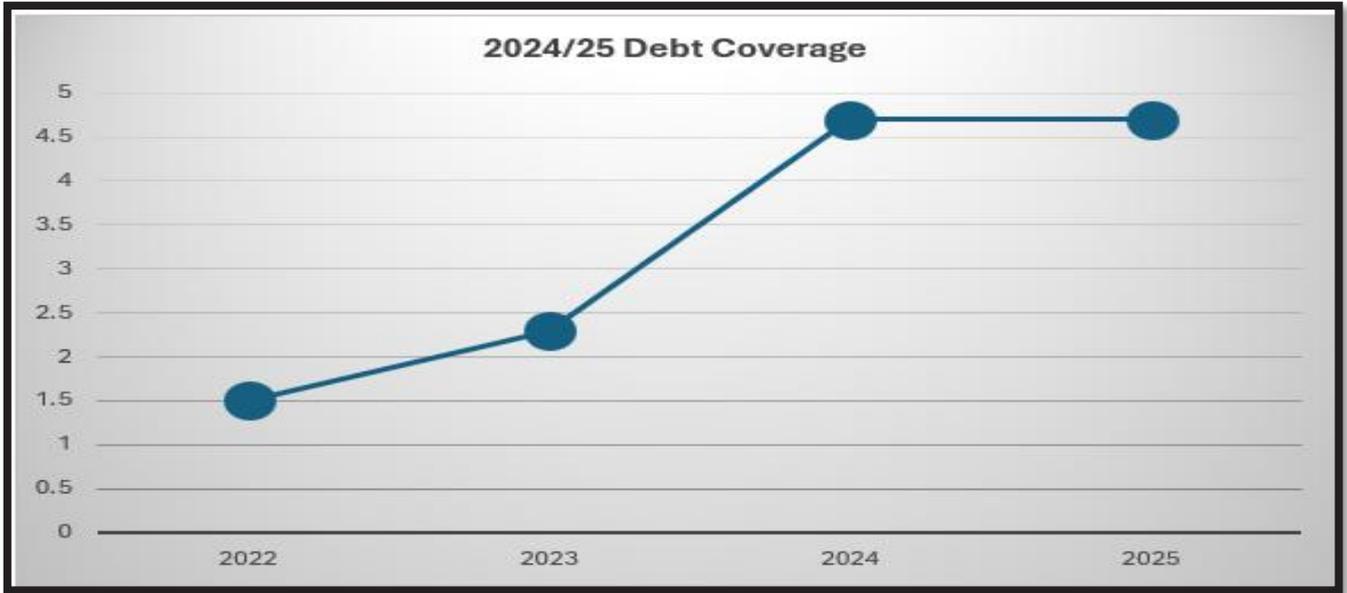
Liquidity ratio measures the municipality's ability to pay its creditors within a financial year. A good liquidity ratio is normally greater than 1.0.



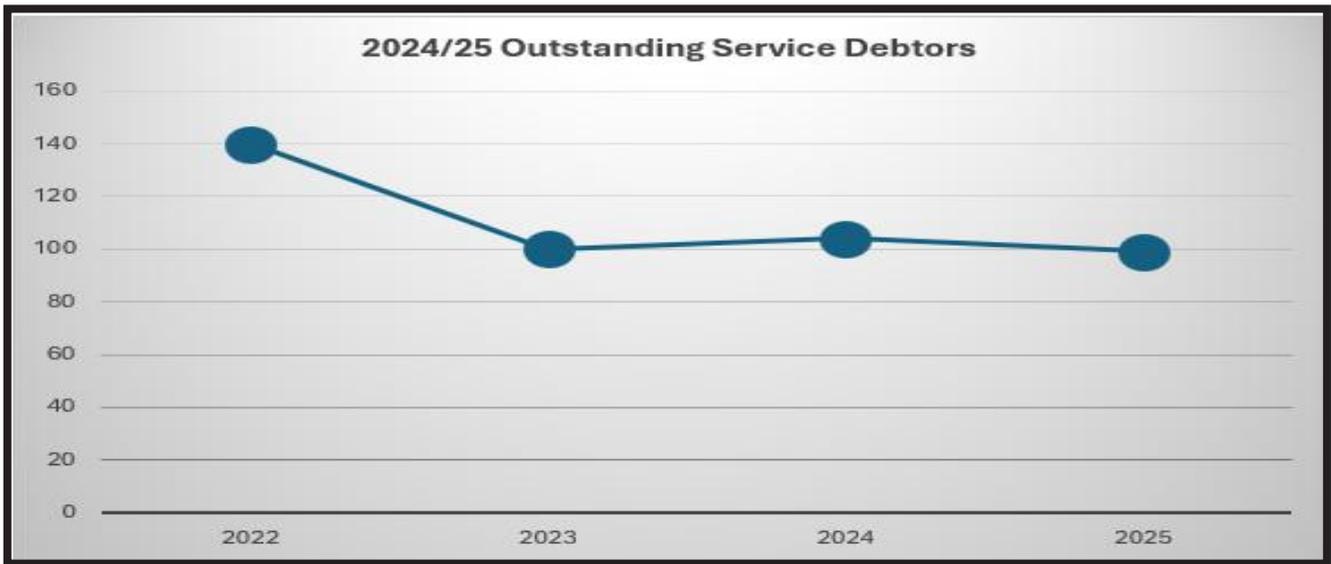
The above graph indicates the portion of operating expenditure spent on repairs and maintenance from 2021/2022 to 2024/2025 financial year.



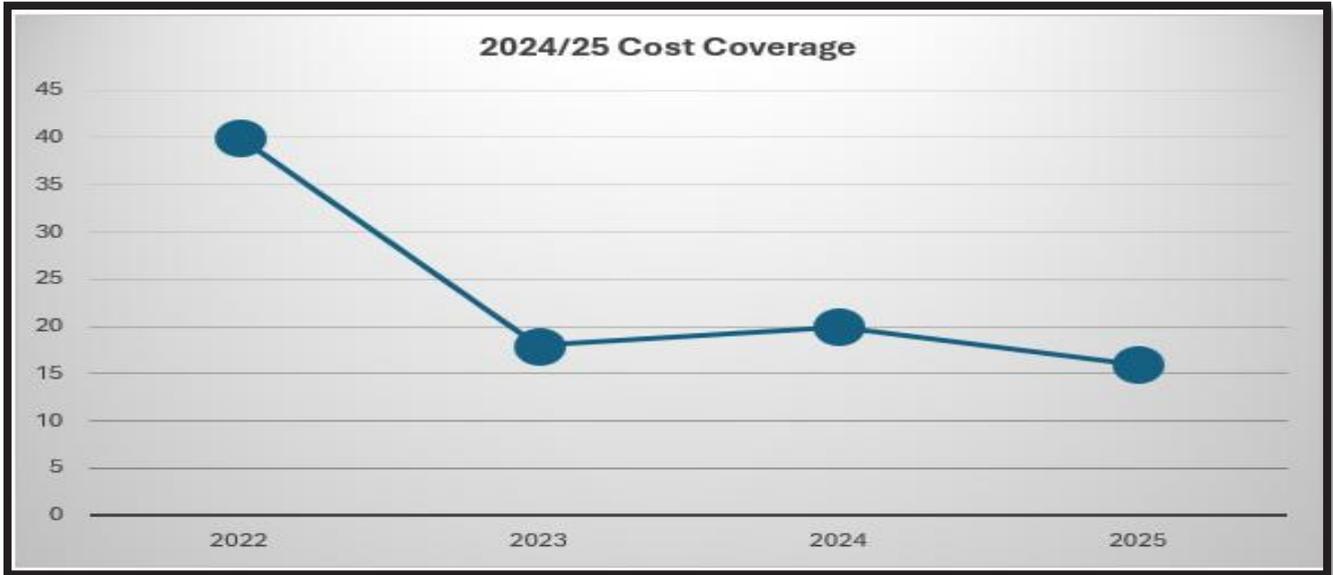
The creditors payment period graph indicates the average time it takes the municipality to pay creditors. There has been a steady increase in the number of days it takes the municipality to pay creditors from 2022 to 2024 financial year. 2024/25 Financial year shows a decrease.



Debt coverage ratio represents the ease with which the municipality can pay debt using operational revenue. Debt coverage ratio above 1 indicates the municipality's ability to cover service debt and below 1 indicates inability to pay.



Outstanding service debtors measure how much money is still owed by the community for services provided (electricity, water, refuse etc....) compared to how much money has been paid for these services. Lower % is better.



Cost coverage ratio explains how many months' expenditure can be covered by the cash and other liquid assets available to the municipality, excluding grants.

COMPONENT A: STATEMENTS OF FINANCIA PERFORMANCE

5.3 INTRODUCTION TO FINANCIAL STATEMENTS

Statements of Financial Performance are reflected in the tables that follow.

Note: Reference is made to Appendix K in which "Statements of Revenue Collection Performance by Vote and by Source" are included. This component provides an overview of financial performance of the municipality and focuses on its financial health.

5.3.1 Statements of Financial Performance – 2024/2025 in comparison with previous financial year 2023/2024  
Actuals

SENQU LOCAL MUNICIPALITY			
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025			
		2025	2024
		R	R
	Notes	(Actual)	(Actual)
<b>REVENUE</b>			
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>			
Taxation Revenue		291 753 318	268 222 656
Property Rates	20	17 976 947	18 782 134
Transfer Revenue		17 976 947	18 782 134
Transfers and Subsidies – Capital	21	270 186 323	243 082 515
Transfers and Subsidies – Operating	21	56 708 507	43 309 971
Other Revenue		213 477 816	199 772 544
Actuarial Gains	17	3 590 048	6 358 006
Fines Penalties and Forfeits	22	-	1 364 572
Insurance Receipts		668 061	1 047 288
Interest Earned - Penalty Interest on Property Rates	26	538 999	-
Gain on Fair Value Adjustments of Investment Property	8	2 287 335	2 000 203
Gain on Disposal of Capitalised Restoration Cost (PPE)	18	-	1 333 675
REVENUE FROM EXCHANGE TRANSACTIONS		95 654	612 268
Operating Activities		123 453 379	119 571 960
Service Charges	23	73 005 406	65 298 288
Rental from Fixed Assets	24	1 720 967	1 475 736
Interest Earned - external investments	25	40 743 925	32 208 528
Interest Earned - outstanding debtors	26	4 440 050	4 751 626
Licenses and Permits	27	1 418 640	1 225 974
Agency Services	28	1 243 626	1 046 830
Sales of Goods and Rendering of Services	29	350 832	110 377
Operational Revenue	30	529 933	549 287
Gain on Disposal of Investment Property	42	-	348 891
<b>TOTAL REVENUE</b>		<b>415 206 697</b>	<b>387 794 616</b>

Statements of Financial Performance – 2024/2025 in comparison with previous financial year 2023/2024 Actuals  
(Continues from the previous page)

SENQU LOCAL MUNICIPALITY		
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025		
	2025	2024
	R	R
Notes	(Actual)	(Restated)
<b>EXPENDITURE</b>		
Employee related costs 31	142 902 385	132 545 352
Remuneration of Councillors 32	14 498 184	13 910 269
Debt Impairment 33	16 137 129	17 464 288
Depreciation and Amortisation 34	18 276 288	17 689 077
Impairment Loss 35	3 138 894	837 447
Actuarial Losses 17	656 641	20 207
Finance Charges 36	6 122 180	5 865 728
Bulk Purchases 37	62 144 072	48 678 878
Contracted services 38	48 611 479	38 519 241
Transfers and Subsidies 39	-	36 321
Operating Leases 40	1 847 306	408 494
Operational Cost 41	49 806 835	40 011 385
Loss on Disposal of Assets 42	373 175	705 871
Inventory Loss	14 889	23 892
<b>TOTAL EXPENDITURE</b>	<b>377 598 558</b>	<b>316 564 788</b>
<b>NET SURPLUS FOR THE YEAR</b>	<b>37 608 139</b>	<b>71 229 828</b>

During the financial year 2024/2025 Senqu Municipality achieved an operating surplus of R 37.6 million which is a decrease compared to R 71.2 million in the prior year. Actual results as compared with planned budget outcomes can be observed in the table that follows with explanations provided for material variances.

5.3.2 Statements of Financial Performance: Budget Comparisons Operating Revenue

SENQU LOCAL MUNICIPALITY				
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS				
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025				
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET				
	2025	2025	2025	
	R	R	R	
	(Actual)	(Final Budget)	(Variance)	
<b>REVENUE BY SOURCE</b>				
Property rates	17 976 947	19 200 567	(1 223 620)	-6%
Service charges	73 005 406	75 300 998	(2 295 592)	-3%
Rental of facilities and equipment	1 720 967	1 944 137	(223 170)	-11%
Interest earned - external investments	40 743 925	37 655 922	3 088 003	8%
Interest earned - outstanding debtors	4 440 050	5 411 953	(971 904)	-18%
Fines, penalties and forfeits	668 061	208 444	459 617	220%
Licenses and permits	1 418 640	2 272 325	(853 684)	-38%
Agency services	1 243 626	928 716	314 910	34%
Transfers and Subsidies - Operating	213 477 816	215 926 557	(2 448 740)	-1%
Other revenue	3 802 752	4 021 609	(218 857)	-6%
<b>TOTAL OPERATING REVENUE</b>	<b>358 498 190</b>	<b>362 918 139</b>	<b>(4 419 948)</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	142 902 385	147 667 218	(4 764 832)	-3%
Remuneration of councillors	14 498 184	15 141 432	(643 248)	-4%
Debt impairment	11 359 364	18 337 503	(6 978 139)	-38%
Depreciation & amortisation	18 276 288	19 014 671	(738 383)	-4%
Finance charges	6 122 180	6 106 402	15 779	0%
Bulk purchases	62 144 072	69 007 708	(6 863 636)	-10%
Inventory consumed	12 850 940	25 206 338	(12 355 398)	-49%
Contracted services	48 611 479	73 913 914	(25 302 435)	-34%
Transfers and subsidies	-	150 000	(150 000)	-100%
Other expenditure	43 580 966	67 010 599	(23 429 633)	-75%
Losses	17 252 699	18 000 000	(747 301)	-4%
<b>TOTAL OPERATING EXPENDITURE</b>	<b>377 598 558</b>	<b>459 555 784</b>	<b>(81 957 226)</b>	

**NOTE:** Operating Revenue earned at end of the financial year shows a negative variance of R 4 419 948 as compared to the final budget. This can be attributed to the less collected billed property rates than budgeted for, as well as the less revenue received than budgeted for, for licence and permits. The operating expenditure came

in at a variance of R81 957 226 due to under-expenditure. This may be directly attributable to a Cost Containment Strategy that was implemented which reduced expenditure across the categories of expenses.

**5.3.3 Expenditure Authorised in Terms of Section 32 of the MFMA**

**a. Unauthorised Expenditure**

The unauthorised expenditure opening balance as at 30 June 2024 relates to payment of invoices for the Construction of the Blue-gums Sports Field which exceeded the budget allocated only for the 2023/24 financial year. The aggregate 2023/24 MTREF budget of the project and the contract amount has not been exceeded.

**BUDGET COMPARISON BY VOTE - UNAUTHORISED EXPENDITURE CURRENT YEAR – OPERATING**

Unauthorised expenditure – Operating	2025 (Actual)	2025 (Final Budget)	2025 (Unauthorised)
	R	R	R
Executive & Council	47 613 712	54 648 807	-
Planning & Development	23 748 610	33 060 022	-
Corporate Services	66 355 132	80 091 608	-
Budget & Treasury	48 433 101	56 718 210	-
Road Transport	34 678 297	40 805 046	-
Waste Water Management	3 903 344	6 028 439	-
Community & Social Services	21 940 675	24 690 278	-
Sport & Recreation	2 450 957	2 955 899	-
Public Safety	1 910 211	1 974 476	-
Electricity	83 770 118	99 782 636	-
Waste Management	42 794 400	58 800 363	-
<b>Total</b>	377 598 558	459 555 784	

**BUDGET COMPARISON BY VOTE - UNAUTHORISED EXPENDITURE CURRENT YEAR (CAPITAL)**

	2025	2025	2025
Unauthorised expenditure – Capital	(Actual)	(Final Budget)	(Unauthorised)
	R	R	R
Executive & Council	199 318	335 537	-
Corporate Services	1 980 832	3 777 059	-
Budget & Treasury	1 534 751	1 743 215	-
Road Transport	100 853 478	130 918 682	-
Waste Water Management	-	694 424	-
Community & Social Services	4 636 520	8 086 251	-
Sport & Recreation	19 373 348	22 132 407	-
Public Safety	345 208	408 000	-
Electricity	2 478 061	3 586 728	-
Waste Management	367 890	922 500	-
<b>Total</b>	<b>131 769 405</b>	<b>172 604 803</b>	<b>-</b>

b. Expenditure Authorised in Terms of Section 32 of the MFMA (Fruitless & Wasteful Expenditure) Fruitless and Wasteful expenditure for the financial year (2024/2025) amounted to R 3 299 745 and R 2 084 488 was incurred during the previous financial years. An increase was therefore noted between the previous financial year as compared with the current year.

INCIDENT	DISCIPLINARY STEPS/ CRIMINAL PROCEEDINGS	2025	2024
Interest paid to SARS	Not yet started	-	59 104
Lithaba Travels (Accommodation)		-	1 703
Interest and Penalties - Compensation Fund		1 361 777	
<b>TOTAL</b>		<b>1 361 777</b>	<b>60 807</b>

### Irregular Expenditure

Irregular expenditure decreased from R 65 326 446 to R 1 213 404 during the 2024/2025 financial year. The amount of R 65 326 446 was written off prior period, and the amount of R 4 304 891 was written off in current year.

IRREGULAR EXPENDITURE CONSISTS OUT OF THE FOLLOWING	2025	2024
Expenditure incurred without following SCM prescripts	9 672	21 714
Non-compliance with Section 217 of the RSA Constitution and Regulation 20 of the Municipal Supply Chain Management Regulations.	713 404	5 553 548
Non-compliance with MFMA Circular No. 62 and the Supply Chain Management Policy	3 772 680	0
Non-compliance with CIDB Regulations and Practice Guideline A6	723 267	0
Non-compliance with of Preferential Procurement Regulations (Reg 4) of 2022	299 271	0
<b>Total</b>	<b>5 518 295</b>	<b>5 778 289</b>

5-4 GRANTS

APPENDIX E (UNAUDITED)											
DISCLOSURE OF TRANSFERS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2025											
	OPENING BALANCE	GRANTS RECEIVED	INTEREST ON INVESTMENTS	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	FUNDS RETURNED TO NT	CLOSING BALANCE				
	R	R	R	R	R	R	R	R	R	R	R
<b>NATIONAL GOVERNMENT</b>											
Equitable Share	-	196 724 000	-	196 724 000	-	-	-	-	-	-	-
Municipal Finance Management Grant	-	1 700 000	-	1 700 000	-	-	-	-	-	-	-
Municipal Infrastructure Grant	-	54 789 000	-	9 528 522	45 260 478	-	-	-	-	-	-
INEP (Integrated National electrification programme)	-	1 269 000	-	165 519	1 103 458	-	24	-	-	-	-
NDPG (Neighborhood Development Partnership Grant)	2 010 056	-	-	-	-	-	2 010 056	-	-	-	-
EPWP (Expanded Public Works Program)	-	1 620 000	-	1 620 000	-	-	-	-	-	-	-
Municipal Disaster Recovery Grant	-	19 588 000	-	93 375	622 499	-	18 872 127	-	-	-	-
<b>Total</b>	<b>2 010 056</b>	<b>275 690 000</b>	<b>-</b>	<b>2 09 831 415</b>	<b>46 986 435</b>	<b>-</b>	<b>20 882 206</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PROVINCIAL GOVERNMENT</b>											
Prov Gov - Housing (Hillside)	232 652	-	-	-	-	-	232 652	-	-	-	-
Herschel People's Housing Libraries	13 743 054	-	1 037 847	-	-	-	14 780 902	-	-	-	-
EPWP (Expanded Public Works Program)	-	2 106 000	-	2 106 000	-	-	-	-	-	-	-
Greenest Municipality	758 545	300 000	-	82 090	-	-	976 455	-	-	-	-
Municipal Disaster Relief Grant	11 180 383	-	-	1 458 311	9 722 072	-	15 990 009	-	-	-	-
<b>Total</b>	<b>25 914 635</b>	<b>2 406 000</b>	<b>1 037 847</b>	<b>3 646 401</b>	<b>9 722 072</b>	<b>-</b>	<b>15 990 009</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ALL SPHERES GOVERNMENT</b>	<b>27 924 691</b>	<b>278 096 000</b>	<b>1 037 847</b>	<b>213 477 816</b>	<b>56 708 507</b>	<b>-</b>	<b>36 872 216</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 5.4.1 Comments regarding Grant Funding

- There was no rollover of grants in the current financial year.

### 5.5 ASSET MANAGEMENT

#### 5.5.1 Introduction to Asset Management

The Municipal Finance Management Act No. 56 of 2003 clearly states in Section 62[1][a] 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 resources of the municipality are used effectively efficiently and economically.

It is acknowledged that an Accounting Officer of a municipality is responsible for the management safeguarding and maintenance of assets and liabilities and must for this purpose take all reasonable steps to ensure that the municipality has and implements the following:

- Maintains a management accounting and information system that accounts for the assets and liabilities of the municipality;
- Ensures that assets and liabilities are valued in accordance with the standards of Generally Recognised Accounting Practice; and
- Maintains a system of internal control of assets and liabilities including an Asset and Liabilities Register.

#### 5.5.2 Roles & Responsibilities

##### a. Role of the Municipal Manager

As the Accounting Officer of the municipality, the Municipal Manager is regarded as the principal custodian of the entire municipality's fixed assets. Accordingly, the Municipal Manager is responsible for ensuring that the Fixed Asset Management Policy is scrupulously applied and adhered to. The Municipal Manager may in terms of section 79 of the Municipal Finance Management Act No 56 of 2003 delegate this responsibility.

##### b. Role of the Senior Managers

###### Chief Financial Officer

The Chief Financial Officer shall control the Fixed Asset Register of the municipality and is required to ensure that a complete accurate and up-to-date computerized fixed asset register is maintained. No amendments, deletions, additions or transfers between departments to the Fixed Asset Register shall be made other than by the Chief Financial Officer or by an official acting under the written instruction of the Chief Financial Officer.

The Chief Financial Officer shall:

- Ensure implementation of the Asset Management and Insurance Policy;
- Ensure the verification of all assets in possession of council annually as at 30 June each year within the last three months of that specific financial year;
- Keep a complete and balanced record (assets register) of all assets in possession of the council; and
- Report in writing on all asset losses to the council.

Other Senior Managers

- The responsibility for the physical control of assets rests with the relevant Head of Department to whom the responsibility was delegated in terms of section 79 of the Municipal Finance Management Act No 56 of 2003;
- Each Head of Department shall ensure that assets entrusted to him / her are adequately maintained properly used and insured and ensure that section 78 of the Municipal Finance Management Act no 56 of 2003 is adhered to;
- The Chief Financial Officer must approve any transfer of assets between departments after arrangements between the relevant heads of departments are made.
- Upon the resignation / retirement of an employee the applicable Head of Department must inform the Chief Financial Officer and Corporate Service Department in writing that the inventory and asset items entrusted to that employee to execute his / her duties are in good order and returned. When necessary, the applicable Head of Department must inform the Corporate Services Department of any losses and the value of such losses. The ultimate responsibility of any losses lies with the relevant Head of Department.

Although capacity within the municipality's asset management section is limited due to the size of the municipality, capacitation programmes have been identified and increased internal control over assets is observed. This clearly shows the commitment from management to ensure that capacity is improved.

Additions during the financial year for capital assets amounted to R 131 769 405 which include the following categories of assets as reflected in the following table. Note: This does not include intangible assets (not included in the table below).

5.5.3 Capital Assets 2024/2025

30 June 2025	Additions
R	
Land and Buildings	21 576 931
Buildings	21 576 931
Infrastructure	69 211 024
Roads	66 732 964
Stormwater	-
Solid Waste	-
Electricity	2 478 061
Community Assets	19 718 556
Sport Field	19 373 348
Node Development	-
Parks & Gardens	-
Cemetery	-
Other	345 208
Other Assets	21 262 894
Plant & Equipment	538 251
Motor Vehicles	1 660 062
Office Equipment	-
Furniture & Fittings	312 986
Computer Equipment	1 520 430
Specialised Vehicles	17 231 164
<b>Total</b>	<b>131 769 405</b>

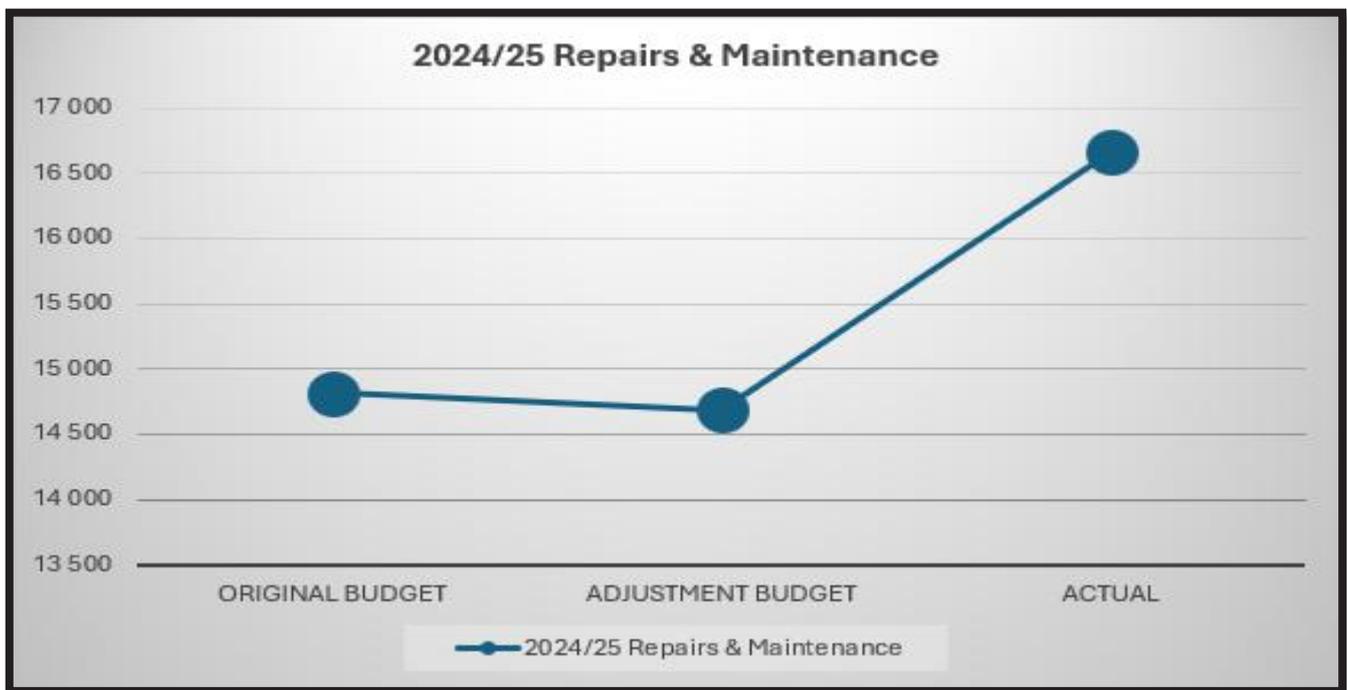
5-5.4 Table: Schedule A9 Asset Management Summary Sheet

	2023/24 '000	Current Year 2024/25 '000			2025/26 Medium Term Revenue & Expenditure Framework '000			
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
ASSET REGISTER SUMMARY - PPE (WDV)	5							
Infrastructure - Road transport	142 846	240 030	219 531	214 731	296 137	343 177	346 195	
Storm water Infrastructure	47 968	50 199	46 312	45 617	51 184	66 906	78 186	
Electricity Infrastructure	23 386	27 712	25 150	24 850	27 275	31 252	34 880	
Solid Waste Infrastructure	62 869	63 144	60 553	60 553	59 972	58 270	74 500	
Infrastructure	277 069	381 085	351 546	345 752	434 567	499 605	533 762	
Community	64 659	86 082	91 709	88 501	99 960	102 249	99 526	
Investment properties	48 397	47 272	48 397	48 397	48 397	48 397	48 397	
Other assets	147 336	161 167	154 367	151 466	159 743	160 551	159 305	
Intangibles	48	1 149	131	17	684	1 140	1 448	
Computer Equipment	3 306	4 224	4 087	4 534	5 936	5 560	5 168	
Furniture and Office Equipment	1 212	2 425	1 993	1 208	927	539	135	
Machinery and Equipment	13 920	46 929	39 488	33 344	34 671	33 484	31 365	
Transport Assets	22 687	10 641	23 006	23 306	22 035	20 627	19 162	
Land	32 174	30 185	32 174	32 174	35 432	38 432	38 432	
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	610 807	771 159	746 897	728 700	842 353	910 582	936 699	
	5							

5.5.5 Repairs & Maintenance (2024/2025)

<i>Repairs and Maintenance Expenditure Year June 2025</i>				
<i>R'000</i>				
Repairs and Maintenance Expenditure	Original Budget	Adjustment Budget	Actual	Budget variance %
<b>Totals</b>	14 820	14 688	16 659	113.4%

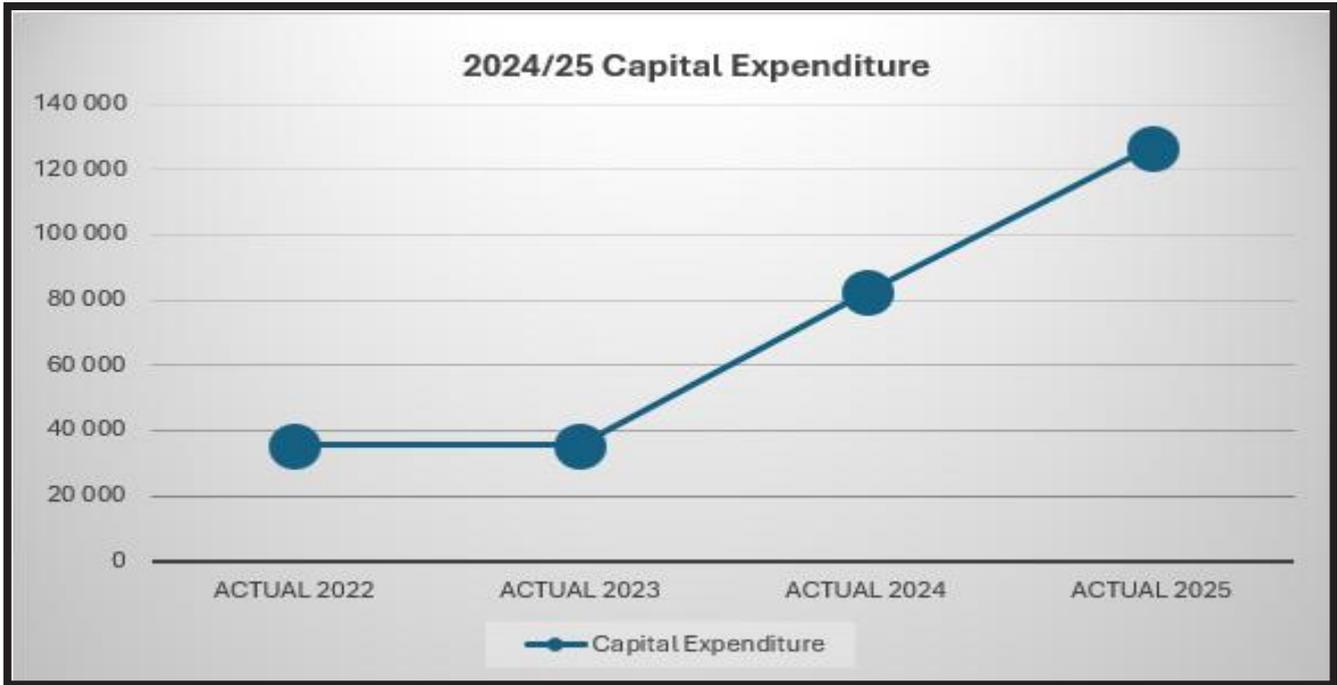
Repairs and Maintenance Comparison 2024/2025



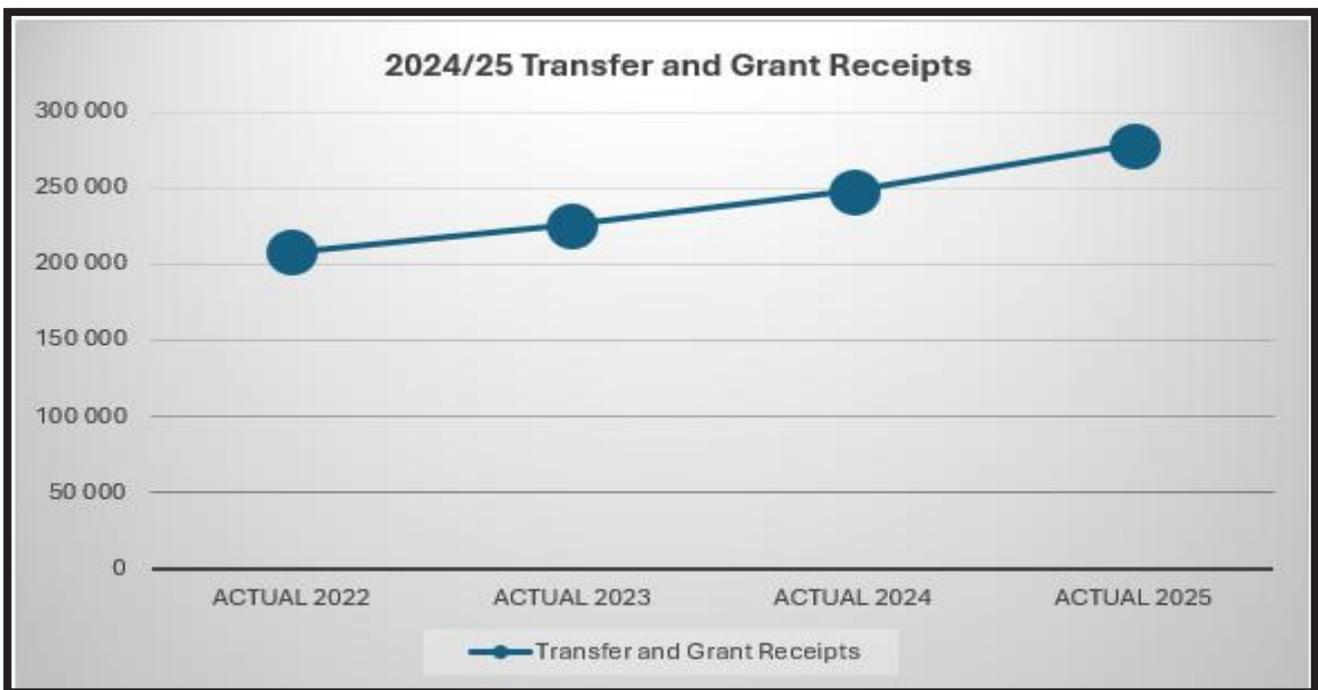
a. Comments on Repairs and Maintenance:

- During the Adjustment Budget process, the original amount for repairs and maintenance decreased from R 14.8 million to R 14.7 million to align with the anticipated expenditure trend.
- The Adjustment Budget was subsequently overspent by 13.4% due to unplanned maintenance not occurring, resulting in actual spending amounting to R 16 659 million. Reference is made to the graph below for a comparison of basis for the table above.

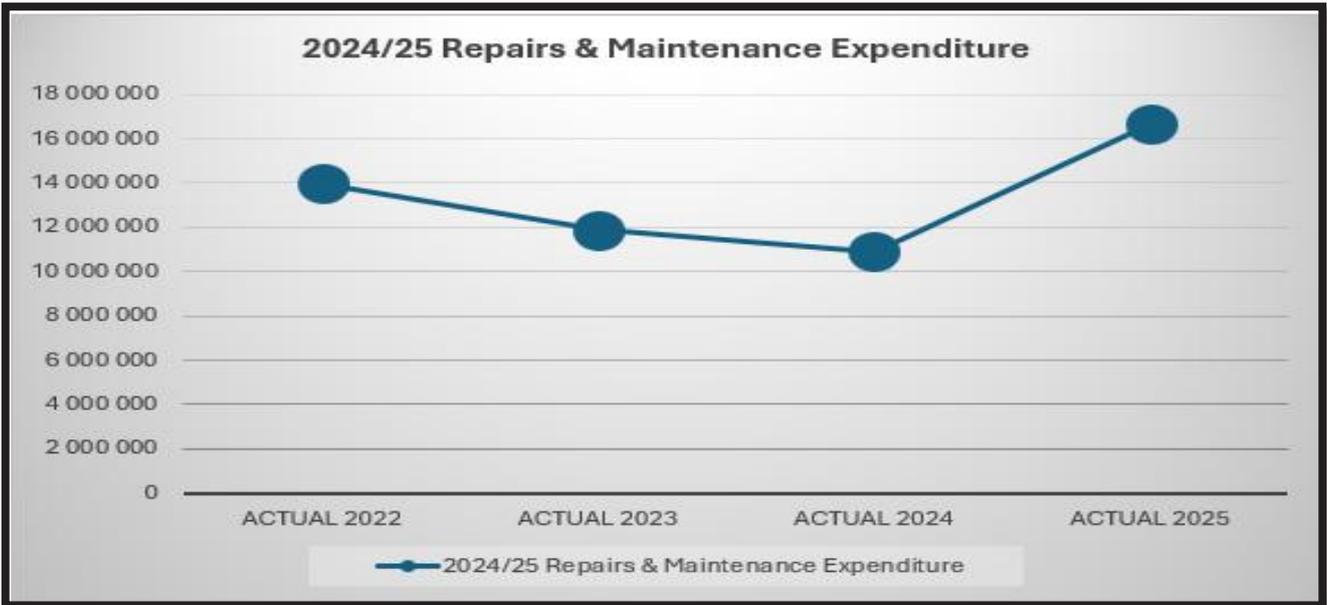
5.7 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



The Graph above shows the movement of Capital Expenditure from the financial year 2021/2022 to 2024/2025 financial year. There was a 100% increase in the capital expenditure from 2023 to 2024. This is directly attributed to the disaster grants, fully implementing most of the CAPEX project as set out in the IDP.

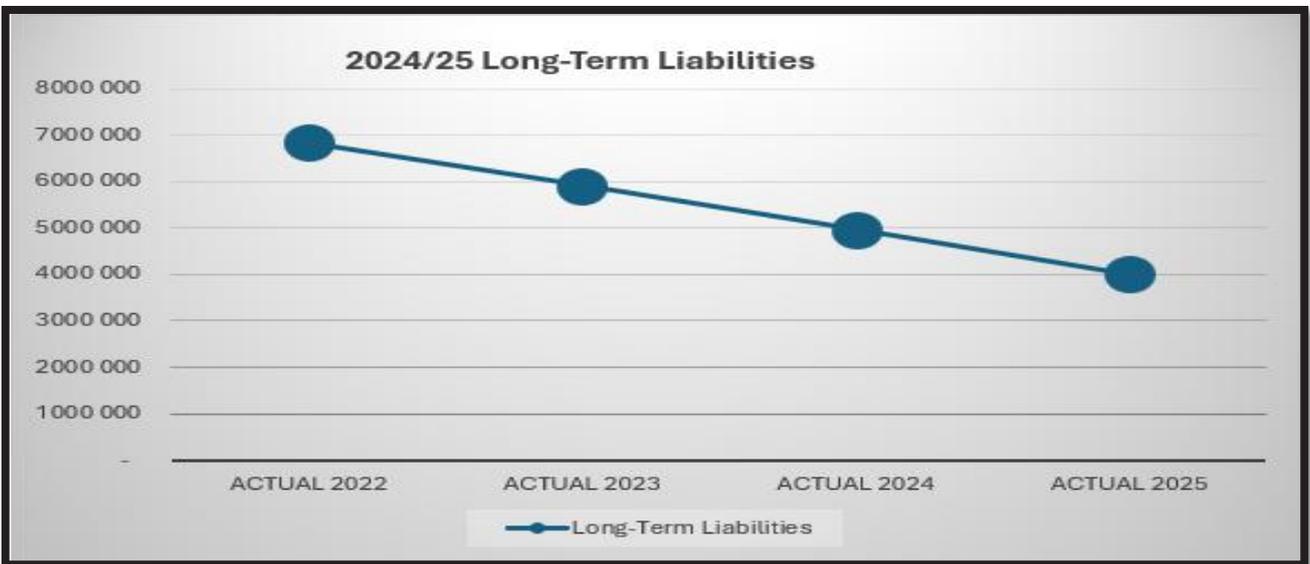


The Graph above shows an estimated increase of total grant receipts for Senqu Municipality from the financial year 2021/2022 to the 2024/25 financial year. The municipality has been consistent with utilising the grants fully from 2024/2025 financial year.



The Graph above shows the movement of expenditure for repairs and maintenance from the financial year 2021/2022 to the financial year 2024/2025. There is a slight decrease in repairs and maintenance from 2023 to 2024 as a result of the maintenance plan still under development, to address the repairs and maintenance of municipal assets. Furthermore, 2024/25 financial year shows an increase in actual spending.

Long Term Liabilities 2024 /2025



Long term liabilities are expected to decrease within the future financial period as initial loans are redeemed.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

In this regard it must be noted that:

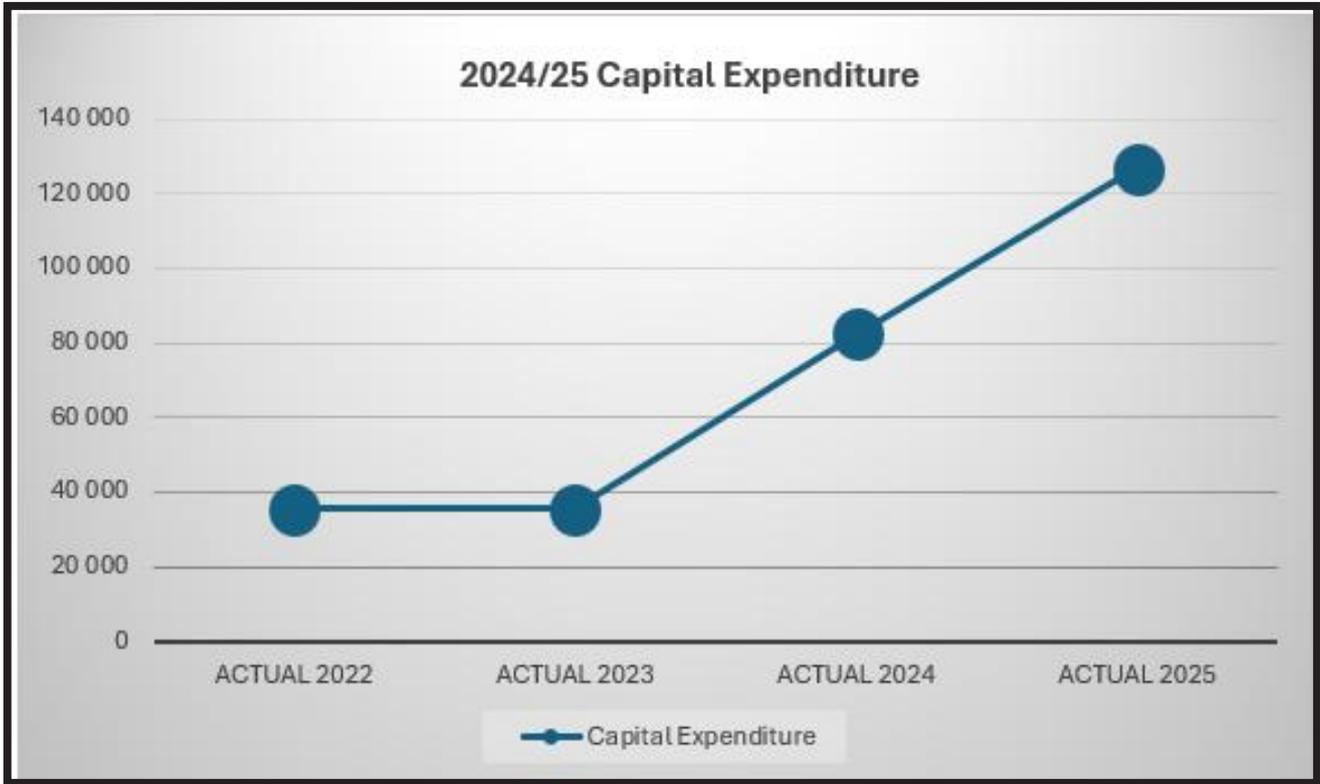
- Capital expenditure relates mainly to construction projects that will have lasting value over many years; and
- Capital expenditure is funded from grants and the municipality's Capital Replacement Reserve.

5.6.1 Table: Senqu Municipality's Capital Acquisition Programme

Description	2023/24 '000		Current Year 2024/25 '000			2025/26 Medium Term Revenue & Expenditure Framework '000		
	Actual 2023/24 '000	Original Budget '000	Adjusted Budget '000	Full Year Forecast '000	Budget Year 2025/26 '000	Budget Year +1 2026/27 '000	Budget Year +2 2027/28 '000	
<b>R thousand</b>								
<b>CAPITAL EXPENDITURE</b>								
Roads Infrastructure	31 130	240 030	219 531	214 731	296 137	343 177	346 195	
Storm water Infrastructure	552	50 199	46 312	45 617	51 184	66 906	78 186	
Electrical Infrastructure	957	27 712	25 150	24 850	27 275	31 252	34 880	
Solid Waste Infrastructure	4 076	63 144	60 553	60 553	59 972	58 270	74 500	
Infrastructure	277 069	381 085	351 546	345 752	434 567	499 605	533 762	
Community Assets	64 659	86 082	91 709	88 501	99 960	102 249	99 526	
Investment Properties	48 397	47 272	48 397	48 397	48 397	48 397	48 397	
Other Assets	147 336	161 167	154 367	151 466	159 743	160 551	159 305	
Intangible Assets	48	1 149	131	17	684	1 140	1 448	
Computer Equipment	3 306	4 224	4 087	4 534	5 936	5 560	5 168	
Furniture and Office Equipment	1 212	2 425	1 993	1 208	927	539	135	
Machinery and Equipment	13 920	46 929	39 488	33 344	34 671	33 484	31 365	
Transport Assets	22 687	10 641	23 006	23 306	22 035	20 627	19 162	
Land	32 174	30 185	32 174	32 174	35 432	38 432	38 432	
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>610 807</b>	<b>771 159</b>	<b>746 897</b>	<b>728 700</b>	<b>842 353</b>	<b>910 582</b>	<b>936 699</b>	

5.7 CAPITAL EXPENDITURE

Total Capital Expenditure 2024/2025



The graph above indicates the Capital Expenditure from the financial year 2021/22 to the financial year 2024/25. There was 100% increase of capital expenditure from 2023 to 2024 financial year as a result of disaster grants and the implementation of most of the CAPEX projects. Further increase in actual spending in 2025 actual is also noted on the graph.

## 5.8 SOURCES OF FINANCE

The table below shows the sources of finances to be used for Capital Acquisitions for Senqu Municipality excluding VAT. It must be noted that the municipality mainly uses the MIG Grant Funding and its Capital Replacement Reserves to fund capital acquisitions:

CAPITAL EXPENDITURE	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATED
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
	2025	2025	2025	2025	2025	2025
	R	R	R	R	R	R
<b>CAPITAL EXPENDITURE (FUNDING SOURCES)</b>						
National Government	47 099 609	2 670 955	49 770 564	46 986 435	(2 784 129)	35 061 609
Provincial Government	8 683 535	1 038 538	9 722 072	9 722 072	(0)	8 248 362
Transfers recognised - capital	55 783 143	3 709 493	59 492 636	56 708 507	(2 784 129)	43 309 971
Internally generated funds	87 207 050	25 905 116	113 112 167	75 060 898	(38 051 268)	39 209 054
<b>Total Capital Funding</b>	<b>142 990 194</b>	<b>29 614 609</b>	<b>172 604 803</b>	<b>131 769 405</b>	<b>(40 835 398)</b>	<b>82 519 025</b>

During the 2024/2025 financial year, the municipality received 49.8 million from national government, 9.7 million from provincial government and 113.1 million from internally generated funds. Totalling 172.6 million for capital spending.

## 5.9 CAPITAL SPENDING ON PROJECTS

The following table details the infrastructure assets and related progress through expenditure on these assets during the financial year 2024/2025

INFRASTRUCTURE ASSETS 2024/2025	EXPENDITURE R
Interlock Paved Street in Kwezi Naledi - Ward 14	19 080 257.12
Renovation Town hall Barkly East	1 256 251.33
Driving License and Testing Centre Sterkspruit	15 968 130.90
Herschel Community Hall - Ward 13	3 209 906.69
Blue-Gums Sportsfield	19 373 348.05
Barkly East & Lady Grey Boundary Fence	345 208.10
Rehabilitation of Roads & Stormwater in Mokhesi Ward 8	18 559 754.28
Rehabilitation of Roads & Stormwater in Ward 10	3 375 028.80
Rehabilitation of Roads & Stormwater in Lady Grey Ward 14	94 835.03
Rehabilitation of Roads & Stormwater in Barkly East Ward 15 & 16	14 553 992.19
Reconstruction of 4,5 km gravel roads and stormwater channels in Zava, Mdlokovana and Thaba Koloï (Ward 13)	3 683 157.62
Reconstruction of Roads_Ntabamhlophe - Ward 05	3 699 700.00
Reconstruction of Roads_KwaNtoyi, Zwelitsha - Ward 12	3 063 740.00
Construction of Change Rooms in Lady Grey	943 742.50
Renovation of the MM's House	198 900.00
Electrification of Households in Mountain View	1 103 457.82
Replacement of 315KVA Minisub with 22KV MV Supply Cable	882 560.00
Repairing of 5.2 km gravel roads and stormwater channels in Ward 1: Ndofela, Bikizana and Mbobo	209 058.06
Repairing of 6 km gravel roads and stormwater channels in Ward 17: Sunduza, Bensonville, Jozana nek	221 915.33
Repairing of 4,5 km gravel roads and stormwater channels in Ward 9: Joveleni, Hinana and Voyizana	191 525.15
Pre-Paid Electricity Meters	95 103.31
Replacement of 160m 22KV underground supply cable at Mountain View	396 939.48
<b>TOTAL</b>	<b>110 6 511.74</b>

**COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS**

**5.11 INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS**

Having displayed excellent financial management and investment practices it must be noted that the municipality is currently experiencing an extremely favourable cash flow and finds itself in a position to meet its long- and short-term commitments in a timely manner. It must be noted that the Council of the municipality is regarded as the trustee of the public revenue that it collects and it therefore has an obligation to the community to ensure that the municipality's cash resources are effectively and efficiently managed. Under these circumstances the Council has a responsibility to invest these public revenues knowledgeably and judiciously and must be able to account fully to the community in respect of these investments. The overall responsibility of investments lies with the Municipal Manager. However, it must be noted that the day-to-day handling of investments remains the responsibility of the Chief Financial Officer or his delegates.

As part of the Cash Management Programme, the Chief Financial Officer prepares an annual estimate of the municipality's cash flow divided into calendar months and updates these estimates on a monthly basis. These estimates shall indicate when and for what periods and amounts surplus revenues may be invested; when and for what amounts investments will have to be liquidated and when (if applicable) either long-term or short-term debt must be incurred.

**a) CASH FLOW**

The table that follows will detail comparisons regarding Senqu Municipality' cash flow for 2024/2025 financial year:

SENQU LOCAL MUNICIPALITY				
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS				
CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2025				
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET	2025 R (Actual)	2025 R (Final Budget)	2025 R (Variance)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Receipts				
Property rates	13 620 466	14 921 032	(1 300 566)	-10%
Service charges	66 744 599	55 268 915	11 475 684	17%
Other revenue	6 450 647	5 854 535	596 111	9%
Government – operating	223 113 450	214 699 001	8 414 448	4%
Government – capital	54 982 550	63 397 000	(8 414 449)	-15%
Interest	44 111 285	42 005 617	2 105 668	5%
Payments				
Suppliers and Employees	(322 459 227)	(391 126 689)	68 667 462	-21%
Finance charges	(513 090)	(570 000)	56 910	-11%
Transfers and Grants	-	(150 000)	150 000	-100%
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>86 050 680</b>	<b>4 299 411</b>	<b>81 751 269</b>	

CASH FLOW Cont. from previous page

SENQU LOCAL MUNICIPALITY				
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS				
CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2025				
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET	2024	2024	2024	
	R	R	R	
	(Actual)	(Final Budget)	(Variance)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments				
Capital assets	(116 023 771)	(169 144 273)	53 120 501	-46%
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(116 023 771)</b>	<b>(169 144 273)</b>	<b>53 120 501</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts				
Increase in consumer deposits	37 576	68 205	(30 629)	-82%
Payments				
Repayment of borrowing	(911 010)	(942 964)	31 953	-4%
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(873 434)</b>	<b>(874 759)</b>	<b>1 324</b>	
<b>NET INCREASE/DECREASE) IN CASH HELD</b>	<b>(30 846 526)</b>	<b>(165 719 620)</b>	<b>134 873 094</b>	
Cash and Cash Equivalents at the beginning of the year	506 726 350	506 726 350	0	0%
Cash and Cash Equivalents at the end of the year	475 879 824	341 006 729	134 873 094	28%

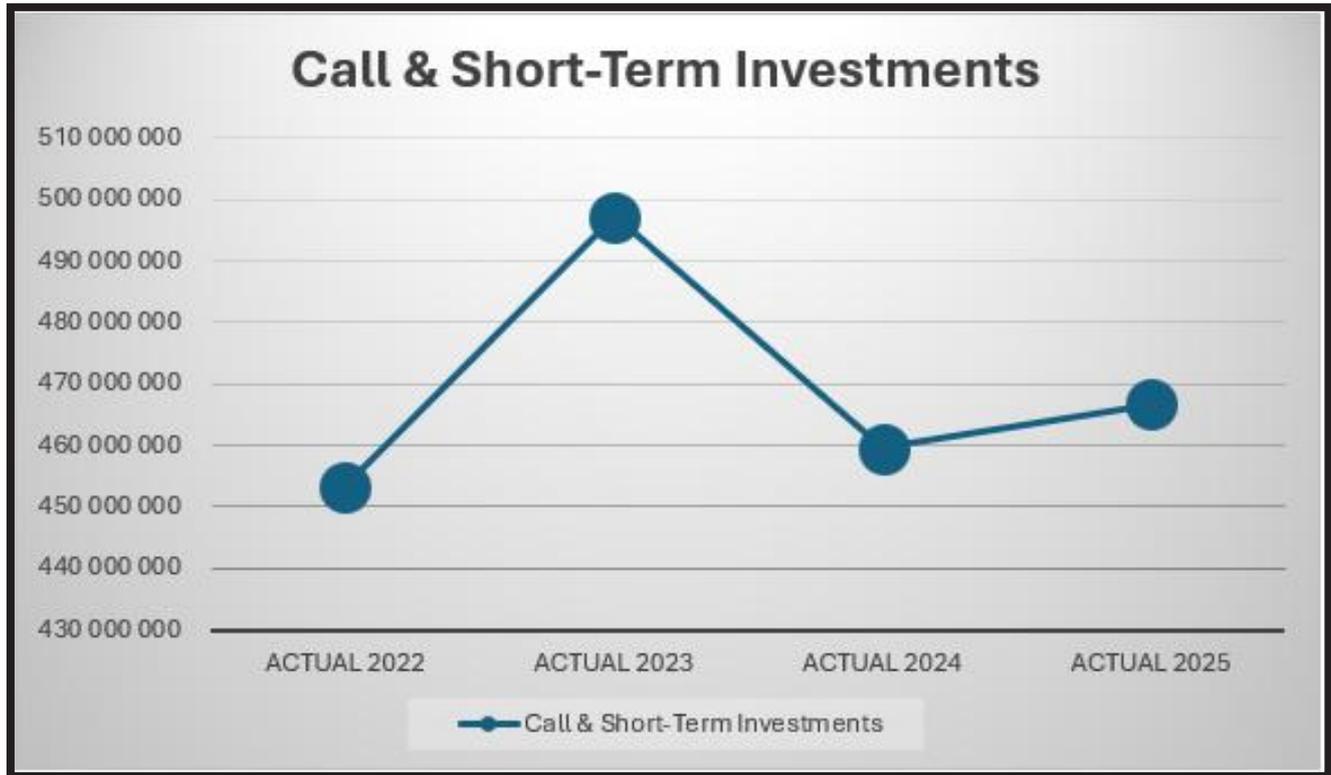
**b. BORROWINGS AND INVESTMENTS**

**Borrowings**

The Municipality currently has two (2) long-term borrowing commitments, and both are payable to the Development Bank of South Africa.

One loan relates to the extension of the Senqu Municipality office building, and the second loan relates to the purchase of electrical infrastructure in order to reduce electricity losses and improve service delivery.

5.14.2 INVESTMENTS



The municipality has accumulated investment funds which are kept in call deposit accounts to accumulate interest. These funds are partially reserved and earmarked for specific purposes as determined by the Accounting Officer, including the Capital Replacement Reserve, Valuation Roll reserve and Employee Benefits Reserve.

The following graph depicts the level of investments held by the municipality from the 2021/22 financial year to 2024/25 financial year. The investments reflect a gradual increase year on year, having increased from R453.3 million in 2021/22 to R497.3 million in 2022/23, decreasing to 459.5 million in 2023/24.

c. PUBLIC PRIVATE PARTNERSHIPS

Public Private Partnerships

Note: Council has not entered into any private public partnerships during this financial year.

COMPONENT D: OTHER FINANCIAL MATTERS

C. SUPPLY CHAIN MANAGEMENT

Introduction to Supply Chain Management

The Council and management remain committed to ensuring that there is compliance with all SCM legislation and regulations in order to ensure that fair and transparent tender processes are followed at all times and to ensure full compliance with the applicable legislation. In support of this, the Municipal SCM Policy has been reviewed and approved by council during the previous financial year as part of the review of all budget related policies.

In order to comply with section 119 of the MFMA all members serving on Bid Specification, Evaluation and Adjudication Committees and all SCM staff are attending National Treasury approved training in order to ensure that they meet the prescribed minimum competency levels relating to supply chain management (SCM).

Various other control measures are also being implemented in order to ensure that SCM practices are effected in a fair, equitable and transparent manner. Supply Chain Management continues to be seen as an area of priority for top management.

Further details on the SCM are outlined in Appendix I of the report.

D. GRAP COMPLIANCE

i. Introduction to GRAP Compliance

GRAP is the acronym for Generally Recognized Accounting Practice, and it provides the rules by which municipalities are required to maintain their financial accounts. The Municipality is currently in full compliance with all provisions of GRAP.

The financial statements have been prepared using an accrual basis of accounting and are in accordance with historical cost convention, unless otherwise specified.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB). This has occurred in accordance with Section 122(3) of the Municipal Finance Management Act (Act No 56 of 2003).

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved to early adopt the Improvements to Standards of GRAP which was issued but not yet effective. The improvements affected the following Standards of GRAP:

- GRAP 104 (Revised 2019) - Financial Instruments (effective 1 April 2025)

- The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.
- iGRAP 22 - Foreign Currency Transactions and Advance Consideration (effective 1 April 2025)
  - No significant impact is expected as the Municipality is not exposed to any significant foreign currency transactions.

The Municipality also resolved to early adopt the following Interpretation of the Standards of GRAP which were issued but are not yet effective:

- GRAP 103 (Revised 2022) - Heritage Assets.
  - The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.
  - The impact of this Standard on the financial statements will not be significant, as the Municipality does not have any assets that meet the definition of a heritage asset as prescribed per GRAP 103.
- GRAP 105 (Revised 2023) - Transfer of Functions Between Entities Under Common Control.
  - This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.
  - The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or foresee that it will be party to any transfers of functions in the near future.
- GRAP 106 (Revised 2023) - Transfer of Functions Between Entities Not Under Common Control.
  - This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.
  - The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or foresee that it will be party to any transfers of functions in the near future.
- GRAP 107 (Revised 2023) – Mergers
  - This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.
  - The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or foresee that it will be party to any mergers in the near future.
- Amendments to GRAP 1 on Presentation of Financial Statements (2022).

- The amendment to the Standard clarifies how to apply going concern assumption in the public sector and improve disclosure on related judgements and conclusions.
- Currently, the Municipality is not faced with any going concern issues and therefore these amendments will have no effect on the financial statements.

**Improvements to the Standards of GRAP (2023)**

The improvements will affect the following pronouncements to the Standard of GRAP:

Pronouncement	Description
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting policies, Changes in Accounting Estimates and Errors
GRAP 5	Borrowing Cost
GRAP 13	Leases
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 23	Revenue from Non-exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 104	Financial Instruments
GRAP 20	Accounting for Adjustments to Revenue
Directive 12	The Selection of an Appropriate Reporting Framework by Public Entities
Guideline	Application of Materiality to Financial Statements

The effect of the above-mentioned Improvements, Interpretations and Amendments to the Standards of GRAP which were early adopted is considered insignificant. The amendments and improvements to the Standards of GRAP mainly relate to the clarification of accounting principles.



# CHAPTER *6*

**AUDIT COMMITTEE FINDINGS 2025/26  
(GENERAL MANAGER)**

CHAPTER 6 – CHAPTER 6: AUDIT COMMITTEE FINDINGS 2024/2025

This chapter will detail the following audit related information:

Component A:



AUDITOR-GENERAL  
SOUTH AFRICA

The accounting officer  
Senqu Local Municipality  
Private Bag X03  
Lady Grey  
9755

30 November 2025

Reference: 21290REG2024-25

Dear Mr Nota

**Report of the Auditor-General on the financial statements, annual performance report, compliance with legislation and other legal and regulatory requirements of Senqu Local Municipality for the year ended 30 June 2025**

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act No. 25 of 2004 (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa section 126(3) of the Municipal Finance Management Act 56 of 2003 (MFMA).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and the annual performance report and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements, the annual performance report or our report on compliance with legislation. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA you are required to include the auditor's report in the municipality's annual report to be tabled.
4. Prior to printing or copying the annual report which will include the auditor's report you are required to do the following:
  - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the auditor's report and for confirmation that the financial statements, annual performance report and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
  - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.

The Auditor-General Report 2024/25

5. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
6. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the PAA and the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (*including International Independence Standards*), members of the staff of the Auditor General (AG), or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party without the permission of the AG or his/her delegate, unless this is to a legislature or internal committee of a legislature or a court in a criminal matter..
7. Until the steps described in paragraphs 2 and 4 of this document are completed and the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a final and public document and you are therefore requested to treat it as confidential.
8. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely



Senior Manager: Eastern Cape Business unit

Enquiries: Mlamleli Sikonxa  
Telephone: (043) 709 7200  
Fax: (043) 709 7300

## Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on Senqu Local Municipality

### Report on the audit of the financial statements

#### Opinion

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

#### Context for opinion

3. 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.
4. 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified opinion.

#### Emphasis of matter

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.
7. As disclosed in note 45 to the financial statements, the corresponding figures for 30 June 2024 financial year were restated because of errors in the financial statements of the municipality for the year ended 30 June 2025.
8. As disclosed in note 49 to the financial statements, material electricity losses of R7.3 million were incurred which represent 23 % of the total electricity purchased.

### Other matters

9. I draw attention to the matters below. My opinion is not modified in respect of these matters
10. 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
11. 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.

### Responsibilities of the accounting officer for the financial statements

12. 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.
13. 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

14. 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.
15. 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 xxx forms part of my auditor's report.

### Report on the audit of the annual performance report

16. 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 information against predetermined objectives for the selected material performance indicator presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

17. I selected the following development priorities presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected development priority that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

[Programme	Page numbers	Purpose
<b>Basic Service Delivery and Infrastructure Development</b>	XX	To enhance service delivery aimed at improving the quality of life for all people within the Senqu Municipality

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

19. 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
- there is adequate supporting evidence for the achievements reported and measures taken to improve performance

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

21. I did not identify any material findings on the reported performance information for development priority.

### Other matters

22. I draw attention to the matter below.

### Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements.

### Basic Service Delivery and Infrastructure Development

<i>Targets achieved: 57%</i> <i>Budget spent: 100%</i>		
Key indicator not achieved	Planned target	Reported achievement
BSD 02-02 Rehabilitation of 3.5 kms Roads & Stormwater - (Stormwater pipeline – 1451m -Stormwater open channels – 3220m) in Mokhesi Village Ward 8 by 30 June 2026	60% Overall Project completion of Rehabilitation of Roads & Stormwater in Mokhesi Ward 8.	Target Not Met. 56.93% Overall Project completion of Rehabilitation of Roads & Stormwater in Mokhesi Ward 8.
BSD 02-03 Rehabilitation of 4.1 km Roads & Stormwater in Khwezi Naledi, Lady Grey Ward 14 by 30 June 2026.	Appointment of the Contractor	Target Not Met. Appointment of the Contractor was not achieved.
BSD 02-11 Construction of a pedestrian bridge between Esilindini and Frans (Ward12) by 30 June 2026	Advertisement of Civil consultant	Target Not Met. Advertisement of Civil consultant was not done
BSD 02-12 Lining, fencing and upgrading of 1800 ms primary storm water channel through Khwezi Naledi and upgrade of two motor bridges by 30 June 2026.	Target Not Met. Advertisement of Civil consultant was not achieved.	Target Not Met. Advertisement of Civil consultant was not achieved.
BSD 02-13 Repairing of 4,5 kms gravel roads and 1.05 kms stormwater channels in Ward 9: Joveleni, Hinana and Voyizana by 30 June 2026	Advertisement for an environmental consultant	Target Not Met. Appointment of the Contractor was not achieved.
BSD 02-14 Repairing of 6 kms gravel roads and 1,05 kms stormwater channels in Ward 17: Sunduza, Bensonville, Jozanek by 30 June 2026	Appointment of the contractor	Target Not Met. Appointment of the Contractor was not achieved.
BSD 02-15 Repairing of 5.2 kms gravel roads and 1,05 kms stormwater channels in Ward 1: N dofela, Bikizana and Mbobo (Ward 1) by 30 June 2026	Appointment of the contractor	Target Not Met. Appointment of the Contractor was not achieved.
BSD09-02 Management, Operation, and Maintenance of 2 landfill sites in Sterkspruit and Herschel by 30 June 2028	Appointment of service provider for Management, Operation, and	Target Not Met. Appointment of service provider for Management, Operation, and

<p><i>Targets achieved: 57%</i> <i>Budget spent: 100%</i></p>		
Key indicator not achieved	Planned target	Reported achievement
	maintenance of 2 landfill sites in Sterkspruit and Heschel Landfill	maintenance of 2 landfill sites in Sterkspruit and Heschel Landfill has not been achieved
BSD11-01 % of electricity losses reduced (Whole of Senqu Municipality) by 30 June 2025	Reduce electricity losses by 0,5%	Target Not Met. Report submitted on the reduction of electricity losses by 0.5% indicates that the target has not been achieved instead electricity losses have increased by 2.01%.
BSD11-02 Replacement of conventional and faulty prepaid meters (Senqu Municipality) by 30 June 2025	Replacement of 90 conventional and faulty prepaid meters	Target Not Met. 62 conventional and faulty prepaid meters were replaced din 2024-2025.

#### Report on compliance with legislation

24. 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.
25. 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.
26. 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.
27. I did not identify any material non-compliance with the selected legislative requirement.

#### Other information in the annual report

28. The accounting officer is responsible for the other information included in the annual report which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the

scoped-in development priority presented in the annual performance report that have been specifically reported on in this auditor's report.

29. My opinion on the financial statements and the reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
30. 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 material indicators in the scoped-in development priority presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. 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

32. 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.
33. I did not identify any significant deficiencies in internal control.

*Auditor-General*  
East London

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 programmes and on the municipality's compliance with selected requirements in key legislation.

#### Financial statements

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

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

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

#### Communication with those charged with governance

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

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

## Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act (Act No. 56 of 2003)	Section 122(1), Section 122(2), Section 126 (1) (a) and 126(1)(b), Section 133 (1)(a) and 133 (1)(c), Section 127(2) and 127(5)(a), Section 129(1) and 129(3), Section 65(2) (e) and 65(2) (a), Section 11(1), Section 62(1)(d), Section 87(8), Section 15  Section 29(1) and 29(2)(b), Section 62(1)(f)(i) and 62(1)(f)(ii), Section 63(2)(a), Section 64(2)(e) and 64(2)(b), Section 64(2)(c) and 64(2)(g), Section 13(2)  Section 14(1), Section 14(2)(a) and 14(2)(b), Section 33(2), Section 170, Section 32(2) and 32(6)(a), Section 171 (4)(a), Section 53(1)(c)(ii), Section 1  Section 72(1)(a)(ii), Section 24(2)(c)(iv), Section 54(1)(c), Section 117
Municipal Budget and Reporting Regulations	Regulation 71 (1) and 71 (2), Regulation 72
Municipal Structures Act (Act No.32 of 2000)	Section 74(1), Section 96(b), Section 29(1)(b)(ii)  Section 42, Section 25(1), Section 26, Section 41(1)(a) and 41(1)(b), Section 43(2), Section 4(a) and 41(1)(c)(ii), Section 34(b), Section 38(a)
Municipal Property Rates Act (Act No.06 of 2004)	Section 3 (1)
Municipal investment regulations	Regulation 3(1)(a) and 3(3), Regulation 6, Regulation 7, Regulation 12(2) and 12(3)
Prevention and Combatting of Corrupt Activities Act (Act No.12 of 2004)	Section 34(1)
Municipal Planning and Performance Management Regulations	Regulation 15(1)(a)(i), Regulation 2(1)(e), Regulation 2(3)(a), Regulation 9(1)(a)  Regulation 10(a), Regulation 12(1), Regulation 3(4)(b) and 15(1)(a)(ii), Regulation 3(3), Regulation 8, Regulation 7(1)
Disciplinary Regulations for Senior Managers	Regulation 5(2), Regulation 5(6), Regulation 8(4)
Financial Misconduct Regulations	Regulation 5(4), Regulation 6(8)(a), Regulation 10(1)
Supply Chain Management Regulations	Regulation 121(1)(c), Regulation 16(a), Regulation 17(a) and (c), Regulation 17(b), Regulation 43, Regulation 19(a) &(b), Regulation 369(1) (a), Regulation 12(3), Regulation 27(2)(a) &(e), Regulation 22(1)(b) & 22(2), Regulation 28(1)(a)(i)  Regulation 21(b), Regulation 29(1)(a) & (b), Regulation 29(5)(a)(ii) & (b)(i), Regulation 13(c), Regulation 38(1) (c.), Regulation 38(1)(d)(ii) & (g)(iii), Regulation 38(1) (e.), Regulation 38(1)(g)(i) and 38(1)(g)(ii), Regulation 32, Regulation 5, Regulation 44, Regulation 46(2)(e) and 46(2)(f)

**Component B: Audit Committee Report on Service Delivery 2023/2024**

**REPORT OF THE AUDIT COMMITTEE TO THE COUNCIL OF THE SENQU MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2024**

In accordance with Section 166 of the Municipal Finance Management Act 56 of 2003 (the MFMA), the Audit Committee has been established as an Independent Committee of Council. The Committee has adopted formal terms of reference, which are reviewed annually and approved by Council.

The Committee is pleased to present its report for the financial year ended 30 June 2024.

**AUDIT COMMITTEE MEMBERS AND ATTENDANCE**

In the year under review, the Committee consisted of four members. As demonstrated below, seven (7) Audit Committee meetings were held including the induction of new members in the year under review. In addition, and as demanded by good corporate governance norms; separate exclusive meetings were held with the Auditor General of South, the Head of Internal Audit and the Accounting Officer. Internal Audit facilitates audit committee meetings, and the Auditor General of South Africa is a standing invitee at these meetings even though they do not normally attend. During the year under review, 3 of the committee members' contracts came to an end. They were replaced timeously by 3 new members who joined the committee in May 2024.

The following is a list of the audit committee members whose term came to an end during the financial year:

Name of member	Number of meetings attended
Mr S Maharaj	3
Mrs N Hermanus-Mabuza	4
Mr A Makhabeni	5

The following is a list of the new audit committee members, including the chairperson:

Name of member	Number of meetings attended
Mrs F Mushohwe (Chairperson)	7
Mr A.M Langa	2
Mr S Dube	2

The responsibility of the Audit Committee is to exercise an oversight function on the effectiveness of good corporate governance at the Municipality. The MFMA prescribes the minimum specific responsibilities to be executed and fulfilled by the Audit Committee. This report gives account on these legislated responsibilities.

#### EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The Internal Audit through its processes assessed the control environment of the municipality to be acceptable, however some areas were considered to have weak controls. Recommendations to remedy these were given by the Internal Audit and were either actioned by management throughout the financial year, or commitments were made to resolve the internal audit findings. The committee noted with concern some repeat findings relating to performance information as detected by internal audit. In some instances, performance targets were not met, however, management did not give adequate reasons for non-achievement. Recommendations were given in the internal audit reports. The Internal audit together with the Audit Committee will continue to monitor and report on the control environment giving practical recommendations to the municipality to improve.

#### INTERNAL AUDIT ACTIVITY

Internal Audit continued to be effective in the year under review, wherein they executed and fulfilled their mandate as envisaged by Section 165 of the Municipal Finance Management Act. This was encapsulated in the internal audit plan and in the internal audit charter.

## RISK MANAGEMENT

Risk Management was effective in the year under review. However, Management did not have a functional risk committee. The Committee acknowledges that there is still a lot to be done in order the Risk Management to be at the required level.

## ACCOUNTING POLICIES

Accounting policies adopted by the Municipality in the current year were in accordance with Generally Recognised Accounting Practice standards (GRAP), accordingly, there were no internal audit findings on accounting policies.

## REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements together with the Annual Performance Report were submitted by management to Internal Audit and the Audit Committee. The Internal Audit performed its reviews with its findings reported to the Audit Committee. The Audit Committee also had its review of the Annual Financial Statements and Annual Performance Report. The committee recommended the Annual Financial Statements for submission to the Auditor General.

## PERFORMANCE MANAGEMENT

The Internal Audit reviewed the performance management of the municipality throughout the year. As discussed above, the committee noted with concern some repeat findings relating to performance information as detected by internal audit. In some instances, performance targets were not met, however, management did not give adequate reasons for non-achievement. Appropriate recommendations were furnished to management.

## GOVERNANCE

Governance at the Municipality for the year under review was effective, accordingly the Internal Audit did not raise any issues on governance

## COMPLIANCE WITH THE MFMA AND OTHER APPLICABLE LEGISLATION

The internal audit did not identify any new material non-compliance issues within the municipality in the year under review. Internal Audit continues to monitor management commitments on their action plan to mitigate the risk of recurring non-compliance.

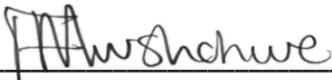
## COMPARISON TO PRIOR YEAR

The Committee would like to congratulate the Municipality for receiving yet another clean audit outcome and appreciate the team efforts by management which lead to the Municipality receiving a clean administration status.

The committee noted an improvement in the Municipal spending of its budget especially as it relates to infrastructure grant(s). The Municipality has aging infrastructure and huge financial reserves and is encouraged to ensure that they spend on their aging fleet to ensure that service delivery can still be achieved. The Municipality is still battling to collect some of its monies owed by debtors for Municipal services. A more vigorous approach is encouraged to ensure that monies owed to the Municipality are recovered.

The Committee has also taken note of the concerns raised by Internal Audit and accepts that there is further room for improvement in the accounting function and elements of the internal control environment.

I would like to thank all members of the Committee for their contribution and the professional way in which meetings were conducted. The Committee wishes to express to the Accounting Officer, management, Executive Mayor and the Council, our sincere appreciation for the commitment and progress made this year.



F Mushohwe

Audit Committee Chairperson

For and on behalf of the Audit Committee 03 February 2025

Component C: Audit Committee Report on Service Delivery 2024/2025

REPORT OF THE AUDIT COMMITTEE TO THE COUNCIL OF THE SENQU MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2025

In accordance with Section 166 of the Municipal Finance Management Act 56 of 2003

(the MFMA), the Audit Committee has been established as an Independent Committee of Council. The Committee has adopted formal terms of reference, which are reviewed annually and approved by Council.

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

**AUDIT COMMITTEE MEMBERS AND ATTENDANCE**

In the year under review, the Committee initially consisted of four members. During the year, however, one member resigned, leaving the committee with 3 members. As demonstrated below, five Audit Committee meetings were held in the year under review. In addition, as required by good corporate governance norms, separate, exclusive meetings were held with the Auditor General of South Africa, the Head of Internal Audit, and the Accounting Officer. Internal Audit facilitates audit committee meetings, and the Auditor General of South Africa is a standing invitee at these meetings, even though they do not normally attend.

The following is a list of the audit committee members, including the chairperson:

Name of member	Number of meetings attended
Mrs F Mushohwe (Chairperson) Mr A.M	5
Langa	5
Mr S Dube	2
Mr B Mbange	5

## AUDIT COMMITTEE RESPONSIBILITY

The responsibility of the Audit Committee is to exercise an oversight function on the effectiveness of good corporate governance at the Municipality. The MFMA prescribes the minimum specific responsibilities to be executed and fulfilled by the Audit Committee. This report gives account on these legislated responsibilities.

## EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The Internal Audit through its processes assessed the control environment of the municipality to be acceptable, however some areas were considered to have weak controls. Recommendations to remedy these were given by the Internal Audit and were either actioned by management throughout the financial year, or commitments were made to address the issues raised by the Internal Audit Unit.

## INTERNAL AUDIT ACTIVITY

Internal Audit continued to be effective in the year under review, wherein they executed and fulfilled their mandate as envisaged by Section 165 of the Municipal Finance Management Act. This was encapsulated in the internal audit plan and in the internal audit charter.

## RISK MANAGEMENT

Risk Management was effective in the year under review. The Accounting Officer has a functioning risk management committee comprising the Directors of the Municipality (1st line of defence), Risk Management Unit and Information Technology (2<sup>nd</sup> line of defence) and Internal Audit (3<sup>rd</sup> line of defence). The Accounting Officer appointed one of the audit committee members to chair the Risk Management Committee, resulting in positive outcomes and contributing to its effective functioning. The Committee, however, acknowledges that there is still a lot to be done to ensure Risk Management is at the required level in implementing the agreed-upon mitigation action plans.

## ACCOUNTING POLICIES

Accounting policies adopted by the Municipality in the current year were in accordance with Generally Recognised Accounting Practice standards (GRAP), accordingly, there were no internal audit findings on accounting policies.

## REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements together with the Annual Performance Report were submitted by management to Internal Audit and the Audit Committee. The Internal Audit performed its reviews with its findings reported to the Audit Committee. The Audit Committee also had its review of the Annual Financial Statements and Annual Performance Report. The committee recommended the Annual Financial Statements for submission to the Auditor General.

## PERFORMANCE MANAGEMENT

The Internal Audit reviewed the performance management of the municipality throughout the year. The committee noted with concern the low performance levels of the Municipality for the year under review. Key targets that pertain to service delivery were not met, despite almost the entire budget being spent. As the Municipality is a service delivery institution, there seems to be a lack of coordination between budget spending and service delivery.

## GOVERNANCE

Governance at the Municipality for the year under review was effective, accordingly the Internal Audit did not raise any issues on governance.

## COMPLIANCE WITH THE MFMA AND OTHER APPLICABLE LEGISLATION

The internal audit did not identify any new material non-compliance issues within the municipality in the year under review. Internal Audit continues to monitor management commitments on their action plan to mitigate the risk of recurring non-compliance.

## COMPARISON TO PRIOR YEAR

The Committee would like to congratulate the Municipality for receiving yet another clean audit outcome and appreciate the team efforts by management which lead to the Municipality receiving a clean administration status.

The committee, once again, noted an improvement in the Municipal spending of its budget especially as it relates to infrastructure grant(s). The Municipality still has aging infrastructure and huge financial reserves and is encouraged to ensure that they spend on their aging fleet to ensure that service delivery can still be achieved.

The Committee has also taken note of the concerns raised by Internal Audit and accepts that there is further room for improvement in the accounting function and elements of the internal control environment.

The Committee would like to thank all members of the Committee for their contribution and the professional way in which meetings were conducted. The Committee wishes to express our sincere appreciation to the Accounting Officer, management, Executive Mayor, and the Council for the commitment and progress made this year.



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F Mushohwe

Audit Committee Chairperson

For and on behalf of the Audit Committee 20 January 2025

## GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year, and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment, and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are “what we wish to achieve”.
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as “what we produce or deliver”. An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes, and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)

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

**APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE**

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time/part Time	Committees Allocated	*Ward and/party Represented	Percentage council Meeting Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
VELILE VICTOR STOKHWE	FT	MAYOR	PR	100%	
RUTH NOGOLI GWABINI	FT		PR	100%	
KHOLIWE SANNA MPITI-XELESHA	FT	Chief Whip	WARD	90%	
PULANE CECELIA MMELE	PT	MPAC	WARD	80%	
BABALWA LAWU	PT	MPAC	PR	80%	
ZOLISWA REJOICE MXOLI	PT	MPAC	PR	80%	
MAHLUBANDILE PHUZA	PT	MPAC	PR	80%	
SIMON MFISA	PT	PORTFOLIO HEAD	WARD	100%	
NOKUZOLA MURIEL PHAMA	PT	Corporate services	PR	60%	
PHAMBILI MEI	PT	Corporate Services		100%	
THEMBA NONJOLA	PT	Corporate Services		100%	
THENJIWE DUMZELA	PT	Corporate Services		90%	
NOLUFEFE MERCY NDENGANE	PT	PORTFOLIO HEAD	PR	100%	
MOEKETSI JOHN MOAHLOLI	PT	COMMUNITY AND SOCIAL SERVICES	PR	100%	
MCEBISI NTSIKELELO MGOJO	PT	COMMUNITY AND SOCIAL SERVICES	PR	70%	
THULISA MBANE	PT	COMMUNITY AND SOCIAL SERVICES	WARD	80%	
DUMISANI JOSEPH SOMSILA	PT	COMMUNITY AND SOCIAL SERVICES	WARD	80%	
BUSAPHI DUBA	PT	COMMUNITY AND SOCIAL SERVICES		100%	
BONGEKA MBONJWA	PT	PORTFOLIO HEAD	PR	100%	
XOLA GARY MAGCAI	PT	DTPS	PR	90%	
LUZUKO LUNGA NONGOGO	PT	DTPS	PR	50%	
NTOMBOVUYO SEBATAN	PT	DTPS	WARD	100%	
MZUVELILE ELLIOT MBUTYA	PT	DTPS	WARD	90%	
MOLEFE MSHASHA	PT	DTPS		80%	
LUTHANDO STEPHEN NDAKISA	PT	PORTFOLIO HEAD	PR	80%	
NDILEKA NYONGWANA	PT	TECHNICAL SERVICES	PR	90%	
NONKUSELO JANUARY	PT	TECHNICAL SERVICE	PR	100%	
TSHEPISO JACKSON MADIENE	PT	TECHNICAL SERVICE	PR	80%	
MELISIZWE KAFILE	PT	TECHNICAL SERVICE		90%	
NOLONWABO NGENDANE	PT	PORTFOLIO HEAD	PR	60%	
ZANDISILE ISHMAEL MANGCIPU	PT	BTO	WARD	90%	
P.MEI IN 2024	PT	BTO	PR	90%	
AKHONA MVELASE	PT	BTO		80%	
SAMUEL MCHUMANE NTLWATINI	PT	BTO	WARD	100%	
MZWANDILE THEO MBIJEKANA	PT	BTO	WARD	80%	

**APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES**

Committees (other than Mayoral/Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committees
Audit Committee	Administrative Oversight
Municipal Public accounts committee	Oversight
Local Labour Forum	Labour related Issues
Training Committee	Training and Employment Equity Issues
Bid Committees	Bid/Specification/Tender Adjudication
Performance Management Evaluation	Assessment of Performance
Mandate Committee	To carry out and discuss all the mandatory issues of the Council
Remuneration Committee	To carry out and discuss all the remuneration issues of the Council
Strategic and Governance Committee	To carry out and discuss all the Strategic issues of the Council
Ethics Committee	To carry out and discuss all the ethical issues of the Council
Corporate and Support Services Committee	To discuss, recommend and dealing with council related business.
Community Services Committee	To discuss, recommend and dealing with council related business.
Technical Services Committee	To discuss, recommend and dealing with council related business.
Budget & Treasury Committee	To discuss, recommend and dealing with council related business.
Development and Planning Committee	To discuss, recommend and dealing with council related business.
Occupation Health and Safety Committee	To carry out and discuss all the Occupational and Health issues of the Council
Employment Equity Committee	To carry out and discuss all the Employment Equity issues of the Council

Municipal/ Entity Function		
Municipal Functions	Functions applicable for Municipality (Yes/No)	Function applicable to Entity (Yes/No)
Air pollution	No	N/A
Building regulations	Yes	N/A
Child care facilities	No	N/A
Electricity and gas reticulation	Yes	N/A
Firefighting services	No	N/A
Local tourism	Yes	N/A
Municipal airports	No	N/A
Municipal planning	Yes	N/A
Municipal health service	No	N/A
Municipal public transport	No	N/A
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer function specifically assigned to them under the constitution or any other law.	Yes	N/A
Pontoons, ferries, jetties, piers & harbours, excluding the regulation of international & national shipping & matters related thereto	No	N/A
Stormwater management system	Yes	N/A
Trading regulations	Yes	N/A
Water and sanitation services limited to potable supplier systems and domestic waste water and sewage disposal systems	Yes	N/A
Beaches and amusement facilities	No	N/A
Billboard and display of advertisement in public place	Yes	N/A
Cemeteries, funeral parlours, and crematories	Yes	N/A
Cleansing	Yes	N/A
Control of public nuisances	Yes	N/A
Control of undertaking that sell liquor to the public	Yes	N/A
Facilities for the accommodation, care, and burial animals	Yes	N/A
Fencing and fences	Yes	N/A
Licensing of dogs	Yes	N/A

Licensing and control that sell food to the public	Yes	N/A
Local amenities	Yes	N/A
Local sport facilities	Yes	N/A
Markets	Yes	N/A
Municipal abattoirs	No	N/A
Municipal parks and recreation	Yes	N/A
Municipal roads	Yes	N/A
Noise pollution	No	N/A
Pounds	Yes	N/A
Public places	Yes	N/A
Refuse removal, refuse dumps and solid waste disposal	Yes	N/A
Street trading	Yes	N/A
Street lighting	Yes	N/A
Traffic and parking	Yes	N/A

**APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE**

Third Tier Structure	
Directorate	Director/Manager (state title and name)
Financial Services	Chief Financial Officer: Mr K. Fourie
Technical Services	Director: Mr. R.S. Ruiters
Development and Planning Services	Director: Mr. S. Chaphi
Community Services	Director: Mrs N. Nyezi
Corporate Services	Director: Z. Koyana

**APPENDIX E – WARD REPORTING**

Nature and purpose of meeting	Date of events	Number of Community members attending
Ward Committee Quarterly meeting	<ul style="list-style-type: none"> <li>July – September</li> <li>Oct- DEC</li> <li>Jan- March</li> <li>April – June</li> </ul>	<ul style="list-style-type: none"> <li>Ward Committees</li> <li>Ward Councillors</li> <li>Municipal Official</li> <li>CDW</li> <li>Ward Clerks</li> </ul>
Public Participation Priorities		<ul style="list-style-type: none"> <li>Ward Committees</li> <li>Ward Councillors</li> <li>Municipal Official</li> <li>CDW</li> <li>Ward Clerks</li> <li>CommintIES</li> </ul>
Draft Budget Community meeting		<ul style="list-style-type: none"> <li>Ward Committees</li> <li>Ward Councillors</li> <li>Municipal Official</li> <li>CDW</li> <li>Ward Clerks</li> <li>CommintIES</li> </ul>
Public Participation form	Quartey	<ul style="list-style-type: none"> <li>Ward Committees</li> <li>Ward Councillors</li> <li>Municipal Official</li> <li>CDW</li> <li>Ward Clerks</li> <li>Sector Departments</li> </ul>

**APPENDIX F – WARD INFORMATION**

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in Year 2024/2025 (Full list at Appendix o)				
R'ooo				
No	Project Name and detail	Start Date	End Date	Total Value
8	Rehabilitation of Roads & Stormwater in Mokhesi (Ward 8)	28 June 2024	01 April 2025	R43 414 883,67
14	Construction of 13km Paved Streets & Storm water channels in Lady Grey Ward 14 (Phase 1 - 6km)	30 November 2023	Multi year Project	R42 698 373,86
15 & 16	Rehabilitation of Roads & Stormwater in Barkly East (Ward 15 & 16)	28 June 2024	01 April 2025	R 42 052 619,62
	Construction of the Sterkspruit Driving Licence Testing Centre	27 June 2023	26 August 2024	R 39 824 578,26
5	Re-construction of 6km Gravel Road and Storm Water Channels in Ward 5 (Ntabamhlophe)	23 May 2024	22 August 2024	R 6 030 853,00
12	Re-construction of 5km Gravel Road and Storm Water Channels in Ward 12 (kwaNtoyi and Zwelitsha)	23 May 2024	22 August 2024	R 4 832 719,75
	Stormwater Channels in Zava, Mdlokovana and Thaba Koloji in Ward 12	26 June 2024	25 September 2024	R 4 235 631,26
	Construction of Blue Gums Sports Facility	08 April 2024	07 December 2024	

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	housing
Households with minimum service delivery	N/A	N/A			
Households without minimum service delivery	N/A	N/A			
Total households	N/A	N/A			
Houses completed in year	N/A	N/A			
Shortfall in Housing units	N/A	N/A			

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No	Priority Name and Detail	Progress During Year o
		<b>TF.3</b>

**APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR o**

Municipal Audit Committee Recommendations		
Date of committee	Committee recommendation during year o	Recommendation adopted (enter yes) if not adopted (provide explanation)

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

Long Term Contracts (20 largest contracts entered into during Year o)						R'ooo
Name of service provider (entity or municipal department)	Description of service rendered by the service provider	Start date of contract	Expiry date of contract	Project manager	Contract value	
The Standard Bank of South Africa Limited	Provision of Banking Services	04 January 2023	03 January 2028	Finance Department (Revenue and Expenditure)	Rates Based	

**APPENDIX I**

Public Private Partnerships Entered into during Year o						R'ooo
Name and description of project	Name of Partners	Initiation date	Expiry date	Project manager	value	
N/A						



**MUNICIPAL ENTITY/SERVICE PROVIDERS STRATEGIC  
PERFORMANCE MANAGEMENT AND MONITORING  
REPORT:  
CONSOLIDATED BIDS AWARDED FOR THE PERIOD  
2024/2025**

**APPENDIX I**

**MUNICIPAL ENTITY / SERVICE PROVIDERS STRATEGIC PERFORMANCE MANAGEMENT AND MONITORING REPORT: 2024 /2025**

Service provider means a person or institution or any combination of persons and institutions which provide a municipal service

- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- Service delivery agreement means an agreement between a municipality and an institution, or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality
- Section 121(b) of the MFMA and Section 46 of the MSA further state that a municipality should include the following related to service providers in its annual report:
  - The performance of each service provider
  - a Comparison of the performance with targets set for and performances in the previous financial year; and
  - measures taken to improve performance

The purpose of this section is to provide information related to the performance of external service providers.

**SCM STATISTICAL AND COMPLIANCE/ADMINISTRATIVE REPORTING: 2024/2025**

Total number of times that the Bid Committee met during 2024/2025			
	Specifications Committee (23 Meetings)	Evaluation Committee (35 meetings)	Adjudication Committee (14 Meetings)
1	18 July 2024	15 July 2024	12 July 2024
2	29 July 2024	20 August 2024	25 July 2024
3	7 August 2024	05 September 2024	02 October 2024
4	8 August 2024	17 September 2024	09 October 2024
5	13 August 2024	19 September 2024	24 October 2024
6	16 August 2024	20 September 2024	22 November 2024
7	21 August 2024	09 October 2024	17 December 2024
8	22 August 2024	31 October 2024	30 January 2025
9	04 September 2024	01 November 2024	20 February 2025
10	08 October 2024	07 November 2024	19 March 2025
11	06 November 2024	08 November 2024	02 April 2025
12	14 November 2024	20 November 2024	29 April 2025
13	19 November 2024	21 November 2024	22 May 2025
14	17 January 2025	11 December 2024	29 May 2025
15	22 January 2025	21 January 2025	
16	28 January 2025	22 January 2025	

*ANNUAL*  
**REPORT**  
2024/2025

17	05 February 2025	23 January 2025	
18	05 March 2025	06 February 2025	
19	25 March 2025	11 February 2025	
20	24 April 2025	14 February 2025	
21	16 May 2025	18 February 2025	
22	04 June 2025	19 February 2025	
23	17 June 2025	28 February 2025	
24		04 March 2025	
25		11 March 2025	
26		12 March 2025	
27		14 March 2025	
28		09 April 2025	
29		06 May 2025	
30		12 May 2025	
31		20 May 2025	
32		18 June 2025	
33		19 June 2025	
34		20 June 2025	
35		23 June 2025	
<b>Bids Approved /awarded/Turnaround Time</b>			
Total number of Tenders considered: 79			
Total number of Tenders approved: 41			
Average time taken from tender advertisement to award of a tender: 80,43 Days for bids awarded			

**SCM BID COMMITTEES 2024 /2025**

Various BID Committee Members 2024/2025		
Bid Specification Committee Members	Bid Evaluation Committee Members	Bid Adjudication Committee Members
X Mninzelwa	T. Van Zyl	K. Fourie (Chairperson)
A Gushmani	S. Skampula (Chairperson)	W. Sontshi (Alternative Secretary)
B. Viedge (Chairperson)	B. Viedge (Chairperson)	N. Ngwenya (SCM Practitioner)
L. Tobben (Ad-hoc Chairperson)	L. Tobben (Ad Hoc Chairperson)	U. Mkontwana (SCM Practitioner)
Z. Ndamase (SCM Practitioner)	N. Ngwenya (Ad-hoc SCM Practitioner)	N. Languza-Mtwebana (SCM Secretary & Practitioner)
L. Moyikwa (Secretary-SCM)	U. Mkontwana (SCM Practitioner)	M. Xorile (SCM Practitioner)
M. Xorile (SCM Practitioner)	Z. Ndamase (SCM Practitioner)	R. Ruiters
N. Languza-Mtwebana (SCM Practitioner)	M. Xorile (SCM Practitioner)	S. Chaphi
M. Salmani	L. Moyikwa (Secretary-SCM)	N. Nyezi
N. Nkopane	N. Nkopane	Z. Koyana
J. Van Rensburg	J. Van Rensburg	S. Mbekushe
U. Sobudula	M. Salmani	
L. Booi	U. Sobudula	
L Tobben	L. Booi	
S. Mbekushe (Alternative Chairperson)	A. Gushmani	
T. Mokhina (Non-voting)	S. Mbekushe	
N. Nelani	T. Mokhina (Non-Voting)	
U. Nako	N. Nelani	
S. Skampula	U. Nako	
T. Van Zyl	X. Mninzelwa	
U. Mkontwana (SCM Practitioner and Ad-hoc member)	N. Ngceke (Non-voting)	
N. Majikela	N. Majikela	
N. Ngceke (Non-voting)	T.K. Masunda	
N. Ngwenya (SCM Practitioner and Ad-hoc member)	A. Hlanjwa (SCM Secretary)	
T.K. Masunda	N. Mokhantso	
A. Hlanjwa (SCM Secretary)	W. Sontshi (Alternative Secretary)	
N. Mokhantso		
W. Sontshi (Alternative Secretary)		

Service Providers Bids Award Report 2024 /2025 (1 July 2024 until 30 June 2025)

LEGEND	
Total number of projects assessed	26
Fully Achieved/Targets Met – Excellent performance	0 100.00%
Targets Met with a Variance – Good Achievement	0 0.00%
Not yet met/not fully achieved	0 0.00%
Not achieved	0 0.00%
Not Assessed	Not provided

#	NOTICE NO.	NAME OF THE SERVICE PROVIDER	DESCRIPTION	CONTRACT VALUE	DATE OF SPECIFICATION	DATE OF EVALUATION	DATE OF ADJUDICATION	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
1	44/2023-2024T	Lunika Incorporated	Internal Audit Services	Rates Based	05-04-24	10-06-24	25-06-24		Service Provider Appointed on the 12 July 2024	Tender Document	No Variance	n/a	n/a

#	NOTICE NO.	NAME OF THE SERVICE PROVIDER	DESCRIPTION	CONTRACT VALUE	DATE OF SPECIFICATION	DATE OF EVALUATION	DATE OF ADJUDICATION	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
2	83/2024-2025T	Vorster Filling Station	Supply of Fuel -Petrol and Diesel for three years	Rates Based	08-08-24				Service Provider appointed on the 14 October 2024	Tender Document	No Variance	n/a	n/a
3	73/2024-2025T	Mapiko Trading Enterprise	Supply and delivery of Paraffin and Candles for Free Basic Services	Rates Based	18-07-24				Service Provider appointed on the 22 October 2024	Tender Document	No Variance	n/a	n/a
4	92/2024-2025T	Amended Recline Trading and Projects	Purchase and Delivery of Protective Clothing for Senqu Municipality Employees	Rates Based					Service Provider appointed on the 12 January 2025	Tender Document	No Variance	n/a	n/a
5	100/2024-2025T	Mark and B Air Conditioner Projects	Repair, Maintenance and Install Air Conditioner	Rates Based					Service Provider appointed on the 09 January 2025	Tender Document	No Variance	n/a	n/a

#	NOTICE NO.	NAME OF THE SERVICE PROVIDER	DESCRIPTION	CONTRACT VALUE	DATE OF SPECIFICATION	DATE OF EVALUATION	DATE OF ADJUDICATION	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	CORRECT VARIANCE TO TIMEFRAMES TO
6	RT3-2022	Omni Technologies Pty Ltd	Supply, Delivery, Installation, Commissioning and Maintenance of Office Automation Solution to the State for the period 01 April 2022 to 31 March 2026	Rates Based					Service Provider appointed on the 24 January 2025	Tender Document	No Variance	n/a	n/a
7	95/2024-2025T	IGS Solutions	PMS Assessment Review and Reporting Services for a Period of Three Years	Hour					Service Provider appointed on the 19 February 2025	Tender Document	No Variance	n/a	n/a
8	103/2024-2025T	Actom Electrical Product	Purchase and Delivery of General Material for 3 years	Rates Based					Service Provider appointed on the 18 February 2025	Tender Document	No Variance	n/a	n/a
9	104/2024-2025T	Samo Engineering Electrical	Purchase and Delivery of Lighting Material for 3 years	Rates Based					Service Provider appointed on the 18 February 2025	Tender Document	No Variance	n/a	n/a
10	108/2024-2025T	Jikijela Communications and Advertising	Marketing and Advertising Agency for 3 years	7% commission					Service Provider appointed on the 19 February 2025	Tender Document	No Variance	n/a	n/a

#	NOTICE NO.	NAME OF THE SERVICE PROVIDER	DESCRIPTION	CONTRACT VALUE	DATE OF SPECIFICATION	DATE OF EVALUATION	DATE OF ADJUDICATION	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	VARIANCE
11	128/2024-2025T	Cabani Consulting and Trading cc	Development of Street Signs for two years	Rates Based					Service Provider appointed on the 18 February 2025	Tender Document	No Variance	n/a	n/a
12	137/2024-2025T	Allinio Airline Travel Pty Ltd	Provision of Travel Management Services for 3 years	Rates Based					Service Provider appointed on the 27 February 2025	Tender Document	No Variance	n/a	n/a
13	81/2024-2025T	Workshops Electronics	Calibration, Maintenance and Service of Existing A-Grade Roller Brake Tester for 3 years	Fixed and Rate Based					Service Provider appointed on the 27 February 2025	Tender Document	No Variance	n/a	n/a
14	102/2024-2025T	Maboneng Electrical Distributors	Purchase and delivery of MV and LV Overhead Lines Material for 3 years	Rates Based					Service Provider appointed on the 18 March 2025	Tender Document	No Variance	n/a	n/a
15	111/2024-2025T	Lutak Consulting	Supply and delivery of Office furniture	Rates Based					Service Provider appointed on the 29 April 2025	Tender Document	No Variance	n/a	n/a

#	NOTICE NO.	NAME OF THE SERVICE PROVIDER	DESCRIPTION	CONTRACT VALUE	DATE OF SPECIFICATION	DATE OF EVALUATION	DATE OF ADJUDICATION	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	TIMEFRAMES TO CORRECT VARIANCE
16	112/2024-2025T	Hlonolofatso Engineer & Construction	Purchase and Delivery of Consumables	Rates Based					Service Provider appointed on the 29 April 2025	Tender Document	No Variance	n/a	n/a
17	101/2024-2025T	Magnedor 160 cc	Purchase and Delivery of Tar Coated Poles for Overhead Lines for 3 years	Rates Based					Service Provider appointed on the 29 April 2025	Tender Document	No Variance	n/a	n/a
18	10/2024-2025T	DMH Attorneys	Panel of Legal Services for 3 years	Rates Based					Service Provider appointed on the 14 May 2025	Tender Document	No Variance	n/a	n/a
19	10/2024-2025T	Taleni Godi Kupiso Inc	Panel of Legal Services for 3 years	Rates Based					Service Provider appointed on the 14 May 2025	Tender Document	No Variance	n/a	n/a
20	10/2024-2025T	MB Mabunda Inc	Panel of Legal Services for 3 years	Rates Based					Service Provider appointed on the 14 May 2025	Tender Document	No Variance	n/a	n/a

#	NOTICE NO.	NAME OF THE SERVICE PROVIDER	DESCRIPTION	CONTRACT VALUE	DATE OF SPECIFICATION	DATE OF EVALUATION	DATE OF ADJUDICATION	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	CORRECT VARIANCE TO TIMEFRAMES TO
21	10/2024-2025T	Wesley Pretorius Associates	Panel of Legal Services for 3 years	Rates Based					Service Provider appointed on the 14 May 2025	Tender Document	No Variance	n/a	n/a
22	10/2024-2025T	MM Baloyi Incorporated	Panel of Legal Services for 3 years	Rates Based					Service Provider appointed on the 14 May 2025	Tender Document	No Variance	n/a	n/a
23	10/2024-2025T	Molefi Thoabala Inc Attorneys	Panel of Legal Services for 3 years	Rates Based					Service Provider appointed on the 14 May 2025	Tender Document	No Variance	n/a	n/a
24	10/2024-2025T	Peyper Attorneys	Panel of Legal Services for 3 years	Rates Based					Service Provider appointed on the 14 May 2025	Tender Document	No Variance	n/a	n/a
25	04/2024-2025T	Masiqhame Trading 787 Contractor	Electrification Household Mountain View- Ward 10	R 2,532,025.27					Service Provider appointed on the 04 April 2025 for 4 months	Tender Document	No Variance	n/a	n/a

#	NOTICE NO.	NAME OF THE SERVICE PROVIDER	DESCRIPTION	CONTRACT VALUE	DATE OF SPECIFICATION	DATE OF EVALUATION	DATE OF ADJUDICATION	OVERALL TARGET FOR CURRENT PERIOD	PROGRESS/ACHIEVEMENT OF TARGETS	LEVEL OF SERVICES	REASON FOR VARIANCE ON TARGET	ACTION TO REMEDY VARIANCE	CORRECT VARIANCE TO TIMEFRAMES TO
26	141/2024-2025T	Masiqhame Trading 787 Contractor	Rehabilitation of Roads and Stormwater in Sterkspruit- Ward 10	R36,888,134.97					Service Provider appointed on the 25 April 2025 for 2 years	Tender Document	No Variance	n/a	n/a

The performance of a vendor is evaluated by each user department that received the goods/service before payment of the invoice through the vendor performance evaluation form.

On monthly basis, details from the evaluation forms are recorded in a spreadsheet that is consolidated into a quarterly report, which is submitted to the standing committee in the month following the end of the quarter. Thereafter, four quarterly reports are consolidated into the table for the annual report.

A system to manage and rate service providers has now been incorporated into the revised Performance management policy / framework. Currently the Acquisition Manager in conjunction with relevant Directorates ensures that certain performance protocols are followed before an invoice is processed. The performance of service providers will for some time remain an ongoing challenge.

The rating of 1 - 5 is used on the performance management framework, where one is poor, and five is excellent. The overall average rating on the forms is recorded onto the spreadsheet.

- Department responsible for report: SCM
- Department responsible for evaluation performance forms: User departments

These reports monitored by the Manager: Acquisition, Contract Management and Vendor Performance are tabled to the Mayor and the Council.

#### Summary of Consolidated Service Provider Performance

4 Quarterly Reports on the % of Service Providers who implemented terms and conditions of tender documents in a timely manner	Q1	Q2	Q3	Q4	Annual Total	Percentage
Number of Vendors as reported quarterly	102	123	74	175	474	100.00%
<b>Consolidated Scores</b>						
1 (Poor Performance)	1	7	0	4	12	2.53%
2 (In-progress)	12	3	2	6	23	4.85%
3 (Good Performance)	52	58	18	39	167	35.23%
4 (Very Good Performance)	32	46	45	85	208	43.88%
5 (Excellent Performance)	5	9	9	41	64	13.50%

#### Operational Contracts that will Expire

There are 4 non-infrastructure contracts that will expire within 6 months from the end of the financial year under review i.e., 30 June 2025.

The user departments are to start on new procurement processes to obtain the services and goods that will still be needed when the contracts expire.

#	NOTICE NO.	SERVICE PROVIDER	DESCRIPTION	CONTRACT VALUE	DATE APPOINTED	END DATE	COMMENTS
1	45/2022-2023T	Indaba IT Solution	New Laptops & IT Equipment	VAT Inclusive Rates	5-Oct-22	4-Oct-25	Date for 3 months notification for contract end is 04 July 2025
2	89/2022-2023T	Kwa Africa (Pty) Ltd	Municipal Events Co-Ordinator	15% Commission	22-Nov-22	21-Nov-25	Date for 3 months notification for contract end is 21 August 2025
3	43/2021-2022T	Quick Save Security Services	Provision of Physical Security Services	VAT Inclusive Rates	1-Jan-23	31-Dec-25	Date for 3 months notification for contract end is 30 September 2025
4	Transversal Contract RT15	Vodacom East London Office	Supply and Delivery of Mobile Communication Services	VAT Inclusive Rates	10-Aug-23	9-Aug-25	Date for 3 months notification for contract end is 09 May 2025

**Deviations Approved by the Accounting Officer**

Regulation 36(1) of the Municipal Supply Chain Management Regulations, 2005, allows the accounting officer to dispense with the official procurement processes.

There were five (5) deviations from the SCM processes incurred in terms of regulation 36(1)(a) of the Municipal Supply Chain Management Regulations.

Furthermore, there were no transaction treated as a minor breach in terms of regulation 36(1)(b) of the Supply Chain Management Regulation.

#	Date	Supplier	Amount	Department	Reason for deviation	Action plan to prevent deviation from recurring
1	11/07/2024	Cotterrell's Construction	R141 795.00	Community Services	The deviation is in terms of Municipal Supply Chain Management Regulations, regulation 36 (1)(a)(i) – Emergency procurement	The process of purchasing a low bed is underway which will enable the municipality to transport heavy yellow fleet from one town to another.  Training of operators is also in progress and will ensure smooth operation and compaction at the site.
2	12/08/2024	Adenco Construction	R1086.75 Excluding VAT for 13 days  Total amount including VAT is R16 246.91	Technical Services	The deviation is in terms of Municipal Supply Chain Management Regulations, regulation 36 (1)(a)(i) – Emergency procurement.  Extension is authorized from 16 August 2024 up to 28 August 2024	The municipality went out on tender on the 21 June 2024 to replace the 315KVA mini-sub.
3	25/01/2025	Arena Holdings	R60 476.20	Corporate Services	The deviation is in terms of Municipal Supply Chain Management Regulations, regulation 36 (1)(a)(ii) – Single Provider	The municipality through its Communication Section is finalizing a procurement process for appointment of service provider that will assist with the placement of adverts in the local and provincial newspaper.

#	Date	Supplier	Amount	Department	Reason for deviation	Action plan to prevent deviation from recurring
4	11/03/2025	Magnedor 160	R48 346.00	Technical Services	The deviation is in terms of Municipal Supply Chain Management Regulations, regulation 36 (1)(a)(i) – Emergency procurement.	The municipality will go through a competitive bid procurement process to appoint a service provider to assist with electrical faults.
5	21/05/2025	The Institute of Internal Auditors IIA(SA)	R38 640.00	Corporate Service	The deviation is in terms of Municipal Supply Chain Management Regulations, regulation 36 (1)(a)(ii) – Single Provider	All IIA(SA) invoices will be processed through the training service provider once they have been appointed. There is an invitation to appoint a training service provider that will close on the 06 May 2025.

**Unauthorised and Irregular Expenditure on all procurement thresholds**

There were twelve (12) transactions that resulted in irregular expenditure in the 2023/2024 financial year.

No	Date of discovery	Date Reported to Accounting Officer	Name of Service Provider	Amount	Description of Incident	Department/Vote	Type of Prohibited Expenditure
1	24-Nov	Dec 2024 /Jan 2025	Redirakamoka Training and Recruitment	1 500,00	It was in contravention to section 120 of the SCM Policy - Request for a purchase order was made when payment was due after the event had occurred (catering).  Date of event: 05 Nov 2024 Date of order: 13 Nov 2024	MM's Office  (Speaker's Office)	Irregular Expenditure
2	24-Nov	Dec 2024 /Jan 2025	Siyakwantu Designing and Projects	6 537,60	It was in contravention to section 120 of the SCM Policy - Request for a purchase order was made when payment was due after the event had occurred (catering).  Date of event: 05 Nov 2024 Date of order: 18 Dec 2024	MM's Office  (Speaker's Office)	Irregular Expenditure
3	24-Nov	Dec 2024 /Jan 2025	Tanyi Business Solutions	1 634,40	It was in contravention to section 120 of the SCM Policy - Request for a purchase order was made when payment was due after the event had occurred (catering).  Date of event: 05 Nov 2024 Date of order: 18 Dec 2024	MM's Office  (Speaker's Office)	Irregular Expenditure

No	Date of discovery	Date Reported to Accounting Officer	Name of Service Provider	Amount	Description of Incident	Department/Note	Type of Prohibited Expenditure
4	25-Jan	25-Jan	Liqhayiya Investments	299 271,40	The service Provider was incorrectly appointed, as the price used to evaluate the bid by the committees was incorrect.	Corporate Services	Irregular Expenditure
5	20-Feb-25	03-Mar-25	Matela Civils	3 772 680,00	The VO was approved after the work was already done and paid for on certification by Technical Services.	Technical Services Department	Irregular Expenditure
6	25-Apr	12-May-25	Magnedor CC 160	223 267,32	The service provider holds CIDB grading level 1 which limits amounts to R 500 000 per CIDB thresholds.	Technical Services Department	Irregular Expenditure
7			Uphuhliso Nohlumo	R 397 047,50		Technical Services Department	Irregular Expenditure
8			Black Mountain Consulting Engineers	R 316 356,34		Technical Services Department	Irregular Expenditure

**Fruitless and Wasteful Expenditure**

There were three (3) transaction that resulted to fruitless and wasteful expenditure in the 2023/2024 financial year.

There was (1) transaction that resulted to fruitless and wasteful expenditure in the 2024/2025 financial year.

No	Date of discovery	Date Reported to Accounting Officer	Name of Service Provider	Amount	Description of Incident	Department/Vote
1	18 August 2025	Aug-25	South African Revenue Service (SARS)	R73.10	Interest charged on employment taxes in the prior year.	Finance Services (SCM)

- The contract register is managed, monitored, and reported on. It is broken down into Non-Infrastructure Register (containing operational projects) and the Infrastructure Register (containing PMU/Technical projects)
- A system to manage and rate service providers is incorporated in the revised Performance Management Policy / Framework policy as approved in October 2018. The challenges around application and implementation do still exist. Directorates are currently ensuring that all performance protocols are followed prior to processing an invoice. The performance of service providers will for some time remain an ongoing challenge due to the subjectivity of the exercise.
- All project managers are legislatively duty bound to manage and report on the performance of their service providers honestly, and heads of departments must equally verify the reported information per project.
- Reporting received from directorates and or project managers (submitted to Supply Chain Management – SCM) must be at the required level as this not only a critical function – for operational reasons only but is legislatively bound.

**Procedure in place to manage and rate service providers.**

- Directors or appointed Project Managers of Service Providers are required to report monthly to the SCM unit against predetermined and specific measurable targets and outcomes. These may be different in the case of external funding. In this manner it will be ensured that all service providers deliver on services in a manner that meets all required standards.
- All Directors or appointed Project Managers must confirm the required levels of reporting with the SCM unit.
- No service provider payment can be made without the acknowledgement that the required outcomes were achieved; and
- Service provider reporting is to be consolidated and reported on quarterly basis and used to input into the Annual Report, s46 Report and the s72 Report.

Currently the SCM Manager in conjunction with relevant Directorates ensures that certain performance protocols are followed before an invoice is processed. The performance of service providers will for some time remain an ongoing challenge.

**APPENDIX J – DISCLOSURES OF FINANCIAL INTEREST**

Disclosure of financial interest		
Period 1 July to 30 June of Year (current Year)		
Position	Name	Description of financial interest (nil/details)
(Executive) Mayor	Stokhwe VV	NIL
Member of Mayco/Exco	Mfisa S	Church pastor: Receive monthly donations from church.  Land and property: owner of 37 north street, Matatiele (267.2 sqm)  Owner of 361, Zastron 9950 (748 sqm) and renting 184 Banrock street, Bloemfontein (600 sqm)
	Mbonjwa B	Land and property: Rental 24 Greyveslein street barkly east.
	Ngendane N	NIL
	Ndakisa SL	1 Jonkisa Waste Solutions (PTY) LTD Vital moments (PTY) LTD
	Ngendane MN	Bulelwa Ngendane sister with company: Description not specified
Councillor	Nongogo L	Directorship and partnership: Qukeza trading enterprise (PTY): Company does catering, construction and provide rental rooms
	Duba B	Receive R350 covid relief grant
	Mshasha MA	NIL
	Mfisa S	Church pastor: Receive monthly donations from church.  Land and property: owner of 37 north street, Matatiele (267.2 sqm)  Owner of 361, Zastron 9950 (748 sqm) and renting 184 Banrock street, Bloemfontein (600 sqm)
	Mbonjwa B	Land and property: Rental 24 Greyveslein street barkly east.
	Somsila JD	NIL
	Ntlwatini SM	NIL
	Mpiti – Xhelesha KS	NIL
	Ndakisa SL	1 Jonkisa Waste Solutions (PTY) LTD Vital moments (PTY) LTD
	Ngendane MN	Bulelwa Ngendane sister with company: Description not specified
	Mbane T	NIL
	Lawu B	Mother: Owns injongo supply and goods
	Ngendane N	NIL
	Mbijekana M	NIL
	Kafile M	NIL
	Mei P	Land and property: ERF 16 Sterkspruit ERF 1057 Aliwal north
	Gwabeni NR	Pension DOE
	Dumzela TM	Brother: Mcebisi owns Qobo projects – General trading
	Nonjola T	Directorship and partnership: Herschel independent (NPC), ENT consortium ( community development),  Ithemba lamahlubi (NPO) community development  Supper life agent
	Mbutyu M	NIL
	Sebatana N	NIL
	Moahloli MJ	NIL
	Mangciphu Z	NIL
	Phama NM	NIL
	Mxoli ZR	NIL
	Mmele P	Directorship: Lidino trading 577CC and dinare training skills  Lebohang Mmele – lebo dinare (PTY) LTD
	Nyongwana N	NIL
	January N	Brother, Lizo January owns Taxis
	Madiene TJ	NIL
	Magcai XG	NIL
	Phuza M	50% share holder at Ilanga libalele communications  Additional salary from DSTV (doing installations)
	Mgojo MN	NIL
	Mvelase A	Brother: Abongile and Cynthia Mvelase owns Abednego Mvelase Constructors

Municipal manager	Mawonga T	Directorship and ownership: Joe Gqabi DA, entity of the JGDM.  Residential plot.  Angel Mawonga: 1978/06/01 Angel Maw Calinary arts & wine school
Chief Executive Officer		
Deputy MM and (executive) directors	Chapi S	Shares: YWBN Mutual bank, balwin properties Ltd, Distel group holdings ltd, Gold fields ltd and sun international ltd.  Directorship: Create planning and design  Remunerated outside Senqu: Private consultation – Property development, town and regional planning services.  Land and property: 107 Gladstone road, Bayswater, Bloemfontein 8 Durban street, Aliwal north
	Fourie K	Extended family: Collin and Leon theon, Lady grey joinery, construction and cooper leaf trading.
	Koyana Z	Shareholder at GLS Properties (25%)  Directorship at Lwazi Capital Non Executive Director: GLS Mehlomakhulu Properties.  Land and Property: 57 and 292 Main Street (25%), GLS Properties (25%); Fort Hook (B&B)(25%) 26 Eton Park, Sandhurst (100%)  Extended family: Sister a director at work dynamics
	Ruiters R	Directorship and partnership: Best thought trading and project 312  Land and Property: 1Mpanze street The Orcharos 0182 1591 Berg Avenue, magaliesburg estate
	Nyezi N	Extended family: Ayanda Nyezi Premium care
Other S57 officials	Van Zyl T	Atribus (PTY) LTD 1 Queens terrace street, Aliwal north (75 square meters)  Atribus purchased a property at Barkly East , ERF 1332 and 1333  Husband a farmer ( Vergenoeg Landgoed CC, owner of Eluvio (PTY) LTD and renting out a TLB and bulldozer
	Mnintelwa XG	Audit committee meeting member at Walter Sisulu Municipality from 01/11/2021 to 31/10/2024  Have a Property at Hawk street, birds eyeview, Aliwal north.
	Lerothudi N	Registered taxi owner for Germiston and Sterkspruit route  100% owner of Sterkspruit Trading CO  Flats at Barkly East: Rental
	Motlohi TT	N/A
	Mbekushe S	Brothers company: Indalo KMD group construction company
	Viedge B	NIL
	Booi	NIL
	Gushmani A	Director at Belle and Noma K6, owns 25%  Land and Property: ERF 259- Lady grey ERF 316 Lady grey ERF 250 Lady grey ERF 539 Rossouw
	Skampula S	Extended family: Babalwa Skampula, owner of Yawa Qithi Trading enterprise
	Mkontwana U	Shareholder at Vodacom, MTN and Sasol Khanyisa  Land and Property: 99 Winterland Body Corporate, Faurelaan- Willows Bloemfontein  Cousin shareholder/owner at: Nqalela Investment Group, and Mayaya Investment Group. Brother shareholder/owner of: Latido (PTY) Ltd
	Majikela N	NIL

	Tobben LH	Extended family: Brother is working at Tiphu and Phumi Panel Beaters which is a service provider of the municipality
	Nelani NS	NIL
	Nako U	NIL
	Van Rensburg	NIL
	Nkopane NT	Extended family: Cousin owner of New Elite construction
	Sobudula U	Extended family: Husband Max U trading enterprise and projects pty ltd Cousin own Diyele construction
	Salmani M	NIL
	Ngceke N	NIL
	Ngwenya N	

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

**APPENDIX K (1): REVENUE COLLECTION PERFORMANCE BY VOTE**

Revenue Collection Performance by Vote						
Vote Description	R' 000					
	2023/24	2024/25		2024/25		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Executive & Council	-	7,550	7,550	196,724	0.00%	0.00%
Vote 2 - Planning & Development	8,180	11,238	11,637	9,776	-14.95%	-19.03%
Vote 3 - Corporate Services	3,393	1,851	2,107	2,088	11.35%	-0.90%
Vote 4 - Budget & Treasury	252,440	166,542	174,683	63,369	-162.81%	-175.66%
Vote 5 - Road Transport	48,340	60,505	63,923	61,892	2.24%	-3.28%
Vote 6 - Waste Water Management	-	-	-	-	-	-
Vote 7 - Housing	-	-	-	-	-	-
Vote 8 - Health	-	-	-	-	-	-
Vote 9 - Community & Social Services	1,599	1,695	3,912	2,373	28.55%	-64.85%
Vote 10 - Sport & Recreation	0	2	2	3	45.78%	45.79%
Vote 11 - Public Safety	138	163	147	81	-100.16%	-80.94%
Vote 12 - Electricity	58,428	103,756	106,334	66,474	-56.08%	-59.96%
Vote 13 - Waste Management	15,277	53,875	52,116	12,425	-333.59%	-319.43%
Vote 14 - Water	-	-	-	-	-	-
Vote 15 - Other	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>387,795</b>	<b>407,178</b>	<b>422,411</b>	<b>415,207</b>	<b>1.93%</b>	<b>-1.74%</b>

*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3*

**APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE**

Revenue Collection Performance by Source						
Description	R '000					
	2023/24	2024/25			2024/2025	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>						
Property rates	18,782	17,901	19,201	17,977	0.42%	-6.81%
Fines, penalties and forfeits	1,047	589	208	668	11.82%	68.80%
Insurance Refunds	-	-	-	539	-	-
Transfer and subsidies - Operational	199,773	214,655	215,927	213,478	-0.55%	-1.15%
Interest	2,000	1,880	2,580	2,287	0.00%	0.00%
Gains	3,311	-	500	96	0.00%	0.00%
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>						
Service charges	65,298	73,306	75,301	73,005	-0.41%	-3.14%
Sale of Goods and Rendering of Services	404	291	463	351	17.17%	-31.84%
Agency services	1,047	1,538	929	1,244	-23.68%	25.32%
Interest earned from Receivables	5,815	5,659	5,412	4,440	-27.46%	-21.89%
Interest earned from Current and Non Current Assets	43,068	31,509	37,656	40,744	22.67%	7.58%
Rent on Land	-	3	47	-	0.00%	0.00%
Rental from Fixed Assets	1,814	1,751	1,944	1,721	-1.74%	-12.97%
Licence and permits	1,226	1,508	2,272	1,419	-6.33%	-60.18%
Operational Revenue	551	805	479	530	-51.88%	9.58%
Gain on Disposal of Investment Property	349	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>344,136</b>	<b>351,394</b>	<b>362,918</b>	<b>358,498</b>	<b>1.98%</b>	<b>-1.23%</b>
<i>Variiances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						

**APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG**

Conditional Grants: excluding MIG						
R' 000						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Municipal Finance Management Grant	1,700	1,700	1,700	0.00%	0.00%	Interns and Financial Management Program
EPWP (Expanded Public Works Program)	1,620	1,620	1,620	0.00%	0.00%	Extended Public Works Program
Libraries	2,106	2,106	2,106	0.00%	0.00%	Library Operations
Municipal Disaster Relief Grant	-	11,180	11,180	0.00%	0.00%	Provincial allocation for disaster relief
<b>Total</b>	<b>5,426</b>	<b>16,606</b>	<b>16,606</b>	<b>206.05%</b>	<b>0.00%</b>	

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

Capital Expenditure - New Assets Programme*							
R' 000							
Description	2023/24	2024/25			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2025/26	2026/27	2027/28
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	<b>3,460</b>	<b>10,534</b>	<b>4,513</b>	<b>2,478</b>	<b>12,624</b>	<b>24,024</b>	<b>37,156</b>
<b>Infrastructure: Road transport - Total</b>	<b>2,503</b>	<b>3,229</b>	<b>994</b>	<b>-</b>	<b>8,334</b>	<b>18,110</b>	<b>13,526</b>
Roads, Pavements & Bridges	1,951	785	300	-	244	-	-
Storm water	552	2,444	694	-	8,090	18,110	13,526
<b>Infrastructure: Electricity - Total</b>	<b>957</b>	<b>7,304</b>	<b>3,518</b>	<b>2,478</b>	<b>4,290</b>	<b>5,914</b>	<b>5,630</b>
Generation	-	-	-	-	-	-	-
Transmission & Reticulation	957	1,839	1,103	2,478	1,522	4,331	4,527
Street Lighting	-	5,465	2,415	-	2,769	1,583	1,103
<b>Infrastructure: Other - Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,000</b>
Waste Management	-	-	-	-	-	-	18,000
Transportation	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Community - Total</b>	<b>8,148</b>	<b>19,118</b>	<b>27,640</b>	<b>22,928</b>	<b>14,124</b>	<b>5,077</b>	<b>177</b>
Parks & gardens	-	-	-	-	-	-	-
Sportsfields & stadia	6,905	12,710	22,132	19,373	3,700	-	-
Swimming pools	-	-	-	-	-	-	-
Community halls	-	4,900	4,800	3,210	4,491	-	-
Libraries	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-
Cemeteries	216	1,100	300	-	5,654	4,854	-
Social rental housing	-	-	-	-	-	-	-
Other	1,026	408	408	345	279	222	177

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Capital Expenditure - New Assets Programme*							
Description	R '000						
	2023/24	2024/25			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2025/26	2026/27	2027/28
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties - Total</b>	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Other assets</b>	<b>34,038</b>	<b>27,732</b>	<b>52,824</b>	<b>37,231</b>	<b>14,925</b>	<b>6,817</b>	<b>1,003</b>
General vehicles	788	2,253	601	1,660	-	-	-
Specialised vehicles	-	-	-	17,231	-	-	-
Plant & equipment	17,348	7,903	28,049	538	3,660	1,326	491
Computers - hardware/equipment	1,801	910	1,540	1,520	2,172	430	447
Furniture and other office equipment	500	1,691	1,106	313	148	61	64
Abattoirs	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-	-	-
Other Buildings	13,602	14,974	21,529	15,968	5,945	2,000	-
Other Land	-	-	-	-	3,000	3,000	-
Surplus Assets - (Investment or Invento	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Intangibles</b>	-	714	114	-	697	486	339
Computers - software & programming	-	714	114	-	697	486	339
Other (list sub-class)	-	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	<b>45,646</b>	<b>58,098</b>	<b>85,092</b>	<b>62,638</b>	<b>42,370</b>	<b>36,404</b>	<b>38,674</b>
<b>Specialised vehicles</b>	-	-	-	17,231	-	-	-
Refuse	-	-	-	17,231	-	-	-
Fire	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1

**APPENDIX M (II): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME**

Capital Expenditure - Upgrade/Renewal Programme* R '000							
Description	2023/24	2024/25			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2025/26	2026/27	2027/28
<b>Capital expenditure by Asset Class</b>							
<b>Infrastructure - Total</b>	<b>33,255</b>	<b>81,092</b>	<b>84,099</b>	<b>66,733</b>	<b>90,149</b>	<b>56,191</b>	<b>12,496</b>
Infrastructure: Road transport -Total	29,179	81,092	84,099	66,733	90,149	56,191	12,496
Roads, Pavements & Bridges	29,179	81,092	84,099	66,733	90,149	56,191	12,496
Storm water	-	-	-	-	-	-	-
<b>Infrastructure: Electricity - Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Generation	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	-
<b>Infrastructure: Other - Total</b>	<b>4,076</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Waste Management	4,076	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Community</b>	<b>3,618</b>	<b>600</b>	<b>2,256</b>	<b>1,256</b>	<b>-</b>	<b>-</b>	<b>-</b>
Parks & gardens	-	-	-	-	-	-	-
Sportsfields & stadia	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-
Community halls	3,618	-	2,256	1,256	-	-	-
Libraries	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-
Other	-	600	-	-	-	-	-

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Capital Expenditure - Upgrade/Renewal Programme* <span style="float: right;">R '000</span>							
Description	2023/24	2024/25			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2025/26	2026/27	2027/28
<b>Capital expenditure by Asset Class</b>							
<b>Investment properties</b>	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Other assets</b>	-	3,200	1,158	1,143	3,471	-	-
General vehicles	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-
Computers - hardware/equipment	-	-	-	-	-	-	-
Furniture and other office equipment	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-	-	-
Other Buildings	-	800	959	1,143	-	-	-
Other Land	-	-	-	-	-	-	-
Surplus Assets - (Investment or Invento	-	-	-	-	-	-	-
Other	-	2,400	199	-	3,471	-	-
<b>Intangibles</b>	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-
Other (list sub-class)	-	-	-	-	-	-	-
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>36,873</b>	<b>84,892</b>	<b>87,513</b>	<b>69,132</b>	<b>93,621</b>	<b>56,191</b>	<b>12,496</b>
<b>Specialised vehicles</b>	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

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**APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0**

Capital Programme by Project: 2024/25					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - OB) %	Variance (Act - Adj) %
Governance and administration	14,705,909	5,855,811	3,714,901	(2,140,911)	-36.56%
Executive and council	656,150	335,537	199,318	(136,219)	-40.60%
Finance and administration	14,049,759	5,520,274	3,515,583	(2,004,691)	-36.32%
Internal audit	-	-		-	0.00%
Community and public safety	34,892,305	52,125,838	24,184,714	(27,941,124)	-53.60%
Community and social services	6,200,000	7,556,251	4,466,158	(3,090,093)	-40.89%
Sport and recreation	12,710,126	22,132,407	19,373,348	(2,759,059)	-12.47%
Public safety	15,982,179	22,437,179	345,208	(22,091,971)	-98.46%
Economic and environmental services	82,092,675	108,889,503	100,853,478	(8,036,024)	-7.38%
Road transport	82,092,675	108,889,503	100,853,478	(8,036,024)	-7.38%
Trading services	10,769,305	5,203,652	2,845,951	(2,357,701)	-45.31%
Energy sources	7,372,380	3,586,728	2,478,061	(1,108,667)	-30.91%
Waste water management	2,444,424	694,424	-	(694,424)	-100.00%
Waste management	952,500	922,500	367,890	(554,610)	-60.12%
Other	530,000	530,000	170,362	(359,638)	-67.86%
	_142,990,194	_172,604,804	_131,769,405		

**APPENDIX O: CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0**

Capital Programme by Project 2024/25

Capital Project	Ward affected	Work completed (Yes/No)	R' 000
Infrastructure			
Sterkspruit Landfill Site		No	
Rossouw - Solid Landfill Site		No	
Rhodes - Solid Landfill Site		No	
New Rest Paving Ward 8	Ward 08	No	
Tienbank Access to Property (180 Properties)		No	
Lining fencing and upgrading of primary storm water channel through Khwezi Naledi and upgrade of two motor bridges		No	
Interlock Paved Street in Kwezi Naledi - Ward 14	Ward 14	No	
Rehabilitation of Roads & Stormwater in Mokhesi Ward 8	Ward 8	No	
Rehabilitation of Roads & Stormwater in Ward 10	Ward 10	No	
Rehabilitation of Roads & Stormwater in Lady Grey Ward 14	Ward 14	No	
Rehabilitation of Roads & Stormwater in Barkly East Ward 15 & 16	Ward 15 & 16	No	
Reconstruction of 4,5 km gravel roads and stormwater channels in Zava, Mdlokovana and Thaba Koloji (Ward 13)	Ward 13	Yes	
Reconstruction of Roads Ntabamhlophe - Ward 05	Ward 05	Yes	
Reconstruction of Roads KwaNkoyi, Zwellitsha - Ward 12	Ward 12	Yes	
Repairing of 5,2 km gravel roads and stormwater channels in Ward 1: Ndofela, Bikizana and Mbobo		No	
Repairing of 6 km gravel roads and stormwater channels in Ward 17: Sunduza, Bensonville, Jozana nek		No	
Repairing of 4,5 km gravel roads and stormwater channels in Ward 9: Joveleni, Hinana and Voyizana		No	
Sterkspruit Electricity meters and Boyce Nondala meters		No	
Electrification of Households in Mountain View		No	
Pre-Paid Electricity Meters		Yes	
Replacement of 315KVA Minisub with 22KV MV Supply Cable		Yes	
Replacement of 160m 22KV underground supply cable at Mountain View		Yes	
Land and Building			
Renovation town hall Barkly East		No	
Driving License and Testing Centre Sterkspruit		No	
Herschel Community Hall - Ward 13	Ward 13	No	
Construction of Change Rooms in Lady Grey	Ward 14	Yes	
Renovation of the MM's House	Ward 14	No	
Community Asset			
Blue-Gums Sportsfield		No	
Barkly East & Lady Grey Boundary Fence	Ward 14 & 15	No	
Lady Grey Cemeteries - Ward 14	Ward 14	No	

**APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS**

WARD 1	
Mbobo J.S.S	Cracks on walls Water Supply Administration Block Poor Playing Fields Damaged Toilets No Hall
Bikizana J.S.S.	Toilets, Water, Sports Ground One block is a mud Structure and Access Roads
Walaza J.S.S.	Admin Block not in good condition Toilets are falling apart. No Sport Grounds, No Furniture
Ndofela J.S.S.	Mud structure Toilets, Access Roads, Fencing Water Supply, Playing Ground, Admin block
Nxasana S.P.S.	Admin block, Sanitation, Grade R class is falling apart, Sports field. Erection of Security fence Renovations of all classes, Furniture
Governors Drift	Mud structure, Admin block, Fencing Water Supply, Access Roads,
WARD 2	
Qhoboshane, Qhemerha, Telle Junction, Kwa Gcina, Storomo, ST Teresa	Access Roads, Water Supply, Sanitation, Admin Block, Furniture, Fencing, Laboratory, Library

**APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)**

WARD 3	
Ndingishe J.S.S.	5 Additional Classrooms, Access Roads, Water Supply, Admin Block, Library, Laboratories, School Grounds, Fencing
Tlokweg S.S.S.	Toilets for Teachers, Admin Block, Library, Laboratory.
Mahedi J.S.S.	4 Additional classrooms, Administration Block
Hohobeng J.S.S. and Mmusong	Cracked walls, roof blown away, major renovations, water supply, Toilets, Network Coverage.
Tlhakong S.P.S.	Water Supply, Sanitation, Administration Block, Sport Grounds, 3 classrooms blown away.
Ekra J.S.S	5 Additional Classrooms, Administration Block, Water Supply, Toilets, Sports field.
Musong J.S.S	Major Renovations, Water Supply, Sanitation, Administration Block, An access Road, Network Coverage.
MPoki S.P.S	Water Supply, Access Roads, No Network Coverage.
WARD 4	
Bongjwe, Buyani, Cebano, Blikana, Jonas Goduka, Hillside, Lufefe, Mkunyazo, Mthabisa, Ndungunya, Ntlangano, Mxokozeli, Penhoek, Vusisizwe.	Water, 12 Schools 8 Schools need Toilets 8 schools need access roads All 14 need sports fields 5 schools need to be upgraded in terms of electricity 11 schools need fencing

**APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)**

WARD 5	
Makhumsha, Mabele, Kwabo, Sivumelene, Bebeza, Nomlengana, Dangershoek.	Mud Structures Water Supply Toilets Fencing Sports fields Network Coverage No compliance Certificate issued to those Schools with electricity
WARD 6	
Hoita, Majuba, Malgas, Mapolo, Thembaletu, Umlamli, Zingxengele, Bongoletu, Monwabisi, Phelandaba.	Renovations of existing buildings. Playgrounds Water Supply Fencing Access Roads Libraries Laboratories Administration Block
WARD 7	
Nyathela S.S.S	Mud Structure Fencing Sanitation Shortage of Classrooms
Tsakana S.P.S.	5 Classrooms need Renovations. Sanitation Water Supply Sports fields Fencing
Thaba Lesoba	Access Roads Fencing Renovations of 5 Classes Sanitation Water Supply Sports fields
St Michaels	Mud Structures Weak Electricity Fencing, Toilets, Water Supply Sports Fields
Mbolekwa S.P.S	Mud Structures Administration Block Sanitation, Water Supply Sports Fields
Egugwini J.S.S.	Toilets and Fencing

Macacuma S.P.S.	Sports Fields Fencing and Toilets Minor Renovations Water Supply
WARD 9	
Amaqwathu JSS	Administration Block
Luvumelwano S.S.	Administration Block 10 Classrooms
Voyizana SPS	Renovations of 13 Classrooms Administration Block
Ngquba JSS	Admin Block 4 Classrooms to be added. Renovations of 5 Classrooms
Joveleni S.P.S	Addition of 3 Classrooms
Sunduza J.S.S	Addition of 3 Toilets
	Common Challenges for Ward 9 <ul style="list-style-type: none"> <li>- Water Supply</li> <li>- Sanitation</li> <li>- Fencing</li> <li>- Access Roads</li> <li>- Sports Fields</li> <li>- Library, Laboratory</li> <li>- Upgrading of Electricity</li> </ul>
Bensonvaile JSS	Major Renovations Admin Block Library Laboratory Sanitation Fence Sporting Facilities Access Road
Ekuzoleni JSS	6 New Classrooms Minor Renovations Admin Block Library Laboratory Sanitation Fence Sporting Facilities Access Road
Ngongodoville SPS	3 New Classrooms Major Renovations (building in the stat of collapsing) Admin Block Library Laboratory Sanitation Fence Sporting Facilities Access Road
Nkululeko SSS	6 New Classrooms

	<p>Major Renovations</p> <p>Admin Block</p> <p>Library</p> <p>Laboratory</p> <p>Sanitation</p> <p>Fence</p> <p>Sporting Facilities</p> <p>Access Road</p>
Nomzamo (Sterkspruit) JSS	<p>15 New Classrooms</p> <p>Minor Renovations</p> <p>Admin Block</p> <p>Library</p> <p>Laboratory</p> <p>Sanitation</p> <p>Fence</p> <p>Sporting Facilities</p>
Sterkspruit Community	<p>10 New Classrooms</p> <p>Minor Renovations</p> <p>Admin Block</p> <p>Library</p> <p>Laboratory</p> <p>Sanitation</p> <p>Fence</p> <p>Sporting Facilities</p> <p>Access Road</p>
Sterkspruit SSS	<p>25 New Classrooms (Declared that the building cannot be renovated)</p> <p>Admin Block</p> <p>Library</p> <p>Laboratory</p> <p>Sanitation</p> <p>Fence</p> <p>Sporting Facilities</p> <p>Access Road</p>
Tapoleng JSS	<p>6 New Classrooms</p> <p>Minor Renovations</p> <p>Admin Block</p> <p>Library</p> <p>Laboratory</p> <p>Sanitation</p> <p>Fence</p> <p>Sporting Facilities</p> <p>Access Road</p>
Tienbank JSS	<p>5 New Classrooms</p> <p>Major Renovations</p> <p>Admin Block</p> <p>Library</p> <p>Laboratory</p> <p>Sanitation</p> <p>Fence</p> <p>Sporting Facilities</p>

	Access Road
<b>WARD 11</b>	
Herschel Village JSS	Danger Zone School Electricity wires fallen out of ceiling Renovation Struck by disaster & nothing has happened since No fence Trees damaging school with roots
Ezintatyaneni SP	Administration Block Sanitation Fence Electricity (upgrade) Mud Structure (2) No playgrounds
Dibinkonzo JSS	Sanitation Fence Administration Block and Renovations Mud Structure Sport field
Mehlomakhulu SSS	Fence Water & Sanitation Renovations & Administration Block Sports Field Furniture for Learners
St Marys	Water & Sanitation Access Road Sport Ground School Hall

**APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)**

WARD 10 (cont.)	
Hlanjwa SPS	Administration Block Sport Ground Sanitation Access Roads Mud Structure (2) Fence
Meyi JSS	Mud Structure Sanitation Fence Weak & Faulty Electricity – disaster
Magumbu SPS	Sanitation Fence 5 Classrooms cracked all sides. Administration Block Weak & Faulty Electricity – disaster Sport Grounds Access road
Ebenezer Nyathi SSS	Sanitation –State of collapse Fencing 2 block (community built) one strongly needs renovation. Water Admin Block 3 classrooms 1 lab
Bamboesspruit JSS	Renovations (Whole school) Fencing Sanitation Admin Block Cracked Walls to be fixed Access Roads Sport Grounds Furniture Leaking Roof 2 Classrooms Paving Staffing Erection of a Stoep

**APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)**

WARD 12 (cont.)	
Entsimekweni JSS	Minor Renovations Flooring Fencing Access Road Sanitation
Nyaniso SPS	Flooring Fencing Water School Grounds
Manxeba JSS	3 Classrooms Water Fence School Grounds to be constructed Furniture
Mncunubeni JSS	5 Classrooms Sanitation & Water Fence Access Road Sport Ground
Jozana's Nek JSS	Water Playground Access Road Renovation of Ceiling in 4 classrooms Furniture
Jozana's Hoek	Major renovations in 8 classrooms & office Security Fence Play Grounds Access Road Sanitations
Magwiji JSS	6 Classrooms Water & Sanitation Playgrounds Fencing Access Road Furniture
Mrobongwana SPS	Water & Sanitation Playground Access Road Admin Block Furniture

**APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS (CONT.)**

WARD 12 (cont.)	
Hlomendlini JSS	Water & Sanitation Fence Play ground Furniture
MZOMHLE SSS	Water & Sanitation Access Roads Furniture Playgrounds Administration Block
WARD 13	
Khiba JSS	6 Prefect classes 4 Mud Structures Flooring Water & Sanitation Fencing Furniture Electricity Admin Block
Skisazana JSS	Major renovations Flooring Water & Sanitation Roofing Admin Block Fencing Access Road
Lungisani SPS	Access Road Water Fencing Sport Ground
Mbonisweni SPS	Fencing Access Road
Witterbergen SPS	Sport Ground Fencing Access Road Attention to be paid to a query next to school
Diphana SPS	Mud Structure Sanitation Fence Admin Block Access Road

**APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS & CLINICS**

WARD 13 (cont.)	
Witterbergen JSS	Principal's Office Fencing Sanitation Access Roads Sport Field Roofing
Zava SPS	Flooring Sanitation Prevention of soil erosion
Nkopane JSS	Fencing Major Renovations Water & Sanitation Sport Field
Nompumelelo SSS	Fencing Mud Structure Water & Sanitation Sport Ground Access Road
Mdlokovana JSS	Mud Structures Sporting Facilities Sanitation Fencing
WARD 14:	
Rossouw was promised a school 3 years ago	Farm schools need attention
WARD 15	
Mzondeki SPS	No Buildings Water & Sanitation Access Road Playgrounds Fence
Sizamulwazi SPS	Sport Grounds 5 Classrooms
Sijorha SPS	No Buildings Water & Sanitation Access Road Playgrounds Fence
WARD 15 (cont.)	
Luyolo SPS	No Proper Buildings Water & Sanitation Admin Block Access Road Playgrounds
Sakakude JSS	No Buildings

	<p>Water &amp; Sanitation</p> <p>Access Road</p> <p>Electricity</p> <p>Ceiling</p> <p>Fence</p>
Impumelelo SSS	<p>No Buildings</p> <p>Water &amp; Sanitation</p> <p>Access Road</p> <p>Playgrounds</p> <p>Fence</p> <p>Electricity</p>
Wartrail	<p>Water &amp; Sanitation</p> <p>Playgrounds</p>
Malikhanye SSS	<p>Sport Grounds</p> <p>Furniture</p> <p>Minor Renovations</p> <p>Fencing</p>
Rhodes PS	<p>School is Prefab Structure</p> <p>Toilets</p>
Moshoeshoe's Ford	<p>Structure falling apart.</p> <p>School on Private Property</p>
Barkly East DRC P.S	<p>2 Classrooms</p> <p>Science Class</p> <p>Admin Block</p> <p>Grader R Classroom</p> <p>Toilets</p> <p>Kitchen</p> <p>Office</p> <p>Plot Ground to build school in Fairview</p>

**APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION**

Services backlogs experienced by the community where another sphere of government is the service provider (where municipality whether or not act on agency basis)		
Services and location	Scale of backlogs	Impact of backlogs
Clinics:		
Housing:		
Licensing and testing centre:		
Reservoirs:		
Schools (primary and High):		
Sports fields;		



**ANNUAL FINANCIAL STATEMENTS**  
**30 JUNE 2025**  
**AUDITED**

# SENQU LOCAL MUNICIPALITY

## INDEX

<b><u>Content</u></b>	<b><u>Page</u></b>
General Information	1 - 2
Approval of the Annual Financial Statements	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes In Net Assets	6
Cash Flow Statement	7
Statement of comparison of budget and actual amounts	
- Statement of Financial Position	8 - 9
- Statement of Financial Performance	10 - 11
- Cash Flow Statement	12 - 13
Accounting Policies	14 - 46
Notes to the Annual Financial Statements	47 - 106
<b>APPENDICES - Unaudited</b>	
A Schedule of External Loans	107
B Analysis of Property Plant and Equipment	108
C Segmental Statement of Financial Performance (Municipal Votes)	109
D Actual versus Budget - Capital and Operating Expenditure (Municipal Votes)	110
E Disclosure of Grants and Subsidies	111
F National Treasury Appropriation Statements	
- Revenue and Expenditure (Standard Classification)	112 - 113
- Revenue and Expenditure (Municipal Vote Classification)	114 - 115
- Revenue and Expenditure (Revenue by Source and Expenditure by Type)	116 - 117
- Capital Expenditure by Vote, Standard Classification and Funding	118 - 120
- Cash Flows	121 - 122

# SENQU LOCAL MUNICIPALITY

## GENERAL INFORMATION

### NATURE OF BUSINESS

Senqu Local Municipality performs the functions as set out in the Constitution. (Act no 108 of 1996)

### LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

### JURISDICTION

The Senqu Local Municipality includes the following areas:

Lady Grey  
Barkly East  
Sterkspruit  
Rhodes  
Herschel  
Rossouw

### MEMBERS OF THE COUNCIL

Position	Councillor	Ward	Additional Portfolio
Mayor	VV Stokhwe	Proportional	Member of Executive Committee
Speaker	NR Gwabeni	Proportional	Member of Executive Committee
Chief Whip	S Mfisa	Ward 10	Portfolio Head: Corporate Service
Ward Councillor	T Mbane	Ward 1	
Ward Councillor	P Mmele	Ward 2	
Ward Councillor	SM Ntlwatini	Ward 3	
Ward Councillor	M Mbijeka	Ward 4	
Ward Councillor	N Sebatana	Ward 5	
Ward Councillor	M Mbutyu	Ward 6	
Ward Councillor	Z Mangcipu	Ward 7	
Ward Councillor	KS Mpiti-Xhelesha	Ward 8	
Ward Councillor	JD Somsila	Ward 9	
Ward Councillor	T Nonjola	Ward 11	
Ward Councillor	B Duba	Ward 12	
Ward Councillor	M Kafile	Ward 13	
Ward Councillor	TM Dumzela	Ward 14	
Ward Councillor	M Phuza	Ward 15	
Ward Councillor	MA Mshasha	Ward 16	
Ward Councillor	A Mvelase	Ward 17	
PR Councillor	MN Ngendane	Proportional	Portfolio Head: Community Services
PR Councillor	SL Ndakisa	Proportional	Portfolio Head: Technical Services
PR Councillor	B Mbonjwa	Proportional	Portfolio Head: DTPS
PR Councillor	N Ngendane	Proportional	Portfolio Head: Finance Services
PR Councillor	XG Magcai	Proportional	
PR Councillor	N Nyongwana	Proportional	
PR Councillor	L Nongogo	Proportional	
PR Councillor	MN Mgojo	Proportional	
PR Councillor	NM Phama	Proportional	
PR Councillor	B Lawu	Proportional	
PR Councillor	ZR Mxoli	Proportional	
PR Councillor	TJ Madiene	Proportional	
PR Councillor	P Mei	Proportional	
PR Councillor	N January	Proportional	
PR Councillor	MJ Moahloli	Proportional	

# SENQU LOCAL MUNICIPALITY

## GENERAL INFORMATION

### **MUNICIPAL MANAGER**

T Mawonga

### **CHIEF FINANCIAL OFFICER**

AK Fourie

### **REGISTERED OFFICE**

19 Murray Street, Lady Grey, 9755

### **POSTAL ADDRESS**

P.O. Box 18, Lady Grey, 9755

### **AUDITORS**

Auditor-General of South Africa, 14 St Helena Road, Beacon Bay East London

### **PRINCIPAL BANKERS**

Standard Bank, Lady Grey

### **ATTORNEYS**

Le Roux Incorporated, 101 Cape Road, Gqeberha

MM Baloyi Incorporated, 14th Floor Marble Towers, Cnr Jeppe and Von Wielligh Streets, Johannesburg

Wesley Pretorius & Associates Incorporated, 24 Tottenham Road, Baysville, East London

### **RELEVANT LEGISLATION**

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Labour Relation Amendment Act (Act 6 of 2014)

Collective Agreements

SALGBC Leave Regulations

Municipal Budget and Reporting Regulations

Municipal Regulation on Standard Chart of Accounts (mSCOA)

Amended Municipal Structures Act No: 3 of 2021

# SENQU LOCAL MUNICIPALITY

## APPROVAL OF ANNUAL FINANCIAL STATEMENTS

### ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I am responsible for the preparation of these financial statements for the year ended 30 June 2025, which are set out on pages 1 to 122 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

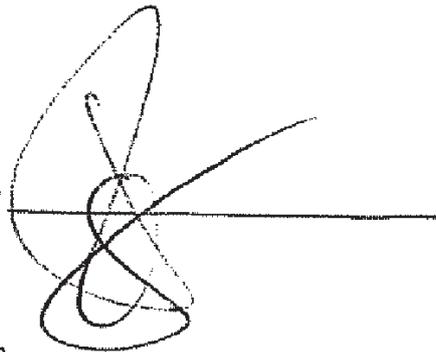
The annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP) Standards, including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2026 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

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

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



T Mawonga  
Municipal Manager

Date

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

	Notes	2025 R (Actual)	2024 R (Restated)
<b>ASSETS</b>			
<b>Current Assets</b>		<b>517 408 470</b>	<b>544 353 054</b>
Cash and Cash Equivalents	2	475 879 824	506 726 350
Receivables from exchange transactions	3	20 622 942	24 313 874
Receivables from non-exchange transactions	4	9 473 535	7 346 339
Taxes	5	10 862 350	5 242 268
Operating Lease Asset	6.1	52 000	50 746
Inventory	7	517 818	673 476
<b>Non-Current Assets</b>		<b>702 844 495</b>	<b>611 851 332</b>
Investment Property	8	35 328 000	48 397 100
Property, Plant and Equipment	9	664 933 662	562 362 479
Intangible Assets	10	19 490	47 570
Capitalised Restoration Cost (PPE)	11	2 563 343	1 044 183
<b>Total Assets</b>		<b>1 220 252 965</b>	<b>1 156 204 387</b>
<b>Current Liabilities</b>		<b>98 778 199</b>	<b>72 839 493</b>
Borrowings	12	964 225	942 652
Consumer Deposits	13	1 986 289	1 948 713
Payables from exchange transactions	14	36 683 026	15 590 902
Payables from non-exchange transactions	15	36 872 216	27 924 692
Current Employee benefits	16	22 272 443	26 432 534
<b>Non-Current Liabilities</b>		<b>62 788 640</b>	<b>54 380 642</b>
Borrowings	12	4 013 625	4 978 161
Employee benefits	17	26 962 000	22 216 000
Non-Current Provisions	18	31 813 015	27 186 480
<b>Total Liabilities</b>		<b>161 566 839</b>	<b>127 220 135</b>
<b>NET ASSETS</b>		<b>1 058 686 127</b>	<b>1 028 984 252</b>
<b>COMMUNITY WEALTH</b>			
Revaluation Reserve	19.1	92 480 612	100 386 876
Accumulated Surplus	19.2	966 205 515	928 597 376
<b>Total Community Wealth</b>		<b>1 058 686 127</b>	<b>1 028 984 252</b>

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025

	Notes	2025 R (Actual)	2024 R (Restated)
<b>REVENUE</b>			
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>291 753 318</b>	<b>268 222 656</b>
<b>Taxation Revenue</b>		<b>17 976 947</b>	<b>18 782 134</b>
Property Rates	20	17 976 947	18 782 134
<b>Transfer Revenue</b>		<b>270 186 323</b>	<b>243 082 515</b>
Transfers and Subsidies - Capital	21	56 708 507	43 309 971
Transfers and Subsidies - Operating	21	213 477 816	199 772 544
<b>Other Revenue</b>		<b>3 590 048</b>	<b>6 358 006</b>
Actuarial Gains	17	-	1 364 572
Fines, Penalties and Forfeits	22	668 061	1 047 288
Insurance Refunds	23	538 999	-
Interest Earned - Penalty Interest on Property Rates	27	2 287 335	2 000 203
Gain on Fair Value Adjustments of Investment Property	8	-	1 333 675
Gain on Disposal of Capitalised Restoration Cost (PPE)	11	95 654	612 268
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>123 453 379</b>	<b>119 571 960</b>
<b>Operating Activities</b>		<b>123 453 379</b>	<b>119 571 960</b>
Service Charges	24	73 005 406	65 298 288
Rental from Fixed Assets	25	1 720 967	1 813 788
Interest Earned - external investments	26	40 743 925	43 067 757
Interest Earned - Service Debtors	27	4 440 050	5 815 409
Licences and Permits	28	1 418 640	1 225 974
Agency Services	29	1 243 626	1 046 830
Sales of Goods and Rendering of Services	30	350 832	403 874
Operational Revenue	31	529 933	551 150
Gain on Disposal of Investment Property	43.1	-	348 891
<b>TOTAL REVENUE</b>		<b>415 206 697</b>	<b>387 794 616</b>
<b>EXPENDITURE</b>			
Employee related costs	32	142 902 385	132 393 691
Remuneration of Councillors	33	14 498 184	13 910 269
Debt Impairment	34	16 137 129	17 464 288
Depreciation and Amortisation	35	18 276 288	17 689 077
Impairment Loss	36	3 138 894	837 447
Actuarial Losses	17	656 641	20 207
Finance Charges	37	6 122 180	5 865 728
Bulk Purchases	38	62 144 072	48 678 878
Contracted services	39	48 611 479	38 519 241
Transfers and Subsidies	40	-	36 321
Operating Leases	41	1 847 306	408 494
Operational Cost	42	49 806 835	40 011 385
Loss on Disposal of Assets	43.2	373 175	705 871
Inventory Loss	7	14 889	23 892
Loss on Fair Value Adjustments of Investment Property	8	13 069 100	-
<b>TOTAL EXPENDITURE</b>		<b>377 598 558</b>	<b>316 564 788</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>37 608 139</b>	<b>71 229 828</b>

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2025

	REVALUATION RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
<b>Balance on 30 June 2023</b>	<b>91 022 401</b>	<b>854 062 513</b>	<b>945 084 915</b>
Correction of Error - Refer to note 45.4	-	3 305 035	3 305 035
<b>Balance on 30 June 2023 - Restated</b>	<b>91 022 401</b>	<b>857 367 548</b>	<b>948 389 949</b>
Net Surplus for the year	-	71 229 828	71 229 828
Revaluation on Land and Buildings	9 364 474	-	9 364 474
<b>Balance on 30 June 2024 - Restated</b>	<b>100 386 876</b>	<b>928 597 376</b>	<b>1 028 984 252</b>
Net Surplus for the year	-	37 608 139	37 608 139
Revaluation on Land and Buildings	(7 906 264)	-	(7 906 264)
<b>Balance on 30 June 2025</b>	<b>92 480 612</b>	<b>966 205 515</b>	<b>1 058 686 127</b>

# SENQU LOCAL MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2025

	Notes	2025 R (Actual)	2024 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property rates		13 620 466	16 190 097
Service charges and interest on outstanding debtors		66 744 599	49 621 757
Other revenue		6 450 647	6 160 154
Government - operating		223 113 450	200 396 174
Government - capital		54 982 550	42 515 826
Interest		44 111 285	41 527 120
<b>Payments</b>			
Suppliers and employees		(322 459 227)	(270 158 928)
Finance charges		(513 090)	(599 568)
Transfers and Grants		-	(36 321)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>46</b>	<b>86 050 680</b>	<b>85 616 312</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on Disposal of Investment Property		-	557 391
<b>Payments</b>			
Purchase of Property, Plant and Equipment		(116 023 771)	(76 434 148)
<b>NET CASH USED INVESTING ACTIVITIES</b>		<b>(116 023 771)</b>	<b>(75 876 757)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
Increase in Consumer Deposits		37 576	64 015
<b>Payments</b>			
Loans repaid		(911 010)	(909 046)
<b>NET CASH USED FINANCING ACTIVITIES</b>		<b>(873 434)</b>	<b>(845 031)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>(30 846 526)</b>	<b>8 894 525</b>
Cash and Cash Equivalents at the beginning of the year		506 726 350	497 831 825
Cash and Cash Equivalents at the end of the year		475 879 824	506 726 350

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025

#### COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

ASSETS	2025 R (Actual)	2025 R (Final Budget)	2025 R (Variance)	Explanations for material variances (10% of line-item with a minimum of R1m)
<b>Current assets</b>				
Cash and cash equivalents	475 879 824	341 006 727	134 873 097	40% Effect of the under-expenditure on both the capital and operating budget.
Trade and other receivables from exchange transactions	20 622 942	27 555 726	(6 932 784)	-25% Conservative budget approached followed for the collection rate; Significantly lower Interest Accrual at 30 June 2025
Receivables from non-exchange transactions	9 473 535	6 208 468	3 265 068	53% Result of lower collection rate for Property Rates as well as the effect of the Provision on Debt Impairment calculation
Inventory	517 818	673 476	(155 658)	-23% More inventory utilised before year-end than anticipated
VAT	10 862 350	5 497 593	5 364 757	98% Increase in invoices submitted before year-end, with VAT not yet claimed from SARS
Other current assets	52 000	50 746	1 254	2%
<b>Total current assets</b>	<b>517 408 469</b>	<b>380 992 736</b>	<b>136 415 734</b>	
<b>Non-current assets</b>				
Investment property	35 328 000	48 397 100	(13 069 100)	-27% Effect of the Revaluations done as at 30 June 2025
Property, plant and equipment	664 933 662	698 368 791	(33 435 129)	-5% Under-expenditure of Capital Budget
Intangible Assets	19 490	131 394	(111 904)	-85% The latest Microsoft office software were treated as an operational expense as it expires after one year
Capitalised Restoration Cost	2 563 343	1 044 183	1 519 160	145% Effect of the calculations done by the consultants for the rehabilitation of Landfill sites
<b>Total non-current assets</b>	<b>702 844 496</b>	<b>747 941 468</b>	<b>(45 096 972)</b>	
<b>TOTAL ASSETS</b>	<b>1 220 252 965</b>	<b>1 128 934 204</b>	<b>91 318 761</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowing	964 225	963 873	352	0%
Consumer deposits	1 986 289	2 016 918	(30 629)	-2%
Trade and other payables from exchange transactions	36 683 026	26 116 852	10 566 174	40% Invoices of infrastructure projects submitted just before year-end but only paid after year-end
Trade and other payables from non-exchange transactions	36 872 216	30 601 500	6 270 716	20% MDRG grant received in the current year but remained unspent
Provisions	22 272 443	21 043 558	1 228 884	6%
<b>Total current liabilities</b>	<b>98 778 198</b>	<b>80 742 701</b>	<b>18 035 497</b>	
<b>Non-current liabilities</b>				
Borrowing	4 013 625	4 013 977	(352)	0%
Provisions	35 013 015	33 083 882	1 929 133	6% Effect of the calculations done by the consultants for the rehabilitation of Landfill sites
Other non-current liabilities	23 762 000	22 612 000	1 150 000	5% Effect of Actuarial Assumptions used for the Post Employment medical aid calculations
<b>Total non-current liabilities</b>	<b>62 788 640</b>	<b>59 709 859</b>	<b>3 078 781</b>	
<b>TOTAL LIABILITIES</b>	<b>161 566 838</b>	<b>140 452 560</b>	<b>21 114 278</b>	
<b>NET ASSETS</b>	<b>1 058 686 127</b>	<b>988 481 644</b>	<b>70 204 483</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus	769 535 842	649 412 103	120 123 740	18% Effect of under-expenditure of budget; Less contributions to reserves
Reserves	289 150 285	339 069 541	(49 919 256)	-15% Effect of the Revaluations done as at 30 June 2025; Effect of the Less contributions to reserves than anticipated
<b>TOTAL COMMUNITY WEALTH</b>	<b>1 058 686 127</b>	<b>988 481 644</b>	<b>70 204 483</b>	

**SENQU LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2025**

**ADJUSTMENTS TO APPROVED BUDGET**

<b>ASSETS</b>	<b>2025 R (Approved Budget)</b>	<b>2025 R (Adjustments)</b>	<b>2025 R (Final Budget)</b>	<b>100%</b>	<b>Explanations for material variances (10% of line-item with a minimum of R1m)</b>
<b>Current assets</b>					
Cash and cash equivalents	257 141 302	83 865 424	341 006 727	33%	Increased to a more realistic amount and the result of all other transactions in the budget
Trade and other receivables from exchange transactions	17 230 083	10 325 643	27 555 726	60%	Increased to a more realistic amount based on the actuals for the previous financial year
Receivables from non-exchange transactions	5 740 453	468 015	6 208 468	8%	Increased to a more realistic amount based on the actuals for the previous financial year
Inventory	607 567	65 910	673 476	11%	Increased to a more realistic amount based on the actuals for the previous financial year
VAT	6 124 640	(627 047)	5 497 593	-10%	Decreased to a more realistic amount based on the actuals for the previous financial year
Other current assets	-	50 746	50 746	100%	Operating lease asset previously not included
<b>Total current assets</b>	<b>286 844 045</b>	<b>94 148 691</b>	<b>380 992 736</b>		
<b>Non-current assets</b>					
Investment property	47 271 925	1 125 175	48 397 100	2%	Increased to a more realistic amount based on the actuals for the previous financial year
Property, plant and equipment	722 738 237	(24 369 447)	698 368 791	-3%	Decreased to a more realistic amount based on the actuals for the previous financial year
Intangible Assets	1 149 316	(1 017 921)	131 394	-89%	Decreased to a more realistic amount based on the actuals for the previous financial year
Other non-current assets	-	1 044 183	1 044 183	100%	Capitalised Restoration Cost (Landfill site asset) previously included under Property, plant and equipment
<b>Total non-current assets</b>	<b>771 159 478</b>	<b>(23 218 010)</b>	<b>747 941 468</b>		
<b>TOTAL ASSETS</b>	<b>1 058 003 523</b>	<b>70 930 681</b>	<b>1 128 934 204</b>		
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Borrowing	964 168	(295)	963 873	0%	-
Consumer deposits	2 097 670	(80 752)	2 016 918	-4%	Decreased to a more realistic amount based on the actuals for the previous financial year
Trade and other payables from exchange transactions	16 296 659	9 820 193	26 116 852	60%	Increased to a more realistic amount based on the actuals for the previous financial year
Trade and other payables from non-exchange transactions	11 785 396	18 816 103	30 601 500	160%	Effect of the Unspent grants for the 2023/2024 financial year
Provisions	22 858 951	(1 815 392)	21 043 558	-8%	Decreased to a more realistic amount based on the actuals for the previous financial year
<b>Total current liabilities</b>	<b>54 002 844</b>	<b>26 739 857</b>	<b>80 742 701</b>		
<b>Non-current liabilities</b>					
Borrowing	4 013 977	0	4 013 977	0%	-
Provisions	32 319 393	764 489	33 083 882	2%	Increased to a more realistic amount based on the actuals for the previous financial year
Other non-current liabilities	24 954 898	(2 342 898)	22 612 000	-9%	Decreased to a more realistic amount based on the actuals for the previous financial year
<b>Total non-current liabilities</b>	<b>61 288 268</b>	<b>(1 578 409)</b>	<b>59 709 859</b>		
<b>TOTAL LIABILITIES</b>	<b>115 291 112</b>	<b>25 161 448</b>	<b>140 452 560</b>		
<b>NET ASSETS</b>	<b>942 712 411</b>	<b>45 769 233</b>	<b>988 481 644</b>		
<b>COMMUNITY WEALTH</b>					
Accumulated Surplus/(Deficit)	621 049 244	28 362 859	649 412 103	5%	Appropriation to and from Reserves
Funds and Reserves	321 663 167	17 406 374	339 069 541	5%	Increased to a more realistic amount based on the actuals for the previous financial year
<b>TOTAL COMMUNITY WEALTH</b>	<b>942 712 411</b>	<b>45 769 233</b>	<b>988 481 644</b>		

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET		2025 R (Actual)	2025 R (Final Budget)	2025 R (Variance)	Explanations for material variances (10% of line-item with a minimum of R1m)
<b>REVENUE BY SOURCE</b>					
Exchange Revenue					
Service charges	73 005 406	75 300 998	(2 295 592)	-3%	Consumption based budget
Sale of Goods and Rendering of Services	350 832	462 527	(111 695)	-24%	Less revenue received from Building Plans than budgeted for
Agency services	1 243 626	928 716	314 910	34%	More revenue received than budgeted for as a result of more transactions
Interest earned from Receivables	4 440 050	5 411 953	(971 904)	-18%	Effect of revenue enhancement programme
Interest earned from Current and Non-Current Assets	40 743 925	37 655 922	3 088 003	8%	Effect of bigger investment amounts due to Investment strategy
Rent on Land	-	46 911	(46 911)	-100%	-
Rental from Fixed Assets	1 720 967	1 944 137	(223 170)	-11%	FNB rental not renewed in the financial year
Licence and permits	1 418 640	2 272 325	(853 684)	-38%	Less revenue received than budgeted for as a result of fewer transactions
Operational Revenue	529 933	479 182	50 751	11%	-
<b>Non-Exchange Revenue</b>					
Property rates	17 976 947	19 200 567	(1 223 620)	-6%	Actual Property Rates billed less than expected
Fines, penalties and forfeits	668 061	208 444	459 617	220%	Effect of IGRAP 1 on revenue recognition; recognised penalties and retention forfeits on infrastructure contracts
Transfer and subsidies - Operational	213 477 816	215 926 557	(2 448 740)	-1%	Result of the Unspent grants
Interest	2 287 335	2 579 899	(292 565)	-11%	Effect of revenue enhancement programme
Insurance Refunds	538 999	-	538 999	100%	Insurance claims not budgeted for
Gains	95 654	500 000	(404 346)	-81%	No disposal of Properties or Land sales in the 2024/2025 financial year
<b>TOTAL OPERATING REVENUE</b>	<b>358 498 190</b>	<b>362 918 139</b>	<b>(4 419 948)</b>		
<b>EXPENDITURE BY TYPE</b>					
Employee related costs	142 902 385	147 667 218	(4 764 832)	-3%	Not all new positions that were created in the budget were filled before year-end
Remuneration of councillors	14 498 184	15 141 432	(643 248)	-4%	-
Bulk purchases - electricity	62 144 072	69 007 708	(6 863 636)	-10%	Demand less than anticipated
Inventory consumed	12 850 940	25 206 338	(12 355 398)	-49%	Cost containment measures
Debt impairment	11 359 364	18 337 503	(6 978 139)	-38%	Indigent write-offs will only be done in the new financial year
Depreciation and amortisation	18 276 288	19 014 671	(738 383)	-4%	Effect of the review of useful lives
Interest	6 122 180	6 106 402	15 779	0%	-
Contracted services	48 611 479	73 913 914	(25 302 435)	-34%	Cost containment measures and delays in implementing some projects
Transfers and subsidies	-	150 000	(150 000)	-100%	No Transfers and Subsidies paid for the 2024/25 financial year
Irrecoverable debts written off	4 777 765	8 000 000	(3 222 235)	-40%	Indigent write-offs will only be done in the new financial year
Operational costs	38 803 201	59 010 599	(20 207 397)	-34%	Cost containment measures
Losses	17 252 699	18 000 000	(747 301)	-4%	Effect of the Revaluations done as at 30 June 2025
<b>TOTAL OPERATING EXPENDITURE</b>	<b>377 598 558</b>	<b>459 555 784</b>	<b>(81 957 226)</b>		
<b>OPERATING DEFICIT FOR THE YEAR</b>	<b>(19 100 368)</b>	<b>(96 637 646)</b>	<b>77 537 278</b>		
Transfers and subsidies - capital	56 708 507	59 492 637	(2 784 130)	-5%	Result of the Unspent grants
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>37 608 139</b>	<b>(37 145 008)</b>	<b>74 753 147</b>		

# SENQU LOCAL MUNICIPALITY

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2025

ADJUSTMENTS TO APPROVED BUDGET	2025 R	2025 R	2025 R	Explanations for material variances (10% of line-item with a minimum of R1m)
REVENUE BY SOURCE	(Approved Budget)	(Adjustments)	(Final Budget)	
<b>Exchange Revenue</b>				
Service charges	73 305 842	1 995 156	75 300 998	3%
Sale of Goods and Rendering of Services	290 592	171 935	462 527	59%
Agency services	1 538 135	(609 419)	928 716	-40%
Interest earned from Receivables	5 659 261	(247 308)	5 411 953	-4%
Interest earned from Current and Non-Current Assets	31 508 822	6 147 100	37 655 922	20%
Rent on Land	2 533	44 378	46 911	1752%
Rental from Fixed Assets	1 750 944	193 193	1 944 137	11%
Licence and permits	1 508 441	763 884	2 272 325	51%
Operational Revenue	804 846	(325 664)	479 182	-40%
<b>Non-Exchange Revenue</b>				
Property rates	17 900 566	1 300 001	19 200 567	7%
Fines, penalties and forfeits	589 098	(380 654)	208 444	-65%
Transfer and subsidies - Operational	214 655 144	1 271 413	215 926 557	1%
Interest	1 880 265	699 634	2 579 899	37%
Gains	-	500 000	500 000	100%
<b>TOTAL OPERATING REVENUE</b>	<b>351 394 489</b>	<b>11 523 649</b>	<b>362 918 139</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	146 668 770	998 448	147 667 218	1%
Remuneration of councillors	14 775 784	365 648	15 141 432	2%
Bulk purchases - electricity	55 383 367	13 624 341	69 007 708	25%
Inventory consumed	25 338 574	(132 236)	25 206 338	-1%
Debt impairment	15 982 644	2 354 859	18 337 503	15%
Depreciation and amortisation	19 624 349	(609 678)	19 014 671	-3%
Interest	6 106 402	-	6 106 402	0%
Contracted services	72 725 787	1 188 127	73 913 914	2%
Transfers and subsidies	48 727	101 273	150 000	208%
Irrecoverable debts written off	2 100 000	5 900 000	8 000 000	281%
Operational costs	53 269 688	5 740 911	59 010 599	11%
Losses	2 100 000	15 900 000	18 000 000	757%
<b>TOTAL OPERATING EXPENDITURE</b>	<b>414 124 091</b>	<b>45 431 693</b>	<b>459 555 784</b>	
<b>OPERATING DEFICIT FOR THE YEAR</b>	<b>(62 729 602)</b>	<b>(33 908 044)</b>	<b>(96 637 646)</b>	
Transfers and subsidies - capital	55 783 143	3 709 494	59 492 637	7%
<b>NET DEFICIT FOR THE YEAR</b>	<b>(6 946 458)</b>	<b>(30 198 550)</b>	<b>(37 145 008)</b>	
				Net result of the additional Disaster Recovery Grant received from National Treasury

**SENQU LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2025**

**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2025 R (Actual)	2025 R (Final Budget)	2025 R (Variance)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Property rates	13 620 466	14 921 032	(1 300 566)	-10% Actual Property Rates billed less than expected
Service charges	66 744 599	55 268 915	11 475 684	17% Consumption based budget
Other revenue	6 450 647	5 854 535	596 111	9% Effect of Insurance refunds
Government - operating	223 113 450	214 699 001	8 414 448	4% Effect of VAT portion on Capital grants
Government - capital	54 982 550	63 397 000	(8 414 449)	-15% Effect of VAT portion on Capital grants
Interest	44 111 285	42 005 617	2 105 668	5% Effect of bigger investment amounts due to Investment strategy
<b>Payments</b>				
Suppliers and Employees	(322 459 227)	(391 126 689)	68 667 462	-21% Under-expenditure of the budget due to unresponsive and delayed tenders
Finance charges	(513 090)	(570 000)	56 910	-11% -
Transfers and Grants	-	(150 000)	150 000	-100% -
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>86 050 680</b>	<b>4 299 411</b>	<b>81 751 269</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Payments</b>				
Capital assets	(116 023 771)	(169 144 273)	53 120 501	-46% Result of under-expenditure of Capital Budget
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(116 023 771)</b>	<b>(169 144 273)</b>	<b>53 120 501</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Increase in consumer deposits	37 576	68 205	(30 629)	-82% Less consumer deposits during the year than anticipated
<b>Payments</b>				
Repayment of borrowing	(911 010)	(942 964)	31 953	-4% -
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(873 434)</b>	<b>(874 759)</b>	<b>1 324</b>	
<b>NET DECREASE IN CASH HELD</b>	<b>(30 846 526)</b>	<b>(165 719 620)</b>	<b>134 873 094</b>	
Cash and Cash Equivalents at the beginning of the year	506 726 350	506 726 350	0	0% -
Cash and Cash Equivalents at the end of the year	475 879 824	341 006 729	134 873 094	28% Result of under-expenditure of the budget due to non-responsive tenders and effect of unspent grants at year end

**SENQU LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2025**

ADJUSTMENTS TO APPROVED BUDGET	2025 R	2025 R	2025 R	Explanations for material variances (10% of line-item with a minimum of R1m)
	(Approved Budget)	(Adjustments)	(Final Budget)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Property rates	14 030 079	890 953	14 921 032	6%
Service charges	57 455 544	(2 186 630)	55 268 915	-4%
Other revenue	6 105 997	(251 462)	5 854 535	-4%
Transfers and Subsidies - Operational	211 348 391	3 350 610	214 699 001	2%
Transfers and Subsidies - Capital	47 099 609	16 297 391	63 397 000	35%
Interest	39 048 349	2 957 268	42 005 617	8%
<b>Payments</b>				
Suppliers and Employees	(358 348 368)	(32 778 321)	(391 126 689)	9%
Finance charges	(6 106 402)	5 536 402	(570 000)	-91%
Transfers and subsidies	(48 727)	(101 273)	(150 000)	208%
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>10 584 473</b>	<b>(6 285 062)</b>	<b>4 299 411</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Payments</b>				
Capital assets	(142 990 194)	(26 154 079)	(169 144 273)	18%
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(142 990 194)</b>	<b>(26 154 079)</b>	<b>(169 144 273)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Increase in consumer deposits	99 889	(31 684)	68 205	-32%
<b>Payments</b>				
Repayment of borrowing	(942 342)	(622)	(942 964)	0%
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(842 453)</b>	<b>(32 306)</b>	<b>(874 759)</b>	
<b>NET DECREASE IN CASH HELD</b>	<b>(133 248 173)</b>	<b>(32 471 447)</b>	<b>(165 719 620)</b>	
Cash and Cash Equivalents at the beginning of the year	390 389 476	116 336 874	506 726 350	30%
Cash and Cash Equivalents at the end of the year	257 141 302	83 865 427	341 006 729	33%

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### **1 ACCOUNTING POLICIES**

#### **1.01 BASIS OF PREPARATION**

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

#### **1.02 TRANSITIONAL PROVISIONS**

The Municipality resolved to take advantage of the following transitional provisions:

In terms of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Property, Plant and Equipment where the acquisition cost of an asset could not be determined.

#### **1.03 PRESENTATION CURRENCY**

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

#### **1.04 GOING CONCERN ASSUMPTION**

These financial statements have been prepared on a going concern basis.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.05 COMPARATIVE INFORMATION

#### 1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is 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. Items deemed immaterial are also corrected if the value thereof can become material.

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.

#### 1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

No significant amendments were made to the accounting policies in the current year.

### 1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

Standards of GRAP set out how an item should be recognised, measured and disclosed in the financial statements. In some cases, the Municipality does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the Standards of GRAP if the effect of applying those requirements are immaterial.

### 1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

Explanations for material differences between the final budget amounts and actual amounts are included in the Statement of Comparison of Budget and Actual Amounts. Material differences are being defined by Management as 10% of a specific line-item with a minimum of R1 million.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

#### 1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved not to early adopt the following Standard of GRAP which was issued but is not yet effective:

##### 1.08.1.1 GRAP 104 (Revised 2019) - Financial Instruments (effective 1 April 2025)

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant.

##### 1.08.1.2 iGRAP 22 - Foreign Currency Transactions and Advance Consideration (effective 1 April 2025)

No significant impact is expected as the Municipality is not exposed to any significant foreign currency transactions.

#### 1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date for application, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

##### 1.08.2.1 GRAP 103 (Revised 2022) - Heritage Assets

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

The impact of this Standard on the financial statements will not be significant, as the Municipality does not have any assets that meet the definition of a heritage asset as prescribed per GRAP 103.

##### 1.08.2.2 GRAP 105 (Revised 2023) - Transfer of Functions Between Entities Under Common Control

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or foresee that it will be party to any transfers of functions in the near future.

##### 1.08.2.3 GRAP 106 (Revised 2023) - Transfer of Functions Between Entities Not Under Common Control

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or foresee that it will be party to any transfers of functions in the near future.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

#### 1.08.2.4 GRAP 107 (Revised 2023) - Mergers

This Standard of GRAP was revised in order to align to IPSAS 40 on Public Sector Combinations and IFRS 3 on Business Combinations.

The impact of this Standard on the financial statements will not be significant, as the Municipality is not currently party to, or foresee that it will be party to any mergers in the near future.

#### 1.08.2.5 Amendments to GRAP 1 on Presentation of Financial Statements (2022)

The amendments to the Standard clarifies how to apply going concern assumption in the public sector and improve disclosure on related judgements and conclusions.

Currently, the Municipality is not faced with any going concern issues and therefore these amendments will have no effect on the financial statements.

#### 1.08.2.6 Improvements to the Standards of GRAP (2023)

The improvements will affect the following pronouncements to the Standard of GRAP:

<b>Pronouncement</b>	<b>Description</b>
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting policies, Changes in Accounting Estimates and Errors
GRAP 5	Borrowing Costs
GRAP 13	Leases
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 23	Revenue from Non-exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 104	Financial Instruments
IGRAP 20	Accounting for Adjustments to Revenue
Directive 12	The Selection of an Appropriate Reporting Framework by Public Entities
Guideline	Application of Materiality to Financial Statements

The effect of the improvements to the above-mentioned pronouncements is considered insignificant. The improvements mainly relates to the clarification of accounting principles.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.09 RESERVES

#### 1.09.1 *Revaluation Reserve*

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

All increases in the carrying value of assets as a result of a revaluation are credited against the reserve, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

All decreases in the carrying value of assets as a result of a revaluation are debited against the reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The following reserves are ring-fenced in the accumulated surplus and therefore disclosed as part of the accumulated surplus in the statement of financial position:

#### 1.09.2 *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

#### 1.09.3 *Employee Benefits Reserve*

The aim of the reserve is to ensure sufficient cash resources are available for the future payment of employee benefits.

Contributions equal to the short-term portion of employee benefits, plus 5% of the prior year closing balance of long term employee benefits is contributed to the reserve from accumulated surplus.

#### 1.09.4 *Valuation Roll Reserve*

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

The contribution to this reserve should be approximately 25% of the anticipated cost of the General Valuation.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.10 INVESTMENT PROPERTY

#### 1.10.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property 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.

#### 1.10.2 Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is recognised in the Statement of Financial Performance for the period in which it arises. The fair value of Investment Property reflects market conditions at the reporting date.

#### 1.10.3 Derecognition

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

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.11 PROPERTY, PLANT AND EQUIPMENT

#### 1.11.1 Initial Recognition

Property, plant and equipment are tangible non-current 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 year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any 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 the Municipality.

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.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

#### 1.11.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment, other than Land and Buildings, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

#### 1.11.3 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Land and Buildings are carried at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in the Statement of Financial Performance, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 1.11.4 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate are accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
<b>Infrastructure</b>		<b>Land and Buildings</b>	
Roads and Paving	7 - 118	Buildings and	
Bridges	50 - 80	Improvements	100
Electricity	10 - 70	Land	Indefinite
Storm Water	15 - 88		
<b>Community</b>		<b>Other Assets</b>	
Community Halls	100	Vehicles	5 - 27
Libraries	100	Plant & Equipment	3 - 24
Parks & Gardens	15 - 50	Furniture	5 - 28
Sports facilities	30 - 45	Special Vehicles	10 - 15
Cemeteries	10 - 15	Specialised plant and	10 - 23
		Equipment	
<b>Capitalised Restoration Cost</b>		Office Equipment	5 - 24
Landfill Sites	9 - 25	Computer Equipment	5 - 24

#### 1.11.5 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

#### 1.11.6 Derecognition

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.12 INTANGIBLE ASSETS

#### 1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only 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.

Intangible assets are initially recognised at cost on their acquisition date. The cost of an intangible asset 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

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

Where an intangible asset 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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

#### 1.12.2 Subsequent Measurement - Cost Model

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.12 INTANGIBLE ASSETS (CONTINUED)

#### 1.12.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible asset with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	5 - 12

#### 1.12.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

#### 1.12.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.13 IMPAIRMENT OF NON-MONETARY ASSETS

An 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.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

#### 1.13.1 Recoverable amount of Cash-generating assets

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

The best evidence of 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.

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

#### 1.13.2 Recoverable amount of Non-cash-generating assets

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

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

#### 1.13.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

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

#### 1.13.4 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 assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.14 INVENTORIES

#### 1.14.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

#### 1.14.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount 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 expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

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 would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.15 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality 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. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

#### 1.15.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

##### 1.15.1.1 *Defined Contribution Plans*

The Municipality contributes to various defined contribution plans on behalf of its qualifying employees. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

##### 1.15.1.2 *Post Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at 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 requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.15 EMPLOYEE BENEFITS (CONTINUED)

#### 1.15.2 Long-term Benefits

##### 1.15.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

#### 1.15.3 Short-term Benefits

##### 1.15.3.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

##### 1.15.3.2 Staff Bonuses Accrued

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

##### 1.15.3.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

##### 1.15.3.4 Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.16 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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 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 will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality 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.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.17 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.

#### 1.17.1 Municipality as Lessee

##### 1.17.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

##### 1.17.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

#### 1.17.2 Municipality as Lessor

##### 1.17.2.1 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.18 FINANCIAL INSTRUMENTS

#### 1.18.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

#### 1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
  
- (b) **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. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
  
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
  - (i) derivatives;
  - (ii) combined instruments that are designated at fair value;
  - (iii) instruments held for trading;
  - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments. that are designated at fair value at initial recognition; or
  - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.18 FINANCIAL INSTRUMENTS (CONTINUED)

#### 1.18.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

##### 1.18.3.1 *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 discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

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 is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

##### 1.18.3.2 *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 is not reversible.

#### 1.18.4 Derecognition of financial instruments

##### 1.18.4.1 *Financial assets*

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### 1.18.4.2 *Financial liabilities*

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the 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, in the Statement of Financial Performance.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.18 FINANCIAL INSTRUMENTS (CONTINUED)

#### 1.18.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 1.19 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

#### 1.19.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

#### 1.19.2 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 subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

#### 1.19.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable 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 is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. 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 any risks specific to the statutory receivable 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 amount of any adjustment is recognised in the Statement of Financial Performance.

#### 1.19.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.20 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

### 1.21 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

### 1.22 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 taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the cash basis.

### 1.23 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

### 1.24 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.25 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions 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 non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions 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.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor 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.

### 1.26 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

#### 1.26.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

##### 1.26.1.1 *Taxation Revenue*

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.26 REVENUE (CONTINUED)

#### 1.26.1.2 *Transfer Revenue*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

#### 1.26.1.3 *Fines*

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue. In cases where fines and summonses are issued by another government departments, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

#### 1.26.1.4 *Insurance Receipts*

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

#### 1.26.1.5 *Unclaimed deposits*

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognised all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

#### 1.26.1.6 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

#### 1.26.1.7 *Services in-kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.26 REVENUE (CONTINUED)

#### 1.26.1.8 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

#### 1.26.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

##### 1.26.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without 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.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

##### 1.26.2.2 Interest earned

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

##### 1.26.2.3 Rental income

Revenue from the rental of fixed assets is recognised on a straight-line basis over the term of the lease agreement.

##### 1.26.2.4 Income from Agency Services

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

##### 1.26.2.5 Other Tariffs

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.26 REVENUE (CONTINUED)

#### 1.26.2.6 *Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 1.26.2.7 *Deferred payment*

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

### 1.27 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

### 1.28 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.29 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), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.30 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

### 1.32 CAPITAL COMMITMENTS

Capital commitments disclosed in the annual financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

### 1.33 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.34 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party transaction is a transfer of resources, services or obligations between the Municipality and a related party, regardless of whether a price is charged.

Management is considered a related party and comprises 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.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

The Municipality is exempt from the disclosure requirements in relation to related party transactions if that transactions occurs within the normal supplier and/or client/recipient relationship 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 the terms and conditions are within the normal operating parameters established by Municipality's legal mandate.

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the annual financial statements to understand the effect of related party transactions.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.35 ACCOUNTING BY PRINCIPALS AND AGENTS

An agent is an entity that has been directed another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principle and for the benefit of the principle.

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).

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 the 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.

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 shall re-assess whether they act as a principal or an agent in accordance with this Standard.

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 an entity 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:

- (a) It does not have the power to determine the significant terms and conditions of the transaction.
- (b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- (c) 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 is an agent. The Municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent.

Where the Municipality acts as a principle, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

Where the Municipality acts as an agent, it 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 other Standards of GRAP.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.36 SEGMENT REPORTING

A segment is an activity of the Municipality:

- (a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same Municipality);
- (b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- (c) for which separate financial information is available.

Management comprises of 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.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the Municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality's annual financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis (i.e. departmental charges).

Financial information distributed to management does not include a segment/department analysis of assets and liabilities associated with each segment/department. In line with this principle utilised during the financial year, the segment reporting included in the annual financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the Municipality as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment.

### 1.37 SERVICE CONCESSION ARRANGEMENTS: ENTITY AS GRANTOR

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator, which in this case will be the Municipality.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.37 SERVICE CONCESSION ARRANGMENTS: ENTITY AS GRANTOR (CONTINUED)

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- (a) is provided by the operator which:
  - the operator constructs, develops, or acquires from a third party; or
  - is an existing asset of the operator; or
- (b) is provided by the grantor which:
  - is an existing asset of the grantor; or
  - is an upgrade to an existing asset of the grantor.

The Municipality recognises an asset provided by the operator and an upgrade to an existing asset of the Municipality, as a service concession asset if the Municipality controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the Municipality controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the Municipality recognises a service concession asset, and the asset is not an existing asset of the Municipality (grantor), the Municipality (grantor) also recognises a liability.

The Municipality does not recognise a liability when an existing asset of the Municipality is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

The Municipality initially measures the service concession asset as follows:

- (a) Where the asset is not an existing asset of the Municipality, the asset is measured at its fair value.
- (b) Where the asset is an existing asset of the Municipality and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The Municipality initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the Municipality to the operator, or from the operator to the Municipality.

Where the Municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the Municipality accounts for the liability as a financial liability.

The Municipality allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.37 SERVICE CONCESSION ARRANGMENTS: ENTITY AS GRANTOR (CONTINUED)

Where the asset and service components are not separately identifiable, the service component of payments from the Entity to the operator is determined using estimation techniques.

Where the Municipality does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the Municipality accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the Municipality and the operator.

The Municipality recognises revenue and reduces the liability according to the substance of the service concession arrangement.

If the Municipality pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

The Municipality accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial instruments.

The Municipality accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

### 1.38 CONSTRUCTION CONTRACTS

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

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

The Municipality participates as a non-accredited municipality in the National Housing Programme. The Municipality's roles and responsibilities in the housing development process are set out in the binding arrangements entered into with the provincial Department of Human Settlements. The Municipality assesses the terms and conditions of each contract concluded with the provincial Department of Human Settlements to establish whether the contract is a construction contract or not.

The Accounting Standards Board (ASB) issued a *Guideline on accounting for arrangements undertaken in terms of the National Housing Programme*. The guideline makes a distinction between a project manager and a project developer.

Where the Municipality is appointed as the project manager, it will assist with the process of appointing a contractor to construct houses on behalf of the provincial Department of Human Settlements. The responsibility of appointment and payment of the contractors ultimately vest with the provincial Department of Human Settlements.

Where the Municipality is appointed as the project developer, it will take on the responsibility for the construction of the houses. As project developer the Municipality will appoint contractors and will make payments for work completed on meeting milestones agreed between itself and the contractor.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.38 CONSTRUCTION CONTRACTS (CONTINUED)

In general, where the Municipality is appointed as the project manager, it will act as an agent for the provincial Department of Human Settlements. Where the Municipality is appointed as the project developer, it is considered that the Municipality has entered into a construction contract with the provincial Department of Human Settlements.

The binding agreements entered into with the provincial Department of Human Settlements are non-commercial fixed price contracts. The objective of the arrangements is to construct low-cost houses for the beneficiaries of the National Housing Programme in return for full reimbursement of costs from the department through a housing grant or subsidy.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for the work performed to date bear to the estimate total contract costs.

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

### 1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the annual financial statements:

#### 1.39.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

GRAP implementation date for the Municipality is 1 July 2007 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2007 to the current year's reported date. Where the economic useful life of an item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### 1.39.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

#### 1.39.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

#### 1.39.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

#### 1.39.5 Post-Retirement and Long-term Benefits

The cost of post-retirement medical obligations and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### 1.39.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthworks as published by Statistics South Africa.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 1.39 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### 1.39.7 Distinguishing between Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

#### 1.39.8 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

#### 1.39.9 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

#### 1.39.10 Recognition and Derecognition of Land

In order for land to be meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

#### 1.39.11 Applying materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgement about:

- (a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.
- (b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

	2025 R	2024 R
<b>2 CASH AND CASH EQUIVALENTS</b>		
Primary Bank Account	9 237 486	47 195 296
Call and short-term Investments Deposits	466 641 639	459 530 354
Cash Floats	700	700
<b>Total</b>	<b>475 879 824</b>	<b>506 726 350</b>

Due to the short-term nature of cash deposits, all balances included above are in line with their fair value.

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	36 872 216	27 924 692
Capital Replacement Reserve	146 452 978	203 391 447
Valuation Roll Reserve	982 252	2 973 437
Employee Benefit Reserve	49 234 443	49 749 909
Taxes	1 607 421	1 768 388
Working Capital Requirements	240 730 514	220 918 478
	<b>475 879 824</b>	<b>506 726 350</b>

### Primary Bank Account

Standard Bank - Lady Grey Branch - Account Number 28 063 130 8

Bank Statement Balance - Opening Balance	47 130 078	452 175
Bank Statement Balance - Closing Balance	9 146 029	47 130 078
Cashbook Balance - Opening Balance	47 195 296	520 449
Cashbook Balance - Closing Balance	9 237 486	47 195 296

### Call and short-term Deposits

Call and short-term Deposits consist out of the following accounts:

Standard Bank 388489162/0	189 954 552	324 647 554
Standard Bank 388489731/0	132 319 377	122 184 544
Standard Bank 388486066/0	13 822 852	12 698 256
Standard Bank 388486066/4	130 544 858	-
	<b>466 641 639</b>	<b>459 530 354</b>

Short-term deposits attracted interest of between 7.25% and 9.30% (2024: 8.25% and 8.75%).

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

#### 30 JUNE 2025

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>102 687 230</b>	<b>85 724 954</b>	<b>16 962 275</b>
Electricity	41 439 473	26 105 255	15 334 218
Refuse	59 529 005	58 206 400	1 322 605
Housing Rentals	1 718 751	1 413 300	305 452
<b>Other Receivables</b>	<b>3 660 666</b>	<b>-</b>	<b>3 660 666</b>
Joe Gqabi District Municipality (WSA)	3 429 066	-	3 429 066
Interest Accrual	231 601	-	231 601
<b>Total</b>	<b>106 347 896</b>	<b>85 724 954</b>	<b>20 622 942</b>

#### 30 JUNE 2024

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>96 594 025</b>	<b>78 482 153</b>	<b>18 111 872</b>
Electricity	39 782 785	23 395 380	16 387 405
Refuse	55 665 854	54 279 880	1 385 973
Housing Rentals	1 145 387	806 892	338 494
<b>Other Receivables</b>	<b>6 202 002</b>	<b>-</b>	<b>6 202 002</b>
Joe Gqabi District Municipality (WSA)	3 640 889	-	3 640 889
Interest Accrual	2 561 113	-	2 561 113
<b>Total</b>	<b>102 796 027</b>	<b>78 482 153</b>	<b>24 313 874</b>

Included in the outstanding balances at 30 June 2025 are consumer debtors to the value of R3 215 408 (30 June 2024: R3 988 311) who have made arrangements to repay their outstanding debt over a re-negotiated period.

The carrying value of receivables are in line with their fair value. A credit period of 30 days is granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	2025 R	2024 R
<b>Ageing of service and other receivables:</b>		
<b>Electricity Ageing</b>		
Current (0 - 30 days)	5 553 530	4 484 132
Past Due (31 - 60 Days)	2 728 723	2 499 673
Past Due (61 - 90 Days)	2 137 646	2 038 703
Past Due (90 Days +)	31 019 574	30 760 276
<b>Total</b>	<b>41 439 473</b>	<b>39 782 785</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)	2025 R	2024 R
<b>Refuse Ageing</b>		
Current (0 - 30 days)	1 300 658	1 373 933
Past Due (31 - 60 Days)	1 203 906	1 176 623
Past Due (61 - 90 Days)	1 118 927	1 106 899
Past Due (90 Days +)	55 905 515	52 008 398
<b>Total</b>	<b>59 529 005</b>	<b>55 665 854</b>
<b>Housing Rentals Ageing</b>		
Current (0 - 30 days)	54 601	114 228
Past Due (31 - 60 Days)	146 144	45 521
Past Due (61 - 90 Days)	51 988	45 321
Past Due (90 Days +)	1 466 018	940 317
<b>Total</b>	<b>1 718 751</b>	<b>1 145 387</b>
<b>Other Receivables Ageing</b>		
Current (0 - 30 days)	231 601	2 561 113
Past Due (90 Days +)	3 429 066	3 640 889
<b>Total</b>	<b>3 660 666</b>	<b>6 202 002</b>
<b>Total Service and Other Receivables Ageing</b>		
Current (0 - 30 days)	7 140 390	8 533 407
Past Due (31 - 60 Days)	4 078 773	3 721 817
Past Due (61 - 90 Days)	3 308 561	3 190 923
Past Due (90 Days +)	91 820 173	87 349 879
<b>Total</b>	<b>106 347 896</b>	<b>102 796 027</b>
<b>Reconciliation of Allowance for impairment</b>		
Balance at the beginning of the year	78 482 152	68 462 185
Contribution to the provision	11 850 454	13 503 088
Electricity	2 879 804	2 733 361
Refuse	8 364 243	10 487 733
Housing Rentals	606 407	281 994
Bad Debts Written off	(4 607 652)	(3 483 120)
Electricity	(169 929)	(1 319 095)
Refuse	(4 437 724)	(2 164 025)
Balance at the end of the year	<b>85 724 954</b>	<b>78 482 152</b>

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

#### 30 JUNE 2025

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>38 702 780</b>	<b>32 475 861</b>	<b>6 226 919</b>
Rates	38 702 780	32 475 861	6 226 919
<b>Other Receivables</b>	<b>5 437 016</b>	<b>2 190 400</b>	<b>3 246 616</b>
Traffic fines income due	2 190 400	2 190 400	-
Other Receivables	3 246 616	-	3 246 616
<b>Total</b>	<b>44 139 796</b>	<b>34 666 261</b>	<b>9 473 535</b>

#### 30 JUNE 2024

	Gross Balance R	Allowance for impairment R	Net Receivable R
<b>Service Receivables</b>	<b>32 229 078</b>	<b>28 100 874</b>	<b>4 128 204</b>
Rates	32 229 078	28 100 874	4 128 204
<b>Other Receivables</b>	<b>5 206 036</b>	<b>1 987 900</b>	<b>3 218 136</b>
Traffic fines income due	1 987 900	1 987 900	-
Other Receivables	3 218 136	-	3 218 136
<b>Total</b>	<b>37 435 113</b>	<b>30 088 774</b>	<b>7 346 339</b>

The carrying value of receivables are in line with their fair value. A credit period of 30 days is granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

<b>Ageing of service receivables:</b>	<b>2025</b> R	<b>2024</b> R
<b>Rates Ageing</b>		
Current (0 - 30 days)	285 788	231 667
Past Due (31 - 60 Days)	801 897	666 170
Past Due (61 - 90 Days)	692 931	680 703
Past Due (90 Days +)	36 922 165	30 650 537
<b>Total</b>	<b>38 702 780</b>	<b>32 229 078</b>

#### Reconciliation of Allowance for impairment

Balance at the beginning of the year	30 088 774	26 428 012
Contribution to the provision	4 747 600	4 897 721
Rates	4 545 100	4 645 121
Fines	202 500	252 600
Bad Debts Written off	(170 113)	(1 236 958)
Rates	(170 113)	(1 236 958)
<b>Balance at the end of the year</b>	<b>34 666 261</b>	<b>30 088 774</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

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

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
<b>2025</b>			
1 month past due	2 450 231	227 514	2 677 745
2 + months past due	9 258 424	5 940 828	15 199 251
<b>Total</b>	<b>11 708 654</b>	<b>6 168 342</b>	<b>17 876 996</b>
<b>2024</b>			
1 month past due	2 059 053	105 446	2 164 499
2 + months past due	11 780 310	4 002 140	15 782 450
<b>Total</b>	<b>13 839 363</b>	<b>4 107 586</b>	<b>17 946 949</b>

#### Trade and other receivables impaired:

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
<b>2025</b>			
<b>Total</b>	<b>85 724 954</b>	<b>34 666 261</b>	<b>120 391 215</b>
<b>2024</b>			
<b>Total</b>	<b>78 482 152</b>	<b>30 088 774</b>	<b>108 570 926</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

5 TAXES	2025 R	2024 R
Vat Receivable/(Payable)	2 738 667	(2 420 489)
Balance previously reported	-	(2 165 164)
Prior period adjustment - Note 45.1	-	(255 325)
Vat on Contribution to Provision for Impairment of Trade Receivables from Exchange Transactions	8 123 682	7 662 757
<b>Total</b>	<b>10 862 350</b>	<b>5 242 268</b>
The Vat Receivable/(Payable) can be summarised as follows:		
VAT Output in Suspense	(1 607 421)	(1 768 388)
VAT Input in Suspense	2 631 537	1 169 985
VAT Payable to/(Refundable from) SARS	9 838 234	5 840 671
<b>Total</b>	<b>10 862 350</b>	<b>5 242 268</b>

VAT is accounted for on the cash basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies.

The Input VAT in Suspense balance represents the Input VAT accrued on outstanding payables at year-end while the Output VAT in suspense represents the Output VAT accrued on outstanding debtors at year-end less the portion which we do not expect to recover from the respective debtor due to non-collectability (ie Output VAT impaired).

## 6 OPERATING LEASES

### 6.1 OPERATING LEASE ASSETS

Operating Lease Asset	<b>52 000</b>	<b>50 746</b>
The operating lease asset is derived from contracts where the municipality acts as the lessor in the agreement.		
Reconciliation of Operating Lease Asset:		
Balance at the beginning of the year	50 746	359
Movement during the year	1 254	50 387
<b>Balance at the end of the year</b>	<b>52 000</b>	<b>50 746</b>
The municipality will receive the following lease payments from contracts that have defined lease payments and terms:		
Within 1 Year	589 876	601 628
Between 1 and 5 Years	-	589 876
	<b>589 876</b>	<b>1 191 505</b>

The lease payments are in respect of properties being lease out over a period ranging up to June 2026.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

6 OPERATING LEASES (CONTINUED)	2025 R	2024 R
<b>6.2 OPERATING LEASE LIABILITIES</b>		
Operating Lease Liability	-	-
<p>The municipality will incur the following lease expenditure from contracts that have defined lease payments and terms:</p>		
Within 1 Year	462 276	-
Between 1 and 5 Years	616 368	-
	<b>1 078 645</b>	<b>-</b>
<p>The operating lease liability relates to the following lease arrangements:</p> <p>The Municipality entered into a lease agreement to rent the Library building in Lady Grey. The lease agreement was renewed on 1 March 2018 and expired on 28 February 2023. The initial monthly rental was R3 238 (VAT inclusive) with an annual increase of 8%. The lease is currently continuing on a month-to-month basis.</p> <p>A lease agreement was entered into with Omni Technologies relating to the rental of printers. Based on the terms of the agreement and the GRAP 13 assessment, it was considered appropriate to classify the arrangement as an operating lease rather than a finance lease. The initial lease commenced on 1 November 2024 and will expire on 31 October 2027. The lease amount payable is R 38 523 per month (VAT Exclusive) and there are no escalation over the lease term.</p>		
<b>7 INVENTORY</b>		
Electricity materials	517 818	673 476
<b>Total</b>	<b>517 818</b>	<b>673 476</b>
<p>No inventory was pledged as security for liabilities.</p> <p>Inventory is disclosed at the lower of cost or net realisable value (NRV).</p>		
Inventory Loss recognised as a result of NRV test	14 889	23 892
Inventory recognised as an expense during the year.	794 860	825 060
<b>8 INVESTMENT PROPERTY</b>		
Investment Property - Carrying Value	<b>35 328 000</b>	<b>48 397 100</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 8 INVESTMENT PROPERTY (CONTINUED)

	2025 R	2024 R
The movement in investment properties is reconciled as follows:		
<b>Opening Carrying Value</b>	48 397 100	47 271 925
Fair Value	48 397 100	47 271 925
Fair Value Adjustment	(13 069 100)	1 333 675
Balance previously reported	-	1 605 675
Prior period adjustment - Note 45.5	-	(272 000)
Impairment	-	-
Balance previously reported	-	(272 000)
Prior period adjustment - Note 45.5	-	272 000
Disposal	-	(208 500)
<b>Closing Carrying Value</b>	35 328 000	48 397 100
Fair Value	35 328 000	48 397 100

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The valuations of Investment Properties were performed by DDP Valuers and the valuer was Ms Tanya du Plessis, a professional valuer with registration number 6662. Properties were valued on the Comparable Sales Method of Valuation and Accrued Depreciation Method of Valuation sales method of valuation, based on the active market values in the area.

Rental revenue earned from Investment Properties	1 699 449	1 793 232
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### 9 PROPERTY PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Carrying Value R
<b>30 JUNE 2025</b>			
Land and Buildings	188 508 403	-	188 508 403
Infrastructure	514 432 900	169 755 584	344 677 316
Community Assets	92 157 728	18 568 388	73 589 340
Other Assets	105 531 356	47 372 753	58 158 603
	<b>900 630 387</b>	<b>235 696 725</b>	<b>664 933 662</b>
<b>30 JUNE 2024</b>			
Land and Buildings	179 509 998	-	179 509 998
Infrastructure	445 736 829	160 012 915	285 723 914
Community Assets	72 439 172	16 435 288	56 003 884
Other Assets	86 447 565	45 322 882	41 124 682
	<b>784 133 564</b>	<b>221 771 085</b>	<b>562 362 479</b>

The valuations of Land and Buildings were performed by DDP Valuers and the valuer was Ms Tanya du Plessis, a professional valuer with registration number 6662. Properties were valued on the Comparable Sales Method of Valuation and Accrued Depreciation Method of Valuation sales method of valuation, based on the active market values in the area

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

No assets were pledged as security for liabilities.

The municipality have 59 assets that are fully depreciated which are still in use. These assets are immaterial in value and will be replaced once funding is made available.

Refer to note 43 for the disclosure of repairs and maintenance per asset class as required by GRAP 17.

#### 9.1 Effect of changes in accounting estimates

During the current year the remaining useful lives of Property, Plant and Equipment were reviewed and adjusted accordingly. The effect on the current and future periods are as follow:

	2025 R	2026 R
Increase / (Decrease) in Depreciation and Amortisation	(1 802 062)	1 802 062
Increase / (Decrease) in Accumulated Surplus	1 802 062	(1 802 062)
Increase / (Decrease) in Property, Plant and Equipment	1 802 062	(1 802 062)

#### 9.2 Work in Progress projects taking a significant longer period to complete

The following projects (included in Work in Progress) is taking a significant longer period to complete:

Project	Reason for delays	2025 Carrying value
Sterkspruit Landfill Site	Alternative location needs to be identified	1 215 195
Rossouw - Solid Landfill Site	Contract to be terminated	10 880 838
Rhodes - Solid Landfill Site	Site was converted to a transfer station and waiting on record of decision for exemption from doing EIA process	566 527
Renovation town hall Barkly East	Contractual related disputes	10 292 988

#### 9.3 Work in Progress balances

The following work in progress balances are included in PPE. No depreciation charge is recognised against these amounts.

	2025 R	2024 R
Buildings	47 837 191	27 204 002
Infrastructure - Roads	87 893 073	34 289 852
Infrastructure - Waste Management	12 662 560	12 662 560
Infrastructure - Electricity	1 968 658	865 200
Sports Fields	26 588 601	7 215 253
Cemetery	216 420	216 420
Community Assets - Other	1 568 136	1 222 928
<b>Total Work in Progress (WIP)</b>	<b>178 734 639</b>	<b>83 676 215</b>

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Senqu Municipality.

Refer to note 18 for more detail relating to this asset financed by way of a provision.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 June 2025	Opening Balance		Additions		Disposals		Gain on Fair Value Revaluation		Transfers		Closing Balance		Carrying Value	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>	<b>179 509 998</b>	<b>21 576 931</b>	-	<b>5 995 644</b>	<b>(18 574 171)</b>	<b>188 508 403</b>	-	<b>1 533 369</b>	<b>(1 533 369)</b>	<b>18 574 171</b>	<b>(18 574 171)</b>	-	<b>188 508 403</b>	
Land Buildings	32 174 375 147 335 623	- 21 576 931	- -	4 195 600 1 800 044	(8 781 175) (9 792 996)	27 588 800 160 919 603	- -	- 1 533 369	(1 533 369) (1 533 369)	8 781 175 9 792 996	(8 781 175) (9 792 996)	- -	27 588 800 160 919 603	
<b>Infrastructure</b>	<b>445 736 829</b>	<b>69 211 024</b>	<b>(514 953)</b>	-	-	<b>514 432 900</b>	<b>160 012 915</b>	<b>10 049 781</b>	<b>(307 112)</b>	-	-	<b>169 755 584</b>	<b>344 677 316</b>	
Roads	264 054 078	66 732 964	(243 005)	-	-	330 544 037	121 207 989	5 609 127	(242 939)	-	-	126 574 177	203 969 860	
Stormwater	67 706 709	-	-	-	-	67 706 709	19 738 423	1 177 699	-	-	-	20 916 121	46 790 588	
Solid Waste	68 299 313	-	-	-	-	68 299 313	5 430 415	1 605 658	-	-	-	7 036 073	61 263 239	
Electricity	33 160 298	2 478 061	(271 948)	-	-	35 366 411	9 774 406	1 271 149	(64 173)	-	-	10 981 381	24 385 029	
Taxi Ranks	12 516 431	-	-	-	-	12 516 431	3 861 682	386 149	-	-	-	4 247 831	8 268 600	
<b>Community Assets</b>	<b>72 439 172</b>	<b>19 718 556</b>	-	-	-	<b>92 157 728</b>	<b>16 435 288</b>	<b>2 133 100</b>	-	-	-	<b>18 568 388</b>	<b>73 589 340</b>	
Sports Fields	33 346 649	19 373 348	-	-	-	52 719 997	7 177 135	835 493	-	-	-	8 012 627	44 707 369	
Node Development	8 728 613	-	-	-	-	8 728 613	2 877 471	293 062	-	-	-	3 170 533	5 558 080	
Parks & Gardens	7 829 419	-	-	-	-	7 829 419	676 929	182 707	-	-	-	859 636	6 969 783	
Cemetery	19 895 840	-	-	-	-	19 895 840	4 328 341	811 964	-	-	-	5 140 305	14 755 535	
Other	2 638 650	345 208	-	-	-	2 983 858	1 375 411	9 876	-	-	-	1 385 287	1 598 572	
<b>Other Assets</b>	<b>86 447 565</b>	<b>21 262 894</b>	<b>(2 179 102)</b>	-	-	<b>105 531 356</b>	<b>45 322 882</b>	<b>4 063 639</b>	<b>(2 013 768)</b>	-	-	<b>47 372 753</b>	<b>58 158 603</b>	
Motor Vehicles	14 817 625	1 660 062	(421 230)	-	-	16 056 457	9 570 735	356 510	(351 154)	-	-	9 576 090	6 480 367	
Plant & Equipment	31 083 364	538 251	(603 248)	-	-	31 018 367	17 169 042	889 709	(560 711)	-	-	17 498 040	13 520 326	
Office Equipment	2 447 431	-	(296 665)	-	-	2 150 766	2 334 951	37 827	(291 009)	-	-	2 081 769	68 997	
Furniture & Fittings	5 794 543	312 986	(350 276)	-	-	5 757 252	4 695 035	249 876	(313 257)	-	-	4 631 654	1 125 598	
Loose Equipment	405 296	-	(144 630)	-	-	260 665	399 884	2 122	(144 317)	-	-	257 689	2 977	
Computer Equipment	10 503 993	1 520 430	(363 052)	-	-	11 661 371	7 198 236	1 194 803	(353 319)	-	-	8 039 720	3 621 651	
Specialised Vehicles	21 395 314	17 231 164	-	-	-	38 626 478	3 954 998	1 332 792	-	-	-	5 287 791	33 338 687	
<b>Total</b>	<b>784 133 564</b>	<b>131 769 405</b>	<b>(2 694 055)</b>	<b>5 995 644</b>	<b>(18 574 171)</b>	<b>900 630 387</b>	<b>221 771 085</b>	<b>17 779 889</b>	<b>(3 854 249)</b>	<b>18 574 171</b>	<b>(18 574 171)</b>	<b>235 696 725</b>	<b>664 933 662</b>	

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 9 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

	Opening Balance		Additions		Disposals		Gain on Fair Value Revaluation		Transfers		Closing Balance		Accumulated Depreciation		Transfers to Cost		Closing Balance		Carrying Value						
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R				
<b>30 JUNE 2024</b>	<b>155 172 498</b>	<b>17 220 851</b>	<b>17 220 851</b>	<b>7 954 096</b>	<b>(837 447)</b>	<b>179 509 998</b>	<b>149 715 307</b>	<b>10 319 344</b>	<b>(21 736)</b>	<b>837 447</b>	<b>(837 447)</b>	<b>179 509 998</b>	<b>142 846 089</b>	<b>47 968 287</b>	<b>62 868 898</b>	<b>23 385 892</b>	<b>8 654 750</b>	<b>56 003 884</b>	<b>26 169 514</b>	<b>5 851 142</b>	<b>7 152 490</b>	<b>15 567 499</b>			
Land and Buildings	30 185 175	124 987 323	17 220 851	1 989 200	(837 447)	32 174 375	115 150 232	6 057 757	-	837 447	(837 447)	32 174 375	142 846 089	47 968 287	62 868 898	23 385 892	8 654 750	26 169 514	5 851 142	7 152 490	15 567 499				
Land				1 989 200		32 174 375						32 174 375													
Buildings	124 987 323	17 220 851	17 220 851	5 964 896	(837 447)	147 335 623	18 555 583	1 182 840	-	837 447	(837 447)	147 335 623	142 846 089	47 968 287	62 868 898	23 385 892	8 654 750	26 169 514	5 851 142	7 152 490	15 567 499				
<b>Infrastructure</b>	<b>409 112 284</b>	<b>36 715 082</b>	<b>(90 537)</b>	<b>-</b>	<b>-</b>	<b>445 736 829</b>	<b>115 150 232</b>	<b>6 057 757</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160 012 915</b>	<b>142 846 089</b>	<b>47 968 287</b>	<b>62 868 898</b>	<b>23 385 892</b>	<b>8 654 750</b>	<b>56 003 884</b>	<b>26 169 514</b>	<b>5 851 142</b>	<b>7 152 490</b>	<b>15 567 499</b>			
Roads	232 924 374	31 129 703				264 054 078	115 150 232	6 057 757	-	-	-	160 012 915	142 846 089	47 968 287	62 868 898	23 385 892	8 654 750	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499			
Stormwater	67 154 586	552 123				67 706 709	18 555 583	1 182 840	-	-	-	121 207 989	142 846 089	47 968 287	62 868 898	23 385 892	8 654 750	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499			
Solid Waste	64 223 314	4 075 998				68 299 313	3 992 266	1 438 149	-	-	-	5 430 415	142 846 089	47 968 287	62 868 898	23 385 892	8 654 750	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499			
Electricity	32 293 578	957 258	(90 537)			33 160 298	8 541 641	1 254 502	(21 736)			9 774 406	142 846 089	47 968 287	62 868 898	23 385 892	8 654 750	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499			
Taxi Ranks	12 516 431					12 516 431	3 475 585	386 096				3 861 682	142 846 089	47 968 287	62 868 898	23 385 892	8 654 750	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499			
<b>Community Assets</b>	<b>65 111 540</b>	<b>8 147 548</b>	<b>(819 916)</b>	<b>-</b>	<b>-</b>	<b>72 439 172</b>	<b>14 454 091</b>	<b>2 181 885</b>	<b>(200 688)</b>	<b>-</b>	<b>-</b>	<b>16 435 288</b>	<b>56 003 884</b>	<b>26 169 514</b>	<b>5 851 142</b>	<b>7 152 490</b>	<b>15 567 499</b>	<b>1 263 239</b>	<b>41 124 682</b>	<b>5 246 890</b>	<b>13 914 322</b>	<b>112 480</b>	<b>1 099 507</b>		
Sports Fields	26 441 844	6 904 805				33 346 649	6 341 745	835 390	-	-	-	7 177 135	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499	1 263 239	41 124 682	5 246 890	13 914 322	112 480	1 099 507		
Node Development	9 548 529		(819 916)			8 728 613	2 766 916	311 243	(200 688)			2 877 471	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499	1 263 239	41 124 682	5 246 890	13 914 322	112 480	1 099 507		
Parks & Gardens	7 829 419					7 829 419	494 243	182 686				676 929	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499	1 263 239	41 124 682	5 246 890	13 914 322	112 480	1 099 507		
Cemetery	19 679 420	216 420				19 895 840	3 516 631	811 711				4 328 341	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499	1 263 239	41 124 682	5 246 890	13 914 322	112 480	1 099 507		
Other	1 612 327	1 026 323				2 638 650	1 334 557	40 855				1 375 411	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499	1 263 239	41 124 682	5 246 890	13 914 322	112 480	1 099 507		
<b>Other Assets</b>	<b>66 382 777</b>	<b>20 435 544</b>	<b>(370 756)</b>	<b>-</b>	<b>-</b>	<b>86 447 565</b>	<b>42 695 781</b>	<b>2 981 348</b>	<b>(354 247)</b>	<b>-</b>	<b>-</b>	<b>45 322 882</b>	<b>56 003 884</b>	<b>26 169 514</b>	<b>5 851 142</b>	<b>7 152 490</b>	<b>15 567 499</b>	<b>1 263 239</b>	<b>41 124 682</b>	<b>5 246 890</b>	<b>13 914 322</b>	<b>112 480</b>	<b>1 099 507</b>		
Motor Vehicles	14 030 120	787 505				14 817 625	9 377 536	193 199	-	-	-	9 570 735	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499	1 263 239	41 124 682	5 246 890	13 914 322	112 480	1 099 507		
Plant & Equipment	31 280 086	33 908	(230 630)			31 083 364	16 322 135	1 070 634	(223 727)			17 169 042	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499	1 263 239	41 124 682	5 246 890	13 914 322	112 480	1 099 507		
Office Equipment	2 448 089		(657)			2 447 431	2 297 475	38 133	(656)			2 334 951	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499	1 263 239	41 124 682	5 246 890	13 914 322	112 480	1 099 507		
Furniture & Fittings	5 302 375	499 619	(7 451)			5 794 543	4 455 831	245 782	(6 578)			4 695 035	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499	1 263 239	41 124 682	5 246 890	13 914 322	112 480	1 099 507		
Loose Equipment	405 296					405 296	397 760	2 124				399 884	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499	1 263 239	41 124 682	5 246 890	13 914 322	112 480	1 099 507		
Computer Equipment	8 835 434	1 800 576	(132 017)			10 503 993	6 572 503	749 019	(123 285)			7 198 236	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499	1 263 239	41 124 682	5 246 890	13 914 322	112 480	1 099 507		
Specialised Vehicles	4 081 378	17 313 935				21 395 314	3 272 541	682 458				3 954 998	56 003 884	26 169 514	5 851 142	7 152 490	15 567 499	1 263 239	41 124 682	5 246 890	13 914 322	112 480	1 099 507		
<b>Total</b>	<b>695 779 099</b>	<b>82 519 025</b>	<b>(1 281 209)</b>	<b>7 954 096</b>	<b>(837 447)</b>	<b>784 133 564</b>	<b>206 865 179</b>	<b>16 892 955</b>	<b>(1 987 049)</b>	<b>837 447</b>	<b>(837 447)</b>	<b>221 771 085</b>	<b>562 362 479</b>	<b>5 246 890</b>	<b>13 914 322</b>	<b>112 480</b>	<b>1 099 507</b>	<b>5 411</b>	<b>3 305 756</b>	<b>17 440 315</b>	<b>562 362 479</b>	<b>5 246 890</b>	<b>13 914 322</b>	<b>112 480</b>	<b>1 099 507</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

10	<b>INTANGIBLE ASSETS</b>	<b>2025</b>	<b>2024</b>
		<b>R</b>	<b>R</b>
	Intangible Assets - Carrying Value	<u><b>19 490</b></u>	<u><b>47 570</b></u>
	The movement in intangible assets is reconciled as follows:		
	<b>Opening Carrying Value</b>	47 570	77 642
	Cost	535 086	968 300
	Accumulated Amortisation	(487 516)	(890 658)
	Disposal	-	(1 333)
	Cost	-	(433 214)
	Amortisation	-	431 881
	Amortisation for the year	(28 080)	(28 739)
	<b>Closing Carrying Value</b>	19 490	47 570
	Cost	535 086	535 086
	Accumulated Amortisation	(515 596)	(487 516)

Intangible Assets consist only of software.

No intangible assets were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

11	<b>CAPITALISED RESTORATION COST (PPE)</b>	<b>2 563 343</b>	<b>1 044 183</b>
	Capitalised Restoration Cost - Carrying Value	<u><b>2 563 343</b></u>	<u><b>1 044 183</b></u>
	The movement in capitalised restoration cost is reconciled as follows:		
	<b>Opening Carrying Value</b>	1 044 183	1 553 817
	Cost	10 373 232	10 115 484
	Accumulated Depreciation	(9 015 032)	(8 247 649)
	Accumulated Impairments	(314 017)	(314 017)
	Additions	2 177 041	429 596
	Disposal	(189 562)	(171 847)
	Depreciation for the year	(468 319)	(767 383)
	<b>Closing Carrying Value</b>	2 563 343	1 044 183
	Cost	12 360 711	10 373 232
	Accumulated Depreciation	(9 483 351)	(9 015 032)
	Accumulated Impairments	(314 017)	(314 017)

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

<b>11</b>	<b>CAPITALISED RESTORATION COST (PPE) (CONTINUED)</b>	<b>2025</b> R	<b>2024</b> R
	A gain on disposal is recognised as a result of the actual calculated disposal being bigger than the carrying value of the specific landfill site.		
	Gain on Disposal of Capitalised Restoration Cost (PPE)	<u>95 654</u>	<u>612 268</u>
	The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Senqu Municipality.		
	Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.		
	Refer to note 18 for more detail relating to this asset financed by way of a provision		

<b>12</b>	<b>BORROWINGS</b>	<b>2025</b> R	<b>2024</b> R
	Annuity Loans	<u>4 977 850</u>	<u>5 920 813</u>
	<b>Sub-Total</b>	<b>4 977 850</b>	<b>5 920 813</b>
	Less: Current portion	964 225	942 652
	Annuity Loans	<u>964 225</u>	<u>942 652</u>
	<b>Total Non-current Borrowings</b>	<b><u>4 013 625</u></b>	<b><u>4 978 161</u></b>

Borrowings were fully utilised to purchase property plant and equipment. No loans were unspent and no cash were set aside to finance future instalments.

Borrowings consist out of the following agreements:

Nr	Institution	Interest Rate	Redemption Date
1	Development Bank of Southern Africa (DBSA)	floating	30-Sep-29
2	Development Bank of Southern Africa (DBSA)	6.75%	30-Sep-30

Annuity loans are payable as follows:	<b>2025</b> R	<b>2024</b> R
Payable within one year	1 344 731	1 417 968
Payable within two to five years	4 450 304	4 968 683
Payable after five years	235 564	1 035 274
<b>Total amount payable</b>	<b><u>6 030 599</u></b>	<b><u>7 421 925</u></b>
<b>Less:</b> Outstanding Future Finance Charges	(1 052 749)	(1 501 111)
<b>Present value of annuity loans</b>	<b><u>4 977 850</u></b>	<b><u>5 920 814</u></b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

13	CONSUMER DEPOSITS	2025 R	2024 R
	Electricity	1 986 289	1 948 713
	<b>Total</b>	<b>1 986 289</b>	<b>1 948 713</b>

No guarantees held in lieu of Electricity Deposits

The carrying value of consumer deposits are in line with its fair value. Outstanding balances do not attract any interest.

Consumer deposits are paid by consumers on application for new and electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

### 14 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	22 296 914	9 475 852
Other Payables	676 237	167 378
Balance previously reported	-	582 575
Prior period adjustment - Note 45.2	-	(415 197)
Payments received in advance	874 926	1 244 951
Retentions	12 729 152	4 564 971
Balance previously reported	-	6 661 324
Prior period adjustment - Note 45.2	-	(2 096 353)
DBSA Interest Accrual	105 796	137 750
<b>Total</b>	<b>36 683 026</b>	<b>15 590 902</b>

Payables are being recognised net of any discounts received.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of payables approximates its fair value.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

15	PAYABLES FROM NON-EXCHANGE TRANSACTIONS	2025 R	2024 R
	<b><u>Unspent Conditional Government Grants</u></b>		
	National Government	20 882 206	2 010 056
	Provincial Government	15 990 009	25 914 636
	<b>Total</b>	<b>36 872 216</b>	<b>27 924 692</b>

Detail reconciliations of all grants received and grant conditions met are included in note 21. Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

Due to the short-term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

16	CURRENT EMPLOYEE BENEFITS		
	Post Retirement Medical Benefits - Note 17	335 000	430 000
	Long Service Awards - Note 17	608 000	337 000
	Bonuses	4 343 878	3 979 875
	Performance Bonuses	7 987 099	8 707 628
	Compensation for injuries on duty	2 362 920	6 314 578
	Balance previously reported	-	7 264 292
	Prior period adjustment - Note 45.3	-	(949 714)
	Staff Leave	6 635 545	6 663 453
	Balance previously reported	-	6 815 114
	Prior period adjustment - Note 45.3	-	(151 661)
	<b>Total</b>	<b>22 272 443</b>	<b>26 432 534</b>

The movement in current employee benefits are reconciled as follows:

### **Bonuses**

Opening Balance	3 979 875	3 505 416
Contribution during the year	7 674 512	6 822 189
Payments made	(7 310 509)	(6 347 730)
Balance at end of year	<b>4 343 878</b>	<b>3 979 875</b>

Bonuses are paid in November of each year to permanent employees and contract employees structuring the package to provide for 13th cheque.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

16	CURRENT EMPLOYEE BENEFITS (CONTINUED)	2025 R	2024 R
	<b><u>Performance Bonuses</u></b>		
	Opening Balance	8 707 628	11 105 426
	Contribution during the year	5 143 873	4 355 065
	Payments made	(5 864 402)	(6 752 863)
	Balance at end of year	<b><u>7 987 099</u></b>	<b><u>8 707 628</u></b>

Performance bonuses are being paid to Municipal Manager, Directors, Managers and Below-Managers after an evaluation of performance by the Council. The provision at 30 June 2024 includes the Performance bonuses for the 2022/23 and the 2023/24 financial years. The Performance bonuses for 2020/2021 and 2021/2022 were paid in December 2023 and a portion of the Performance bonuses for the 2022/23 and the 2023/24 financial years were paid in June 2025. The performance assessments for 2022/23 and 2023/2024 will be finalised in August 2025.

### **Compensation for injuries on duty**

Opening Balance	6 314 578	5 153 477
Contribution during the year	1 001 142	941 059
Interest and Penalties	166 334	220 043
Payments made	(5 119 135)	-
Balance at end of year	<b><u>2 362 920</u></b>	<b><u>6 314 578</u></b>

The balance on the compensation for injuries on duty represents the current liability of the municipality that has not yet been paid over to the relevant authorities. The 30 June 2024 balance was restated in line with the Compensation Fund statements received during the financial year.

### **Staff Leave**

Opening Balance	6 663 453	5 348 378
Contribution during the year	2 842 913	3 860 981
Payments made	(2 870 821)	(2 545 906)
Balance at end of year	<b><u>6 635 545</u></b>	<b><u>6 663 453</u></b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

17	EMPLOYEE BENEFITS	2025 R	2024 R
	Post Retirement Medical Benefits	23 762 000	19 278 000
	Long Service Awards	3 200 000	2 938 000
	<b>Total</b>	<b>26 962 000</b>	<b>22 216 000</b>

### 17.1 POST RETIREMENT MEDICAL BENEFITS

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	19 708 000	17 538 000
Contribution during the year	4 062 000	3 859 000
Current Service Cost	1 656 000	1 670 000
Interest Cost	2 406 000	2 189 000
Payments made	(285 225)	(324 428)
Actuarial Loss/(Gain)	612 225	(1 364 572)
Change in Financial Assumptions	1 197 000	(467 000)
Experience Adjustments	(584 775)	(897 572)
Total balance at year-end	24 097 000	19 708 000
Less: Current Portion - Note 16	(335 000)	(430 000)
<b>Total</b>	<b>23 762 000</b>	<b>19 278 000</b>

The liability in respect of past service has been estimated to be as follows:

In-service members	20 983 000	15 815 000
In-service non-members	1 463 000	1 491 000
Continuation members	1 651 000	2 402 000
<b>Total Unfunded Liability</b>	<b>24 097 000</b>	<b>19 708 000</b>

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2025	2024
In-service members	216	209
In-service non-members	74	76
Continuation members	1	3
<b>Total</b>	<b>291</b>	<b>288</b>

The defined benefit obligation is unfunded, and therefore no disclosures are made relating to plan assets and the effect of the asset ceiling.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### Last Valuation and Actuarial Valuation Method

The last valuation was performed in August 2025. The Projected Unit Credit Method has been used to value the liabilities.

#### Characteristics of defined benefit plans and risks associated with them

The municipality provides post employment medical benefits as follows:

- Eligible employees will receive a post-employment subsidy of 70% of the contribution payable should they be a member of a medical scheme at retirement.
- Continuation members and their eligible dependants receive a 70% subsidy.
- The post-employment subsidies are not limited to a maximum Rand value/subsidy.
- Upon a member's death-in-service, surviving dependants are entitled to commence receipt of the same post-employment subsidy. Upon a member's death-in-retirement, surviving dependants are entitled to continue to receive the same subsidy.

Notable benefit plan risks faced by the Municipality can be summarised as follows:

- Inflation: The risk that future CPI inflation and medical aid contribution inflation are higher than assumed and present in an uncontrolled manner.
- Longevity: The risk that eligible individuals live longer than assumed i.e. their benefits are payable for longer than expected.
- Volatility of open-ended, long-term Defined-Benefit Obligation: The risk that the Defined-Benefit Obligation may
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
- Future changes in legislation: The risk that changes to legislation with respect to the post-employment medical aid benefit may increase the Defined-Benefit Obligation for the Municipality.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### Significant Actuarial Assumptions

	2025	2024
<b>i) Financial Assumptions</b>		
- Medical aid contribution inflation rate	7.20%	7.81%
- Discount rate	11.40%	12.34%
<b>ii) Demographic Assumptions</b>		
- Post-Employment Mortality	PA(90)	PA(90)
The PA(90) ultimate table, adjusted down by 1 year of age, and a 1% annual compound		
- Average Retirement Age		
Males	62 years	62 years
Females	59 years	59 years
- Membership continuation	75%	75%

#### Sensitivity Analysis - Defined Benefit Obligation at year-end

The Defined-Benefit Obligation are based on a number of assumptions as indicated above. The extent to which the actual Defined-Benefit Obligation faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made. The assumption which tends to have the greatest impact on the results is the medical aid contribution inflation rate relative to the discount rate. The impact of the aforementioned and the other significant assumptions are disclosed below:

Assumption	Eligible Employees (Rm)	Continuation members (Rm)	Total liability (Rm)	% change
Liability	22.446	1.651	24.097	
Medical aid contribution inflation rate				
+ 1%	27.103	1.765	28.868	20%
- 1%	18.758	1.547	20.305	-16%
Discount rate				
+ 1%	18.911	1.552	20.463	-15%
- 1%	26.951	1.761	28.712	19%
Post-employment mortality				
+ 1 year	21.914	1.584	23.498	-2%
- 1 year	22.970	1.718	24.688	2%
Average retirement age				
- 1 year	24.609	1.651	26.260	9%
Membership continuation				
- 10%	19.538	1.651	21.189	-12%

There were no changes from the previous reporting period in the methods and assumptions used in preparing the sensitivity analyses.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### Expected contributions and maturity analysis

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation. There are no specific funding arrangements and funding policy that affect future contributions, other than the funding and reserve policy of the municipality which aims to ensure that the cash position of the municipality remains sufficient to cover all working capital requirements (which includes contributions to the relevant medical schemes).

Maturity analysis of expected benefits to be paid in respect of the current eligible employees and continuation members can be illustrated as follows (Undiscounted):

Future years	Expected Benefit Payments R m	% contribution of bracket
Future year 1 to 10	12.962	1%
Future year 11 to 20	72.878	6%
Future year 21 to 30	190.181	15%
Future year 30 to 40	300.772	24%
Future year 40 to 50	326.621	26%
Future year 50 to 60	238.293	19%
Future year 60 to 70	97.525	8%
Future year 70 to 80	15.904	1%
<b>Total</b>	<b>1 255.136</b>	

The contributions subsequent 80 years (relating to current eligible employees and continuation member) is considered insignificant to be included in the analysis.

#### 17.2 LONG SERVICE AWARDS

	2025 R	2024 R
The movement in Long Service Awards are reconciled as follows:		
Opening Balance	3 275 000	2 932 000
Contribution during the year	768 000	690 000
Current Service Cost	434 000	389 000
Interest Cost	334 000	301 000
Payments made	(279 416)	(367 207)
Actuarial Loss/(Gain)	44 416	20 207
Change in Financial Assumptions	(6 000)	(36 000)
Experience Adjustments	50 416	56 207
Total balance at year-end	<b>3 808 000</b>	<b>3 275 000</b>
Less: Current Portion - Note 16	(608 000)	(337 000)
<b>Total</b>	<b>3 200 000</b>	<b>2 938 000</b>

The following members are eligible for long service bonuses:

	2025	2024
In-service members	290	285

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 17 EMPLOYEE BENEFITS (CONTINUED)

The defined benefit obligation is unfunded, and therefore no disclosures are made relating to plan assets and the effect of the asset ceiling.

#### Last Valuation and Actuarial Valuation Method

The last valuation was performed in August 2025. The Projected Unit Credit Method has been used to value the liabilities.

#### Characteristics of defined benefit plans and risks associated with them

The municipality provides a long service award benefits as follows:

- The Municipality offers employees Long Service Awards for every five years of service completed, from five years of service to 25 years of service, inclusive.
- In the month that each "Completed Service" milestone is reached, the employee is granted a Long Service Award.
- "Completed Service" milestone reached (i.e 5 years) up to 6% of total annual earnings for the last "Completed Service" milestone reached (i.e 25 years).
- Earnings relates to the officials basic salary.
- The Municipality does not pay any pro-rata Long Service Awards.

Notable benefit plan risks faced by the Municipality can be summarised as follows:

- Inflation: The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.
- Termination of service: The risk that fewer eligible employees terminate their service at the Municipality i.e. more long service awards vest than expected.
- Volatility of open-ended, long-term Defined-Benefit Obligation: The risk that the Defined-Benefit Obligation may
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.
- Future changes in legislation: The risk that changes to legislation with respect to long service awards may increase the DBO for the Municipality.

#### Significant Actuarial Assumptions

	2025	2024
<b>i) Financial Assumptions</b>		
- General Earnings Inflation Rate	4.50%	5.94%
- Discount Rate	9.30%	10.75%

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 17 EMPLOYEE BENEFITS (CONTINUED)

	2025	2024
<b>ii) Demographic Assumptions</b>		
- Average Retirement Age		
Males	62 years	62 years
Females	59 years	59 years
- Termination of Services		
If an eligible employee leaves due to resignation or retrenchment, the employer's Defined-Benefit Obligation in respect of that employee ceases. The following termination rates are as follows:		
Age: 20 - 24	9.00%	9.00%
Age: 25 - 29	8.00%	8.00%
Age: 30 - 34	6.00%	6.00%
Age: 35 - 39	5.00%	5.00%
Age: 40 - 44	5.00%	5.00%
Age: 45 - 49	4.00%	4.00%
Age: 50 - 54	3.00%	3.00%
Age: 55 +	0.00%	0.00%

#### Sensitivity Analysis - Defined Benefit Obligation at year-end

The Defined-Benefit Obligation are based on a number of assumptions as indicated above. The extent to which the actual Defined-Benefit Obligation faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made. The impact of the significant assumptions are disclosed below:

Assumption	Total liability R	% change
Liability	3 808 000	
General earnings inflation rate		
+ 1%	3 975 000	4%
- 1%	3 651 000	-4%
Discount rate		
+ 1%	3 646 000	-4%
- 1%	3 984 000	5%
Average retirement age		
+ 2 years	3 957 000	4%
- 2 years	3 652 000	-4%
Rates of termination of service		
x 2	3 164 000	-17%
x 0.5	4 216 000	11%

There were no changes from the previous reporting period in the methods and assumptions used in preparing the sensitivity analyses.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 17 EMPLOYEE BENEFITS (CONTINUED)

#### Expected contributions and maturity analysis

As there is no plan asset, the net defined benefit liability is equal to the defined benefit obligation. There are no specific funding arrangements and funding policy that affect future contributions, other than the funding and reserve policy of the municipality which aims to ensure that the cash position of the municipality remains sufficient to cover all working capital requirements (which includes long service awards when it becomes due).

Maturity analysis of the future undiscounted expected benefits to be paid in respect of the current eligible employees can be illustrated as follows:

Future years	Expected Benefit Payments R m	% contribution of bracket
Future year 1 to 10	7.297	56%
Future year 11 to 20	5.192	40%
Future year 21 to 30	0.643	5%
Future year 30 to 40	-	0%
<b>Total</b>	<b>13.132</b>	

The benefits vesting subsequent 40 years (relating to current eligible employees) is considered insignificant to be included in the analysis.

#### 17.3 Defined Contribution Plans

Council contributes to the following defined contribution plans:

	2025 R	2024 R
SALA Pension Fund	1 354 558	1 322 826
SAMWU National Provident Fund	75 019	84 423
National Fund Municipal Workers	779 520	471 996
Consolidated Retirement Fund	12 321 593	11 536 344
<b>Total</b>	<b>14 530 690</b>	<b>13 415 589</b>

The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

The municipality previously assessed the Consolidated Retirement Fund (Cape Joint Retirement Fund) to be Multi-Employer Defined-Benefit Plans. This assessment was incorrect as the municipality is only liable for the required contributions to the fund and will not be liable for any shortfall in the fund. This is in contrast to the former funds (Cape Joint Retirement Fund) which were deemed to be Defined-Benefit Plans. Accordingly, any contributions previously disclosed as Defined-Benefit Plans are now included as part of the Defined Contributions Plans. All disclosures previously made in relation to Defined-Benefit Plans were also removed.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

18	<b>NON-CURRENT PROVISIONS</b>	<b>2025</b> <b>R</b>	<b>2024</b> <b>R</b>
	Rehabilitation Provision - Landfill Sites	<u><u>31 813 015</u></u>	<u><u>27 186 480</u></u>
	The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:		
	Opening Balance	27 186 480	24 971 393
	Contribution during the year	4 626 534	2 215 087
	Increase/(Decrease) in estimate	<u>1 891 825</u>	<u>(354 520)</u>
	Interest Cost	<u>2 734 709</u>	<u>2 569 607</u>
	<b>Total</b>	<u><u>31 813 015</u></u>	<u><u>27 186 480</u></u>

It is expected that outflows of economic benefits in respect of the provision for rehabilitation of landfill sites will occur beyond the 3-Year Medium Term Revenue and Expenditure Framework period.

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

Site	Expected Closure Date		
Barkly East	2031	9 446 374	7 174 725
Lady Grey	2028	4 931 100	3 764 092
Sterkspruit	2025	5 672 790	5 248 779
Rhodes	2025	8 557 810	7 969 203
Rossouw	2016	3 204 941	3 029 681
<b>Total</b>		<u><u>31 813 015</u></u>	<u><u>27 186 480</u></u>

The Rossouw Landfill site reached maximum capacity in 2016. The site is currently not licensed, and it must be licensed for closure and rehabilitation.

As per the requirements of the closure licence, rehabilitation construction commences 4 years after the issue date of the closure licence. Should a closure licence be issued in 2026, rehabilitation construction would then require commencement in 2030, which is 5 years from 2025.

There is no current portion associated with this liability, as there is no intention to rehabilitate any sites within 12 months of reporting date

## 19 COMMUNITY WEALTH

### 19.1 RESERVES

Revaluations Reserve	92 480 612	100 386 876
<b>Total</b>	<u><u>92 480 612</u></u>	<u><u>100 386 876</u></u>

The Revaluation Reserve is treated in accordance with the requirements of GRAP 17. See Statement of Changes in Net Assets for detail on the movement in the Revaluations Reserve.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 19 COMMUNITY WEALTH (CONTINUED)

#### 19.2 ACCUMULATED SURPLUS

The following internal funds and reserves are ring-fenced within the Accumulated Surplus:

	2025 R	2024 R
Capital Replacement Reserve	146 452 978	203 391 447
Employee Benefits Reserve	49 234 443	49 749 909
Valuation Roll Reserve	982 252	2 973 437
Accumulated Surplus due to the results of operations	769 535 842	672 482 584

#### Total

**966 205 515**

**928 597 376**

The Capital Replacement Reserve is created in order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources.

The aim of the Employee Benefits Reserve is to ensure that sufficient cash resources are available for the future payment of employee benefits.

The Valuation Roll Reserve is to ensure that sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

### 20 PROPERTY RATES

Total Property Rates	24 002 113	24 977 829
Less: Rebates	(6 025 166)	(6 195 695)
<b>Total</b>	<b>17 976 947</b>	<b>18 782 134</b>

Property rates levied are based on the following rateable valuations:

Residential Property	792 076 000	863 446 500
Commercial Property	452 978 000	404 627 000
Public Benefits Organisations	79 540 500	73 413 000
Public Open Space	2 720 500	-
Public Service Infrastructure	4 727 000	2 072 000
Agricultural Purposes	2 484 225 500	2 469 242 000
State - National / Provincial Services	765 225 500	748 537 000
Municipal Property	431 744 000	436 773 000
Vacant Property	118 192 000	72 303 000
Industrial Property	15 751 500	13 029 000

#### Total Valuation

**5 147 180 500**

**5 083 442 500**

Valuations on land and buildings are performed every five years. The effective date for the valuation is 1 July 2017.

The first R15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

	2025	2024
The following rates are applicable to the valuations above:		
Residential	0.0000c/R	0.8859c/R
Commercial	1.2430c/R	1.1516c/R
Public Service Infrastructure	1.2150c/R	0.0000c/R
Agricultural	1.2150c/R	0.2215c/R
State - National / Provincial Services	0.0000c/R	1.1516c/R
Vacant Property	0.0000c/R	1.3288c/R

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 20 PROPERTY RATES (CONTINUED)

Rates are levied monthly and payable by the end of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

21 TRANSFERS AND SUBSIDIES	2025 R	2024 R
<b>Unconditional Grants - National Government</b>	<b>196 724 000</b>	<b>186 760 000</b>
Equitable Share	196 724 000	186 760 000
<b>Conditional Grants - National Government</b>	<b>60 093 850</b>	<b>45 336 899</b>
Municipal Finance Management	1 700 000	1 700 000
Municipal Infrastructure Grant	54 789 000	42 442 899
INEP (Integrated National electrification programme)	1 268 976	-
EPWP (Expanded Public Works Program)	1 620 000	1 194 000
Municipal Disaster Recovery Grant	715 873	-
<b>Conditional Grants - Provincial Government</b>	<b>13 368 473</b>	<b>10 985 617</b>
Libraries	2 106 000	1 500 000
Greenest Municipality	82 090	-
Municipal Disaster Relief Grant	11 180 383	9 485 617
<b>Total</b>	<b>270 186 323</b>	<b>243 082 515</b>
Disclosed as:		
Transfers and Subsidies - Capital	56 708 507	43 309 971
Transfers and Subsidies - Operating	213 477 816	199 772 544
<b>Total</b>	<b>270 186 323</b>	<b>243 082 515</b>
Grants per Vote (MFMA Sec 123 (c)):		
Equitable share	196 724 000	186 760 000
Budget & Treasury	1 700 000	1 700 000
Planning & Development	9 528 522	7 381 290
Community & Social Services	2 106 000	1 500 000
Road Transport	58 776 735	45 741 225
Electricity	1 268 976	-
Waste Management	82 090	-
<b>Total</b>	<b>270 186 323</b>	<b>243 082 516</b>

The movements per grant can be summarised as follows:

#### 21.01 Equitable Share

Grants Received	196 724 000	186 760 000
Transferred to Revenue - Operating	(196 724 000)	(186 760 000)
Closing Unspent Balance	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

21	TRANSFERS AND SUBSIDIES (CONTINUED)	2025 R	2024 R
	<b>21.02 Financial Management Grant (FMG)</b>		
	Opening Unspent Balance	-	-
	Grants Received	1 700 000	1 700 000
	Transferred to Revenue - Operating	(1 700 000)	(1 700 000)
	Closing Unspent Balance	<u>-</u>	<u>-</u>
	The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.		
	<b>21.03 Municipal Infrastructure Grant (MIG)</b>		
	Opening Unspent Balance	-	4 950 899
	Grants Received	54 789 000	42 443 000
	Transferred to Revenue - Capital	(45 260 478)	(35 061 609)
	Transferred to Revenue - Operating	(9 528 522)	(7 381 290)
	Funds returned to NT	-	(4 951 000)
	Closing Unspent/(Unpaid) Balance	<u>-</u>	<u>-</u>
	The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.		
	<b>21.04 INEP (Integrated National electrification programme)</b>		
	Opening Unspent Balance	-	-
	Grants Received	1 269 000	-
	Transferred to Revenue - Capital	(1 103 458)	-
	Transferred to Revenue - Operating	(165 519)	-
	Closing Unspent Balance	<u>24</u>	<u>-</u>
	The Integrated National Electrification Grant was received from National Treasury to utilised for electrical projects within the Senqu area.		
	<b>21.05 NDPG (Neighbourhood Development Partnership Grant)</b>		
	Opening Unspent Balance	2 010 056	2 010 056
	Closing Unspent Balance	<u>2 010 056</u>	<u>2 010 056</u>
	The NDPG is utilised to attract private and community investment to unlock the social and economic potential within the Senqu area.		
	<b>21.06 EPWP (Expanded Public Works Program) - National</b>		
	Opening Unspent Balance	-	-
	Grants Received	1 620 000	1 194 000
	Transferred to Revenue - Operating	(1 620 000)	(1 194 000)
	Closing Unspent Balance	<u>-</u>	<u>-</u>
	The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour-intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.		

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

21	TRANSFERS AND SUBSIDIES (CONTINUED)	2025 R	2024 R
	<b>21.07 Municipal Disaster Recovery Grant</b>		
	Opening Unspent Balance	-	-
	Grants Received	19 588 000	-
	Transferred to Revenue - Capital	(622 499)	-
	Transferred to Revenue - Operating	(93 375)	-
	Closing Unspent Balance	<u>18 872 127</u>	<u>-</u>
	The grant was received from National Government to be utilised for post-disaster reconstruction and rehabilitation within the Senqu area.		
	<b>21.08 Prov Gov - Housing (Hillside)</b>		
	Opening Unspent Balance	232 651	232 651
	Closing Unspent Balance	<u>232 651</u>	<u>232 651</u>
	The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.		
	<b>21.09 Herschel People's Housing</b>		
	Opening Unspent Balance	13 743 055	12 722 578
	Current year receipts - Interest	1 037 847	1 020 477
	Closing Unspent Balance	<u>14 780 902</u>	<u>13 743 055</u>
	The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.		
	<b>21.10 Libraries</b>		
	Opening Unspent Balance	-	-
	Grants Received	2 106 000	1 500 000
	Transferred to Revenue - Operating	(2 106 000)	(1 500 000)
	Closing Unspent Balance	<u>-</u>	<u>-</u>
	The Libraries grant was utilised for the upkeep and operational cost for libraries.		
	<b>21.11 Greenest Municipality</b>		
	Opening Unspent Balance	758 545	758 545
	Grants Received	300 000	-
	Transferred to Revenue - Operating	(82 090)	-
	Closing Unspent Balance	<u>976 455</u>	<u>758 545</u>
	The grant was received for 'greening' the environment as well as proactively preserving it for future generations.		
	<b>21.12 Municipal Disaster Relief Grant</b>		
	Opening Unspent Balance	11 180 383	6 400 000
	Grants Received	-	14 266 000
	Transferred to Revenue - Capital	(9 722 072)	(8 248 362)
	Transferred to Revenue - Operating	(1 458 311)	(1 237 254)
	Closing Unspent Balance	<u>-</u>	<u>11 180 383</u>
	The grant was received from Provincial Government to be utilised for flood intervention measures within the Senqu area.		

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

21	TRANSFERS AND SUBSIDIES (CONTINUED)	2025 R	2024 R
	<b>21.13 Total Transfers and Subsidies</b>		
	Opening Unspent Balance	27 924 691	27 074 730
	Grants Received	278 096 000	247 863 000
	Current year receipts - Interest	1 037 847	1 020 477
	Transferred to Revenue - Capital	(56 708 507)	(43 309 971)
	Transferred to Revenue - Operating	(213 477 816)	(199 772 544)
	Funds returned to NT	-	(4 951 000)
	Closing Unspent Balance	<u>36 872 216</u>	<u>27 924 691</u>
22	<b>FINES, PENALTIES AND FORFEITS</b>		
	Fines: Pound Fees	51 685	51 904
	Fines: Traffic	205 500	252 800
	Fines: Other	500	-
	Penalties	114 329	624 036
	Forfeits: Retentions	200 358	11 812
	Forfeits: Unclaimed Money	95 690	106 736
	<b>Total</b>	<u><b>668 061</b></u>	<u><b>1 047 288</b></u>
	In terms of the requirements of GRAP 23 and IGRAP1, all Traffic fines issued during the year less any cancellations or reductions identified are recognised as revenue.		
23	<b>INSURANCE REFUNDS</b>		
	Insurance Refunds	538 999	-
	<b>Total</b>	<u><b>538 999</b></u>	<u><b>-</b></u>
24	<b>SERVICE CHARGES</b>		
	Electricity Revenue	63 512 009	55 765 832
	Refuse Removal Revenue	9 493 397	9 532 457
	<b>Total</b>	<u><b>73 005 406</b></u>	<u><b>65 298 288</b></u>
	The costs associated with the Free Basic Services provided to indigents are disclosed under operating expenditure projects. It is disclosed in various other expenditure line items as stated below:		
	Cost of Free Basic Services: Electricity	7 411 150	7 181 155
	Bulk Purchases	6 117 791	5 173 502
	Operational Cost	1 293 359	2 007 653
	Cost of Free Basic Services: Refuse	798 433	12 799
	Operational Cost	798 433	12 799
	<b>Total</b>	<u><b>8 209 583</b></u>	<u><b>7 193 954</b></u>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

	2025	2024
	R	R
<b>25 RENTAL FROM FIXED ASSETS</b>		
Investment Property	1 699 449	1 793 232
Buildings	21 518	18 518
Machinery and Equipment	-	2 038
<b>Total</b>	<b>1 720 967</b>	<b>1 813 788</b>
<b>26 INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Interest earned on Investment - Standard Bank 388489162/0	20 042 848	31 723 501
Interest earned on Investment - Standard Bank 388489731/0	10 127 159	10 036 814
Interest earned on Investment - Standard Bank 388486066/3	-	1 307 442
Interest earned on Investment - Standard Bank 388486066/4	10 573 918	-
<b>Total</b>	<b>40 743 925</b>	<b>43 067 757</b>
<b>27 INTEREST EARNED - OUTSTANDING DEBTORS</b>		
Interest Earned - Service Debtors	4 440 050	5 815 409
Interest Earned - Penalty Interest on Property Rates	2 287 335	2 000 203
<b>Total</b>	<b>6 727 384</b>	<b>7 815 612</b>
<b>28 LICENCES AND PERMITS</b>		
Drivers Licence Application	965 106	967 917
Learner Licence Application	247 250	225 762
Business Licenses	206 285	32 295
<b>Total</b>	<b>1 418 640</b>	<b>1 225 974</b>
<b>29 AGENCY SERVICES</b>		
Vehicle Licencing and Registration	1 243 626	1 046 830
<b>Total</b>	<b>1 243 626</b>	<b>1 046 830</b>
<b>30 SALES OF GOODS AND RENDERING OF SERVICES</b>		
Advertisements	5 635	5 009
Building Plan Clause Levy	94 726	187 470
Cemetery and Burial	21 989	24 044
Clearance Certificates	20 912	17 435
Entrance Fees	153 714	45 671
Library Fees	6 661	9 906
Photocopies and Faxes	13 160	10 561
Sale of Agricultural Products	29 606	86 003
Sub-division and Consolidation Fees	-	12 600
Valuation Services	4 430	5 175
<b>Total</b>	<b>350 832</b>	<b>403 874</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

	2025 R	2024 R
<b>31 OPERATIONAL REVENUE</b>		
Commission	253 649	300 296
LG Seta	276 284	250 855
<b>Total</b>	<b>529 933</b>	<b>551 150</b>
<b>32 EMPLOYEE RELATED COSTS</b>		
Basic Salary	90 829 087	83 367 025
Pension and UIF Contributions	15 128 622	14 045 688
Medical Aid Contributions	8 284 222	7 530 619
Bonuses	7 674 512	6 822 189
Performance Bonus	5 143 873	4 355 066
Telephone allowance	1 415 600	1 233 145
Housing Allowances	869 671	417 096
Other benefits and allowances	41 337	39 032
Acting and Post Related Allowances	749 131	1 020 487
Overtime	2 828 063	3 063 192
Standby Allowance	985 411	881 305
Travel allowance	4 019 943	3 698 867
Leave Contributions	2 842 913	3 860 981
Long service awards	434 000	389 000
Post Retirement Medical Benefits	1 656 000	1 670 000
<b>Total</b>	<b>142 902 385</b>	<b>132 393 691</b>
<b>Remuneration of Key Personnel</b>		
Key management personnel are all appointed on 5-year fixed contracts.		
<b>Municipal Manager - MM Yawa (Resigned February 2023)</b>		
Performance Bonus - 2020/21 and 2021/22	-	924 670
Performance Bonus - 2022/23	263 978	-
<b>Total</b>	<b>263 978</b>	<b>924 670</b>
<b>Municipal Manager - T Mawonga</b>		
Annual Remuneration	2 503 574	2 244 517
Performance Bonus - 2023/24	478 682	-
Travel Allowance	144 000	144 000
Telephone allowance	66 000	68 825
UIF Contributions	2 125	2 125
<b>Total</b>	<b>3 194 382</b>	<b>2 459 468</b>
<b>Director Financial Services - Mr K Fourie (Contract expired April 2023; Re-appointed November 2023)</b>		
Annual Remuneration	1 919 813	1 044 441
Performance Bonus - 2020/21 and 2021/22	-	692 652
Performance Bonus - 2022/23 and 2023/24	546 429	-
Travel Allowance	144 000	96 000
Telephone allowance	8 400	-
UIF Contributions	2 125	1 417
<b>Total</b>	<b>2 620 767</b>	<b>1 834 510</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

32	EMPLOYEE RELATED COSTS (CONTINUED)	2025 R	2024 R
	<b><i>Director Technical Services - R Ruiters</i></b>		
	Annual Remuneration	1 685 599	1 489 631
	Performance Bonus - 2020/21 and 2021/22	-	597 025
	Performance Bonus - 2022/23 and 2023/24	712 614	-
	Travel Allowance	336 368	336 368
	Telephone allowance	50 400	52 696
	UIF Contributions	2 125	2 125
	<b>Total</b>	<b>2 787 107</b>	<b>2 477 846</b>
	<b><i>Director Community and Social Services - N Nyezi</i></b>		
	Annual Remuneration	2 025 247	1 861 548
	Performance Bonus - 2021/22	-	330 734
	Performance Bonus - 2022/23 and 2023/24	747 815	-
	Telephone allowance	50 400	53 225
	UIF Contributions	2 125	2 125
	<b>Total</b>	<b>2 825 587</b>	<b>2 247 632</b>
	<b><i>Director Corporate and Support Services - Z Koyana</i></b>		
	Annual Remuneration	1 965 247	1 773 107
	Performance Bonus - 2020/21	-	597 025
	Performance Bonus - 2022/23 and 2023/24	712 614	-
	Travel Allowance	60 000	60 000
	Telephone allowance	50 400	53 225
	UIF Contributions	2 125	2 125
	<b>Total</b>	<b>2 790 387</b>	<b>2 485 482</b>
	<b><i>Director Development and Town Planning Services - K Chaphi (Resigned January 2025)</i></b>		
	Annual Remuneration	1 134 460	1 600 237
	Performance Bonus - 2020/21 and 2021/22	-	597 025
	Performance Bonus - 2022/23 and 2023/24	712 614	-
	Travel Allowance	135 841	232 870
	Telephone allowance	29 400	53 225
	UIF Contributions	1 240	2 125
	<b>Total</b>	<b>2 013 555</b>	<b>2 485 482</b>
33	REMUNERATION OF COUNCILLORS		
	Mayor	1 022 425	1 003 681
	Speaker	877 316	812 867
	Chief Whip	743 356	448 803
	Executive Committee Members	1 820 821	1 795 212
	Councillors	8 766 426	8 600 918
	Other Councillors' contributions and allowances	1 267 840	1 248 788
	<b>Total</b>	<b>14 498 184</b>	<b>13 910 269</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

33	REMUNERATION OF COUNCILLORS (CONTINUED)	2025 R	2024 R
	<b>In-kind Benefits</b>		
	The Mayor and Speaker are full-time Councillors and each is provided with an office and shared secretarial support at the cost of the Municipality. The Mayor and Speaker may utilise official Council transportation when engaged in official duties. The packages are set out below:		
	<b>Mayor</b>		
	Annual Remuneration	975 421	957 111
	Telephone allowance	47 004	46 570
	<b>Total</b>	<b>1 022 425</b>	<b>1 003 681</b>
	<b>Speaker</b>		
	Annual Remuneration	830 312	766 297
	Telephone allowance	47 004	46 570
	<b>Total</b>	<b>877 316</b>	<b>812 867</b>
	<b>Chief Whip</b>		
	Annual Remuneration	696 352	402 233
	Telephone allowance	47 004	46 570
	<b>Total</b>	<b>743 356</b>	<b>448 803</b>
	<b>Executive Committee Members</b>		
	Annual Remuneration	1 632 805	1 608 932
	Telephone allowance	188 016	186 280
	<b>Total</b>	<b>1 820 821</b>	<b>1 795 212</b>
	<b>Councillors (Section 79)</b>		
	Annual Remuneration	1 981 095	1 952 565
	Telephone allowance	235 020	232 850
	<b>Total</b>	<b>2 216 115</b>	<b>2 185 415</b>
	<b>Councillors (Ordinary)</b>		
	Annual Remuneration	6 785 331	6 648 353
	Telephone allowance	1 032 820	1 015 938
	<b>Total</b>	<b>7 818 151</b>	<b>7 664 291</b>
34	<b>DEBT IMPAIRMENT</b>		
	Receivables from exchange transactions - Note 3	11 850 454	13 503 088
	Receivables from non-exchange transactions - Note 4	4 747 600	4 897 721
	<b>Total Contribution to Debt Impairment Provision</b>	<b>16 598 054</b>	<b>18 400 808</b>
	Movement in VAT included in debt impairment - Note 5	(460 925)	(936 520)
	<b>Total</b>	<b>16 137 129</b>	<b>17 464 288</b>
	Debt Impairment consists out of the following:		
	Debt Impairment	11 359 364	12 744 209
	Bad Debts Written off	4 777 765	4 720 079
	<b>Total</b>	<b>16 137 129</b>	<b>17 464 288</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

	2025 R	2024 R
<b>35 DEPRECIATION AND AMORTISATION</b>		
Property, Plant and Equipment	17 779 889	16 892 955
Intangible Assets	28 080	28 739
Capitalised Restoration Cost (PPE)	468 319	767 383
<b>Total</b>	<b>18 276 288</b>	<b>17 689 077</b>
<b>36 IMPAIRMENT LOSS</b>		
Land and Buildings	3 138 894	837 447
<b>Total</b>	<b>3 138 894</b>	<b>837 447</b>
<b>37 FINANCE CHARGES</b>		
Annuity Loans	481 137	586 079
Rehabilitation Provision - Landfill Sites	2 734 709	2 569 607
Post Retirement Medical Benefits	2 406 000	2 189 000
Long Service Awards	334 000	301 000
Overdue Accounts	166 334	220 043
<b>Total</b>	<b>6 122 180</b>	<b>5 865 728</b>
<b>38 BULK PURCHASES</b>		
Electricity	62 144 072	48 678 878
<b>Total</b>	<b>62 144 072</b>	<b>48 678 878</b>
<b>39 CONTRACTED SERVICES</b>		
Consultants and Professional Services	13 467 647	12 842 969
Business and Advisory	10 561 505	9 670 178
Infrastructure and Planning	302 033	260 870
Legal Cost	2 604 109	2 911 921
Contractors	13 575 543	7 710 046
Electrical	577 501	177 599
Event Promoters	1 799 707	1 270 651
Fire Services	78 299	-
Interior Decorator	-	15 000
Plants, Flowers and Other Decorations	27 500	-
Maintenance of Buildings and Facilities	2 525 915	807 549
Maintenance of Equipment	2 109 203	711 854
Maintenance of Unspecified Assets	6 438 336	4 645 001
Transportation	19 084	82 392
Outsourced Services	21 568 289	17 966 226
Burial Services	25 700	65 800
Catering Services	1 770 038	1 037 135
Cleaning Services	-	29 000
Personnel and Labour	8 709 925	7 077 945
Project Management	340 000	378 807
Security Services	10 722 626	9 377 540
<b>Total</b>	<b>48 611 479</b>	<b>38 519 241</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

	2025 R	2024 R
<b>40 TRANSFERS AND SUBSIDIES</b>		
Tourism Support	-	36 321
<b>Total</b>	<b>-</b>	<b>36 321</b>
<b>41 OPERATING LEASES</b>		
Buildings	508 109	367 835
Furniture and Office Equipment	-	14 185
Machinery and Equipment	1 339 197	24 300
Transport Assets	-	2 174
<b>Total</b>	<b>1 847 306</b>	<b>408 494</b>
<b>42 OPERATIONAL COST</b>		
Advertising, Publicity and Marketing	799 271	605 817
Assets less than the Capitalisation Threshold	156 251	100 963
Bank Charges, Facility and Card Fees	476 001	418 025
Bursaries (Employees)	1 754 590	112 417
Communication	14 199	137 923
Commission: Prepaid Electricity	-	223 073
Consumables	4 395 047	2 405 477
Deeds	17 481	19 835
Entertainment	30 025	24 402
External Audit Fees	4 544 843	4 263 711
External Computer Service	4 514 011	3 770 641
Fuel and Oil	4 716 872	5 013 524
Insurance Underwriting	1 778 836	900 531
Learnerships and Internships	664 292	511 982
Maintenance Materials	3 739 021	3 368 048
Motor Vehicle Licence and Registrations	458 172	302 587
Municipal Services	211 823	191 252
Printing, Publications and Books	110 446	74 833
Professional Bodies, Membership and Subscription	1 601 175	1 497 428
Registration Fees	1 784 798	1 336 263
Remuneration to Ward Committees	2 443 500	2 554 000
Seating Allowance for Traditional Leaders	158 808	174 714
Skills Development Fund Levy	1 285 557	1 275 525
Transport Provided as Part of Departmental Activities	730 388	490 091
Travel Agency Fees	613 241	466 154
Travel and Subsistence	10 155 794	7 050 197
Uniform and Protective Clothing	1 651 252	1 780 912
Workmen's Compensation Fund	1 001 142	941 059
<b>Total</b>	<b>49 806 835</b>	<b>40 011 385</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

43	DISPOSAL OF NON-MONETARY ASSETS	2025 R	2024 R
	<b>43.1 Gain on Disposal of Investment Property</b>		
	Proceeds	-	557 391
	Less: Fair value of Investment Property disposed	-	(208 500)
	<b>Total</b>	<b>-</b>	<b>348 891</b>
	<b>43.2 Loss on Disposal of Assets</b>		
	Less: Carrying value of Property, Plant and Equipment disposed	373 175	704 538
	Less: Carrying value of Intangible Assets	-	1 333
	<b>Total</b>	<b>373 175</b>	<b>705 871</b>

### 44 REPAIRS AND MAINTENANCE

Repairs and Maintenance is removed as a line item from the Statement of Financial Performance with the implementation of mSCOA as it does not reflect the nature of the expense. It is disclosed in various other expenditure line items as stated below:

The following expenditure relating to Repairs and Maintenance projects were identified by the municipality:

Contracted Services	11 929 380	6 929 826
Contractors - Electrical	577 501	177 599
Contractors - Maintenance of Buildings and Facilities	2 525 915	807 549
Contractors - Maintenance of Equipment	2 109 203	711 854
Contractors - Maintenance of Unspecified Assets	6 190 797	4 643 701
Contractors - Transportation	19 084	82 392
Outsourced Services - Personnel and Labour	506 881	506 731
Operational Cost	4 729 282	3 977 402
Assets less than the Capitalisation Threshold	20 113	-
Consumables	334 993	149 461
Fuel and Oil	1 260 241	1 069 269
Maintenance Materials	2 943 065	2 499 803
Uniform and Protective Clothing	170 870	258 870
<b>Total</b>	<b>16 658 662</b>	<b>10 907 228</b>

GRAP 17 requires disclosure of repairs and maintenance per asset class:

Buildings and other structures	3 915 070	2 051 417
Tools and equipment	1 024 870	501 079
Furniture and office equipment	144 319	245 802
Vehicles and Implements	7 134 710	5 235 574
Roads and stormwater	3 189 173	2 274 349
Electricity Reticulation	582 278	221 862
Streetlights	483 703	377 144
Solid Waste Sites	184 540	-
<b>Total</b>	<b>16 658 662</b>	<b>10 907 228</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

<b>45</b>	<b>CORRECTION OF ERROR IN TERMS OF GRAP 3</b>	<b>2024</b>
		<b>R</b>
	Certain errors were detected which relates to prior years and were restated retrospectively. The effects of these restatements are listed below.	
<b>45.1 TAXES</b>		
	<b>Balance previously reported</b>	<b>5 497 593</b>
	VAT portion of Retention forfeits previously not recognised - 1 July 2023 - Notes 5 and 45.2	(255 325)
	<b>Restated Balance on 30 June 2024</b>	<b>5 242 268</b>
<b>45.2 PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
	<b>Balance previously reported</b>	<b>18 102 451</b>
	Recognise Unclaimed deposits - 1 July 2023 - Notes 14 and 45.4	(308 461)
	Recognise Unclaimed deposits - 30 June 2024 - Notes 14 and 45.5	(106 736)
	Retention forfeits previously not recognised - 1 July 2023 - Notes 14 and 45.4	(2 084 541)
	Retention forfeits previously not recognised - 30 June 2024 - Notes 14 and 45.5	(11 812)
	<b>Restated Balance on 30 June 2024</b>	<b>15 590 902</b>
<b>45.3 CURRENT EMPLOYEE BENEFITS</b>		
	<b>Balance previously reported</b>	<b>27 533 907</b>
	Correction of Compensation for injuries on duty balance - 1 July 2023 - Notes 16 and 45.4	(2 142 758)
	Correction of Compensation for injuries on duty balance - 2023/24 - Notes 16 and 45.5	(2 399)
	Recognise Interest and Penalties on Compensation for injuries on duty - 1 July 2023 - Notes 16 and 45.4	975 400
	Recognise Interest and Penalties on Compensation for injuries on duty - 2023/2024 - Notes 16 and 45.5	220 043
	Correction of prior year leave balance - 2023/24 - Notes 16 and 45.5	(151 661)
	<b>Restated Balance on 30 June 2024</b>	<b>26 432 532</b>
<b>45.4 ACCUMULATED SURPLUS</b>		
	Recognise Unclaimed deposits - 1 July 2023 - Notes 14 and 45.2	308 461
	Retention forfeits previously not recognised - 1 July 2023 - Notes 14 and 45.2	1 829 216
	Correction of Compensation for injuries on duty balance - 1 July 2023 - Notes 16 and 45.3	2 142 758
	Recognise Interest and Penalties on Compensation for injuries on duty - 1 July 2023 - Notes 16 and 45.3	(975 400)
	<b>Restated Balance on 30 June 2024</b>	<b>3 305 035</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

45	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)	2024 R
<b>45.5 STATEMENT OF FINANCIAL PERFORMANCE</b>		
	<b>Balance previously reported</b>	<b>71 177 262</b>
	Reversal of Duplicate journal included in 30 June 2024 balances - Notes 20 and 24	-
	Effect on Property Rates	178 789
	Effect on Service Charges - Refuse Removal Revenue	893 506
	Effect on Service Charges - Electricity Revenue	(1 072 295)
	Fair Value Adjustments of Investment Property incorrectly classified - 30 June 2024 - Notes 8 and 36	-
	Effect on Gain on Fair Value Adjustments of Investment Property	(272 000)
	Effect on Impairment Loss	272 000
	Recognise Unclaimed deposits - 30 June 2024 - Notes 14 and 45.2	106 736
	Effect on Fines, Penalties and Forfeits	106 736
	Retention forfeits previously not recognised - 30 June 2024 - Notes 14 and 45.2	11 812
	Effect on Fines, Penalties and Forfeits	11 812
	Correction of Compensation for injuries on duty balance - 2023/24 - Notes 16 and 45.3	2 399
	Effect on Operational Cost	2 399
	Recognise Interest and Penalties on Compensation for injuries on duty - 2023/2024 - Notes 16 and 45.3	(220 043)
	Effect on Finance Charges	(220 043)
	Correction of prior year leave balance - 2023/24 - Notes 16 and 45.3	151 661
	Effect on Employee related costs	151 661
	<b>Restated Balance on 30 June 2024</b>	<b>71 229 828</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

46	<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>2025</b>	<b>2024</b>
		<b>R</b>	<b>R</b>
	Net Surplus for the year	37 608 139	71 229 828
	Adjusted for:		
	Non-Cash Items	57 211 506	38 361 024
	Debt Impairment	16 137 129	17 464 288
	Depreciation and Amortisation	18 276 288	17 689 077
	Impairments	3 138 894	837 447
	Gain on Fair Value Adjustments of Investment Property	-	(1 333 675)
	Loss on Fair Value Adjustments of Investment Property	13 069 100	-
	Gain on Disposal of Capitalised Restoration Cost (PPE)	(95 654)	(612 268)
	Actuarial Gains	-	(1 364 572)
	Actuarial Losses	656 641	20 207
	Finance Charges	5 641 044	5 279 649
	Loss on disposal of PPE	373 175	705 871
	Inventory Loss	14 889	23 892
	Gain on Disposal of Investment Property	-	(348 891)
	Contributions - Provisions and Employee Benefits	18 752 441	18 038 295
	Post Retirement Medical Benefits	1 656 000	1 670 000
	Long Service Awards	434 000	389 000
	Performance Bonuses	5 143 873	4 355 065
	Bonuses	7 674 512	6 822 189
	Compensation for injuries on duty	1 001 142	941 059
	Staff Leave	2 842 913	3 860 981
	Expenditure - Provisions and Employee Benefits	(21 729 507)	(16 338 135)
	Post Retirement Medical Benefits	(285 225)	(324 428)
	Long Service Awards	(279 416)	(367 207)
	Performance Bonuses	(5 864 402)	(6 752 863)
	Bonuses	(7 310 509)	(6 347 730)
	Compensation for injuries on duty	(5 119 135)	-
	Staff Leave	(2 870 821)	(2 545 906)
	Other adjustments	(4 779 019)	(4 770 465)
	Bad Debts Written Off	(4 777 765)	(4 720 079)
	Movement on Operating Lease Asset	(1 254)	(50 387)
	Operating Surplus before changes in working capital	87 063 559	106 520 547
	Movement in working capital	(1 012 879)	(20 904 235)
	Receivables from exchange and non-exchange transactions	(9 795 627)	(22 867 057)
	Inventory	140 769	(89 801)
	Payables from exchange transactions	5 314 537	(104 541)
	Payables from non-exchange transactions	8 947 524	849 961
	Taxes	(5 620 082)	1 307 203
	<b>Cash Flow from Operating Activities</b>	<b>86 050 680</b>	<b>85 616 312</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 47 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	9 237 486	47 195 296
Call and short-term Investments Deposits	466 641 639	459 530 354
Cash Floats	700	700
<b>Total</b>	<b>475 879 824</b>	<b>506 726 350</b>

Refer to note 2 for more details relating to cash and cash equivalents.

### 48 BUDGET COMPARISONS

#### 48.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are affected by these classification differences:

#### Statement of financial position

Current Employee Benefits are disclosed Provisions (current) in the budget statement.

Employee Benefits (Long Service Awards) and Non-Current Provisions are disclosed as Provisions in the budget statement, while Employee Benefits (Post Retirement Medical Benefits) are disclosed as Other non-current liabilities.

#### Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items:

Irrecoverable debts written off is separated from Debt Impairment in the budget statement.

The budget statements do not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for are incorporated under the line item Operational Costs in the budget statement. Operational Costs per budget statement consist out of the following line items - Operating Leases and Operational Cost. Inventory Consumed are also included under Operational cost in the annual financial statements and not as a separate item on the Statement of financial performance as per the budget schedules. The reason for this is that the current detail provided in mSCOA does not provide the nature of the expense which could be problematic from a GRAP point of view.

#### Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

#### 48.2 MATERIAL VARIANCES

Refer to the Statements of comparison of budget and actual amounts in pages 8 to 13 of this document.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

49	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE	2025 R	2024 R
<b>49.1 UNAUTHORISED EXPENDITURE</b>			
Unauthorised expenditure can be reconciled as follow:			
	Opening balance	2 049 931	-
	Unauthorised expenditure current year - capital	-	2 049 931
	<b>Unauthorised expenditure awaiting Council consideration</b>	<b>2 049 931</b>	<b>2 049 931</b>

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:

	2025 (Actual) R	2025 (Final Budget) R	2025 (Unauthorised) R
<b>Unauthorised expenditure - Operating</b>			
Executive & Council	47 613 712	54 648 807	-
Planning & Development	23 748 610	33 060 022	-
Corporate Services	66 355 132	80 091 608	-
Budget & Treasury	48 433 101	56 718 210	-
Road Transport	34 678 297	40 805 046	-
Waste Water Management	3 903 344	6 028 439	-
Community & Social Services	21 940 675	24 690 278	-
Sport & Recreation	2 450 957	2 955 899	-
Public Safety	1 910 211	1 974 476	-
Electricity	83 770 118	99 782 636	-
Waste Management	42 794 400	58 800 363	-
<b>Total</b>	<b>377 598 558</b>	<b>459 555 784</b>	<b>-</b>
<b>Unauthorised expenditure - Capital</b>			
Executive & Council	199 318	335 537	-
Corporate Services	1 980 832	3 777 059	-
Budget & Treasury	1 534 751	1 743 215	-
Road Transport	100 853 478	130 918 682	-
Waste Water Management	-	694 424	-
Community & Social Services	4 636 520	8 086 251	-
Sport & Recreation	19 373 348	22 132 407	-
Public Safety	345 208	408 000	-
Electricity	2 478 061	3 586 728	-
Waste Management	367 890	922 500	-
<b>Total</b>	<b>131 769 405</b>	<b>172 604 803</b>	<b>-</b>

The unauthorised expenditure balance for 30 June 2024 relates to payment of invoices for the Construction of the Blue-gums Sports Field which exceeded the budget allocated only for the 2023/24 financial year. The aggregate 2023/24 MTREF budget of the project and the contract amount has not been exceeded.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

49.2 FRUITLESS AND WASTEFUL EXPENDITURE	2025 R	2024 R
Fruitless and wasteful expenditure consist of the following:		
Opening Balance as previously reported	2 084 488	2 023 681
Correction of prior period error	975 400	-
Opening balance as restated	<u>3 059 888</u>	<u>2 023 681</u>
Fruitless and wasteful expenditure incurred - current year	166 334	10 524
Fruitless and wasteful expenditure incurred - prior year	220 043	50 283
Amount written off - Prior period	(146 520)	-
<b>Closing Balance</b>	<b><u>3 299 745</u></b>	<b><u>2 084 488</u></b>

Details of Fruitless and wasteful expenditure incurred:

Interest and Penalties - Compensation Fund	1 361 777	-
Interest paid to SARS	-	59 104
Lithaba Travels (Accommodation)	-	1 703
<b>Total</b>	<b><u>1 361 777</u></b>	<b><u>60 807</u></b>

The Fruitless and Wasteful expenditure for the year under review relates to Interest and Penalties charged by the Compensation Fund on the overdue balance.

The amount for 2023/24 includes the interest charged on employment taxes (SARS) as well as an accommodation booking that was not cancelled upon cancellation of the related trip.

The Council has written off an amount of R146 520 during 2024/25 financial year. The balance remaining has been referred to MPAC for investigation, except for those that were recently identified during the AFS preparation process which will be reported in the next council meeting.

### 49.3 IRREGULAR EXPENDITURE

Irregular expenditure consist of the following:

Opening balance	65 326 446	59 548 156
Irregular expenditure incurred - current	5 518 295	5 778 289
Amount written off - current	(4 304 891)	-
Amount written off - Prior period	(65 326 446)	-
<b>Closing Balance</b>	<b><u>1 213 404</u></b>	<b><u>65 326 446</u></b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

49	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)</b>	<b>2025</b>	<b>2024</b>
		<b>R</b>	<b>R</b>
	Breakdown of Irregular expenditure incurred:		
1.	Expenditure incurred without following SCM prescripts	9 672	21 714
2.	Deviation not in terms of regulation 36 (1)(a)(v) of the Municipal Supply Chain Management Regulations	-	-
3.	Non-compliance with Section 217 of the RSA Constitution and Regulation 20 of the Municipal Supply Chain Management Regulations.	713 404	5 553 548
4.	Non-compliance with MFMA Act Sections 33 and 116	-	203 028
5.	Non-compliance with MFMA Circular No. 62 and the Supply Chain Management Policy	3 772 680	-
6.	Non-compliance with CIDB Regulations and Practice Guideline A6	723 267	-
7.	Non-compliance with of Preferential Procurement Regulations (Reg 4) of 2022	299 271	-
	<b>Total</b>	<b>5 518 295</b>	<b>5 778 289</b>
	Number of incidents:	<b>2025</b>	<b>2024</b>
1.	Expenditure incurred without following SCM prescripts	3	3
2.	Deviation in terms of regulation 36 (1)(a)(v) of the Municipal Supply Chain Management Regulations	-	-
3.	Non-compliance with Section 217 of the RSA Constitution and Regulation 20 of the Municipal Supply Chain Management Regulations.	2	10
4.	Non-compliance with MFMA Act Sections 33 and 116	-	1
5.	Non-compliance with MFMA Circular No. 62 and the Supply Chain Management Policy	1	-
6.	Non-compliance with CIDB Regulations and Practice Guideline A6	1	-
7.	Non-compliance with of Preferential Procurement Regulations (Reg 4) of 2022	1	-
	<b>Total</b>	<b>8</b>	<b>14</b>

Irregular expenditure amounting to R34 651 097.39 was written off by the council through a council resolution in a meeting held on 31 July 2024 and an additional amount of R 34 982 938.99 was written off by Council through a council resolution in a meeting held on 30 June 2025

The classification, validation and recoverability of all remaining irregular expenditure will be determined by Council in terms of section 32 of MFMA and section 14 of the PPPFA 2017.

The Council has referred the amounts disclosed above to MPAC for investigation, except for those that were recently identified during the AFS preparation process which will only be reported in the next council meeting.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 49 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

49.4 MATERIAL LOSSES	2025	2024
<b>Electricity distribution losses</b>		
- Units purchased (Kwh)	25 871 843	23 242 554
- Units sold (Kwh)	19 862 032	18 369 707
- Units lost during distribution (Kwh)	6 009 811	4 872 847
- Units cost (Kwh)	2.1379	1.9986
- Percentage lost during distribution	23.23%	20.97%
- Units lost considered material losses above a 12.5% norm	3 422 626	2 548 592
- Cost of units lost considered as material losses	7 317 236	5 093 627

### 50 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	2025 R	2024 R
<b>50.1 Salga Contributions [MFMA 125 (1)(b)]</b>		
Opening balance	-	-
Expenditure incurred	1 562 217	1 482 308
Payments	(1 562 217)	(1 482 308)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

#### 50.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	-	7 346
Expenditure incurred	5 226 569	4 903 268
External Audit - Auditor-General	5 226 569	4 903 268
Payments	(4 793 272)	(4 910 614)
<b>Outstanding Balance</b>	<b>433 298</b>	<b>-</b>

#### 50.3 VAT [MFMA 125 (1)(c)]

Opening balance	5 840 671	6 779 572
Amounts received - previous year	-	(2 672 177)
Amounts received - current year	(21 443 475)	(15 579 232)
Amounts claimed - current year (payable)	21 443 475	15 579 232
Input VAT Claimable/(Output VAT Payable)	3 997 563	1 733 275
<b>Vat Receivable</b>	<b>9 838 234</b>	<b>5 840 671</b>
<b>Vat in suspense due to cash basis of accounting</b>	<b>(7 099 567)</b>	<b>(8 261 160)</b>

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

#### 50.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]

Payments due to SARS	28 166 045	25 042 848
Payments	(28 166 045)	(25 042 848)
<b>Outstanding Balance</b>	<b>-</b>	<b>-</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

50	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)	2025 R	2024 R
	<b>50.5 PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]</b>		
	Payments due to pension fund and medical aid	39 509 132	36 168 042
	Payments	(39 509 132)	(36 168 042)
	<b>Outstanding Balance</b>	<u>-</u>	<u>-</u>
	<b>50.6 COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]</b>		
	No Councillors had arrear accounts outstanding for more than 90 days at year end.		
	<b>50.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM</b>		
	During the year under review the municipality procured goods and services in accordance with the requirements of the supply chain management policy and all deviations from the policy and its related regulations were noted, approved by the Municipal Manager.		
	Approved deviations from Supply Chain Management Regulations were identified on the following categories:		
	Emergencies	929 655	21 783 873
	Goods and services are available from a Single provider only	99 116	68 186
	Other exceptional cases where it is impractical or impossible to follow the official procurement processes.	2 379 953	-
	<b>Total</b>	<u><b>3 408 725</b></u>	<u><b>21 852 059</b></u>
	Deviations per vote:		
	Corporate Services	99 116	43 553
	Budget & Treasury	870 000	24 633
	Road Transport	1 509 953	21 499 204
	Community & Social Services	141 795	-
	Electricity	787 860	284 669
	<b>Total</b>	<u><b>3 408 725</b></u>	<u><b>21 852 059</b></u>
	Expenditure incurred on deviations from Supply Chain Management Regulations that are Rates-based	<u>3 857 384</u>	<u>4 808 090</u>
	<b>50.8 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]</b>		
	No non-compliance in terms of Regulation 9(1) of the Preferential Procurement Regulations were identified. This Regulation relates to the awarding of bids with reference to local production and content.		

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 50 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

#### AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN SERVICE OF 50.9 THE STATE

During the year under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45). These transactions were at arms-length, interests were declared and employees played no part in procurement.

<u>Entity</u>	<u>Staff Member</u>	2025 R	2024 R
January Tours and Projects (Brother is owner)	Cllr N January	257 175	124 148
<b>Total</b>		<b>257 175</b>	<b>124 148</b>

### 51 CAPITAL COMMITMENTS

#### Commitments in respect of capital expenditure:

Approved and contracted for:	131 518 274	191 675 566
Land & Buildings	18 760 544	32 519 059
Infrastructure	104 735 870	134 961 507
Community	8 021 861	24 195 000
<b>Total</b>	<b>131 518 274</b>	<b>191 675 566</b>

This expenditure will be financed from:

Capital Replacement Reserve	83 225 056	96 162 811
Government Grants - MIG	43 947 282	87 734 800
Government Grants - Disaster Relief Grant	-	7 777 956
Government Grants - Disaster Recovery Grant	2 584 034	-
Government Grants - INEP	1 761 903	-
<b>Total</b>	<b>131 518 274</b>	<b>191 675 566</b>

The decrease in the Capital Commitments balance for 30 June 2025 is due to significant expenditure for 2024/2025 on four major ongoing infrastructure projects.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 52 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

#### 52.1 Credit Risk

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.

	2025	2024
	R	R
The following financial assets are exposed to credit risk:		
Cash and Cash Equivalents	475 879 824	506 726 350
Receivables from exchange transactions	20 622 942	24 313 874
<b>Total</b>	<b>496 502 766</b>	<b>531 040 224</b>

#### Cash and Cash Equivalents

Deposits of the municipality are only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

#### Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors, the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be past due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be past due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

52	FINANCIAL RISK MANAGEMENT (CONTINUED)	2025 R	2024 R
	The following service receivables are past due, but not impaired:		
	Electricity	10 373 529	12 572 671
	Refuse	1 032 607	1 017 808
	Other Services	302 518	248 883
	<b>Total</b>	<b>11 708 654</b>	<b>13 839 363</b>
	These receivables can be aged as follows:		
	1 Month past due	2 450 231	2 059 053
	2 Month past due	1 541 603	1 526 801
	3 Month past due	779 110	1 059 210
	> 3 Months past due	6 937 710	9 194 299
	<b>Total</b>	<b>11 708 654</b>	<b>13 839 363</b>

### 52.2 Currency risk (Market Risk)

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.

The financial instruments of the municipality is not directly exposed to any currency risk.

### 52.3 Interest rate risk (Market Risk)

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

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (Excluding Cash on Hand)	475 879 124	506 725 650
Borrowings (Including Current Portion)	(4 977 850)	(5 920 813)
<b>Net balance exposed</b>	<b>470 901 274</b>	<b>500 804 836</b>

Although the non-current provision is not defined as a financial instrument, the potential effect of changes in interest rates used to discount this balance over time, is included for the benefit of the user of the annual financial statements.

Potential effect of changes in interest rates on surplus and deficit for the year:

1% (2024 - 1%) increase in interest rates	4 709 013	5 008 048
0% (2024 - 0%) decrease in interest rates	-	-

South Africa is currently in an upward interest rate cycle and management does not foresee a decrease in the next 12 months.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 52 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 52.4 Liquidity risk

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

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

30 JUNE 2025	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	1 344 731	4 450 304	235 564
Payables from exchange transactions	35 808 100	-	-
<b>Total</b>	<b>37 152 831</b>	<b>4 450 304</b>	<b>235 564</b>
30 JUNE 2024	PAYABLE		
	Within 1 Year	Two to five years	After five years
Annuity Loans	1 417 968	4 968 683	1 035 274
Payables from exchange transactions	16 857 500	-	-
<b>Total</b>	<b>18 275 468</b>	<b>4 968 683</b>	<b>1 035 274</b>

The rehabilitation provision does not meet the definition of a financial instrument (due to the absence of a contracted counterparty for the balance).

#### 52.5 Other price risk (Market Risk)

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

The municipality is not exposed to any other price risk.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

53	FINANCIAL INSTRUMENTS	2025 R	2024 R
	The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)		
	<u>Financial Assets</u>		
	Cash and Cash Equivalents	475 879 824	506 726 350
	Receivables from exchange transactions	19 748 016	23 068 924
	<b>Total</b>	<b>495 627 840</b>	<b>529 795 274</b>
	<u>Financial Liabilities</u>		
	Current Portion of Borrowings	964 225	942 652
	Payables from exchange transactions	35 808 100	14 345 951
	Borrowings	4 013 625	4 978 161
	<b>Total</b>	<b>40 785 950</b>	<b>20 266 764</b>

54	STATUTORY RECEIVABLES		
	In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
	<b>Receivables from Non-Exchange Transactions</b>		
	Rates	38 702 780	32 229 078
	Fines	2 190 400	1 987 900
	<b>Total</b>	<b>40 893 180</b>	<b>34 216 978</b>
	<b>Taxes</b>		
	VAT Receivable from SARS (VAT Control)	9 838 234	5 840 671
	<b>Total</b>	<b>9 838 234</b>	<b>5 840 671</b>

VAT receivable from SARS is considered to be Statutory Receivable. Input Vat in Suspense is not included in the disclosure as there are no transaction to “settle” with a specific counterparty (SARS) at year-end.

Statutory Receivables are disclosed after taking into account any impairments raised against gross amounts. Refer to note 4 for more detail relating to fines and rates receivables.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

55	<b>PRINCIPAL-AGENT ARRANGEMENTS</b>	<b>2025</b> R	<b>2024</b> R
	The Municipality has assessed that the following significant principal-agent arrangements exists:		
	<b>55.01 Department of Transport and Public Works</b>		
	The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission.		
	The following transactions were undertaken as part of the principal-agent arrangement:		
	Collections payable to the Department at the beginning of year	379 682	155 383
	Revenue collected from third parties	8 517 797	8 765 964
	Commission earned on collections	(2 958 003)	(2 996 137)
	Collections paid over to The Department	(5 530 159)	(5 545 528)
	Collections payable to the Department at year-end	<b>409 318</b>	<b>379 682</b>

Minimal risk was transferred from the Department of Transport, as the principal, to Senqu Municipality, as the agent, beyond the cash collected on behalf of the principal.

### 56 EVENTS AFTER REPORTING DATE

No events after reporting date have been reported in the current and prior year.

### 57 IN-KIND DONATIONS AND ASSISTANCE

No in-kind donations and assistance in the current and prior year.

### 58 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The municipality did not enter into any PPP's in the current and prior year.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

		2025 R	2024 R
59	<b>CONTINGENT LIABILITIES</b>		
	The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:		
	<b>59.01 <u>Dibanani Consulting CC</u></b>		
	The CC has instituted action in the High Court, Grahamstown during December 2019 for the recovery of professional consulting engineering fees for road construction projects in Tienbank and Herschel. The Municipality has defended the action and filed an exception to the particulars of claim inter alia based on the fact that the claims are based on variation orders of the original contract that did not comply with the regulatory framework.	-	640 369
	Dibanani wanted to settle this matter out of court but the Municipality has been advised against doing so. The matter has become dormant and the plaintiff has not advanced the litigation for years and it is unlikely that the matter will revived.		
	<b>59.02 <u>RT Civils CC ("The contractor")</u></b>		
	The contractor has submitted a claim for the unlawful termination of the contract for Bid number: 03/2018, the Upgrading of the Lady Grey Solid Waste Site.	8 141 903	8 141 903
	The Municipality's position is that the contractor abandoned the works and that the termination was lawful. The contractor has demanded payment of R8 141 903.40 on 20 April 2020 but no statement of claim has been submitted.		
	The dispute was referred to arbitration. The arbitration was set down for hearing on 21 to 23 August 2023. The arbitration hearing was postponed sine die as the contractor was not able to pay the arbitrator's fee and its attorney's fee. It is likely that the claim will be dismissed with costs and that the counter claim will succeed.		
	<b>59.03 <u>Mr D Tsembeyi</u></b>		
	Mr Tsembeyi instituted action in the High Court, Mthatha during March 2020 for the market value of the top structures of houses that he allegedly constructed on municipal land. The Municipality has defended the action but the matter has not progressed.	700 000	700 000
	No settlement agreement was concluded and the claimant is unable to produce documents that show he built those top structures. It is highly likely that such documents do not exist. The Mthatha High Court is likely to issue a judgement in favour of the Municipality.		

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

59	CONTINGENT LIABILITIES (CONTINUED)	2025 R	2024 R
	<b>59.04 <u>DCB van Zyl N.O. &amp; 4 Others</u></b>		
	The plaintiffs have issued summons in the Barkly East Magistrate's Court for the recovery of the costs of erecting a boundary fence in the amount of R166 538.56.	166 539	166 539
	The Municipality has filed a special plea that the plaintiffs have not complied with the Fencing Act. It is likely that the claim will be dismissed with costs if the special plea succeeds.		
	The Municipality is, however, liable as an adjacent landowner for half of the reasonable costs of the fence if the claim is properly		
	<b>59.05 <u>Mvenya Auto &amp; Towing Services (Pty) Ltd</u></b>		
	The plaintiff has issued summons in the Lady Grey Magistrate's Court for damages of R150 431.61 as a result of damages to the plaintiff's vehicle due to a pothole near Botha and Murray Street, Lady Grey.	150 432	150 432
	The investigation by the Municipality has shown that there was no pothole at the time and it is likely that the claim will be dismissed with costs.		
	<b>59.06 <u>New Beginnings Projects CC</u></b>		
	The applicant brought a two-part application on 7 November 2023. In the first part of the application, Part A, which was brought as a matter of urgency, the applicant essentially sought to interdict the municipality from continuing with the implementation of a contract which it had awarded to a third party. Part B, is to obtain an order reviewing and setting aside the municipality's decision to award the contract.	-	300 000
	The matter is dormant. The onus is on the applicant in the review (New Beginnings) to prosecute its review. However, given that the contract which is the subject of the review has been finalised, it is unlikely that the review will be further prosecuted.		
	<b>59.07 <u>Silindokhle May</u></b>		
	S May instituted action in the High Court for injuries suffered after she allegedly fell from a roundabout in a playground in Barkly East. The municipality is defending the matter and the matter is pending.	500 000	500 000

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

59	CONTINGENT LIABILITIES (CONTINUED)	2025 R	2024 R
	<b>59.08 <u>B Tsotso</u></b>		
	<p>Application in the Labour Court for the reinstatement of Ms Tsotso as a result of the alleged unlawful termination of her services, alternatively for the payment of compensation of R17 771 332.40 as damages.</p> <p>The Municipality filed it's statement of defence on 17 October 2023 but the litigation has not advanced. It is unlikely that the application for the reinstatement will succeed. In the unlikely event of the Labour Court awarding compensation such award will not exceed 12 months' salary.</p> <p>The quantum of the claim for back-pay for reinstatement has not been quantified by Ms Tsotso. If an award is made for compensation its expected to be not more than 12 months' salary of R1 091 515.10.</p>	1 091 515	1 091 515
	<b>59.09 <u>Mr T Wonga</u></b>		
	<p>Mr Wonga has claimed compensation for the value of the remainder of his contract of employment as a senior manager. Mr Wonga was re-employed by the Municipality with effect from the termination of his contract in an acting capacity as a senior manager at a lower rate of remuneration. He was subsequently re-employed by the Municipality as a bargaining unit employee and remained in this position until he was medically boarded.</p> <p>The application was dismissed by the SALGBC on 20 May 2025. Mr Wonga has applied for the rescission of the award and the Municipality has opposed the application.</p>	1 259 898	-
	<b>59.10 <u>Senqu Local Municipality v Kgompo (Maadima) (Pty) Ltd</u></b>		
	<p>The municipality appointed Kgompo Civils under contract number 97/2021-2022. Payment of guarantees was paid to Maadima PTY LTD amounting to R1 800 000. The municipality had to recall those guarantees.</p> <p>It is likely that a judgement will be granted in favour of the municipality.</p>	1 800 000	-
	<b>59.11 <u>Nsovo Construction (Pty) Ltd</u></b>		
	<p>Nsovo Construction (Pty) Ltd instituted arbitration proceedings against the municipality for the payment of it's outstanding claims.</p>	9 263 727	-
	<b>59.12 <u>Landfill Sites</u></b>		
	<p>The municipality does not have a permit or license for all of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.</p>	-	-
	<b>59.13 <u>Land Invasion</u></b>		
	<p>The municipality is currently engaged in litigation in respect of various land invasion cases in the Senqu Municipal Area.</p>	-	-

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 60 RELATED PARTIES

Related parties are defined in note 1.34

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

Remuneration of related parties are disclosed in notes 32 and 33

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge has been recognised in respect of amounts owed by related parties.

Year ended 30 June 2025	Rates - Levied 1 Jul 24 - 30 June 2025	Service Charges - Levied 1 Jul 24 - 30 June 2025
<b>Councillors</b>	<b>9 033</b>	<b>18 318</b>
MA Mshasha	3 710	2 617
DM Matsaba	355	2 617
B Mbonjwa	4 813	5 234
NC Stokwe	-	2 617
NL Dumzela	154	2 617
SN Mfisa	-	2 617
<b>Municipal Manager and Section 56 Employees</b>	<b>215</b>	<b>2 617</b>
AK Fourie	215	2 617

### 61 B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Information.

### 62 SEGMENT REPORTING

#### 62.01 General Information

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 62 SEGMENT REPORTING (CONTINUED)

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Community Services	Community Halls, Cemeteries, Libraries, Parks and Sports fields
2	Public safety	Traffic control, Animal pounds, Public Nuisances, Fencing, Licensing and Control of Animals
3	Planning and development	Town Planning, Economic Development, Corporate Planning, Billboards and Project Management Unit
4	Roads	Construction and maintenance of Roads, Taxi Ranks, Road and Traffic Regulation
5	Electricity	Electricity related services
6	Waste water management	Storm Water Management and Public Toilets
7	Waste management	Solid Waste Removal, Landfill Sites, Recycling and Street Cleaning
No	Non-Reportable Segment	Goods and/or services delivered
1	Other	Supply of overall Governance and Internal Audit function; Administrative, Corporate and Finance services to the segments above; Tourism, Markets, Licensing and Regulation

The Non-Reportable Segment is added to reconcile back to the Statement of Financial Position and the Statement of Financial Performance as required by GRAP 18.

#### 62.02 Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

#### 62.03 Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas (i.e. wards), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

#### 62.04 Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed on the following page.

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 62 SEGMENT REPORTING (CONTINUED)

2025

#### REVENUE

#### REVENUE FROM NON-EXCHANGE TRANSACTIONS

Property Rates  
 Government Grants and subsidies  
 Fines, Penalties and Forfeits  
 Insurance Refunds  
 Interest Earned - Penalty Interest on Property Rates  
 Gain on Disposal of Capitalised Restoration Cost (PPE)

#### REVENUE FROM EXCHANGE TRANSACTIONS

Service Charges  
 Rental from Fixed Assets  
 Interest Earned - external Investments  
 Interest Earned - Service Debtors  
 Licences and Permits  
 Agency Services  
 Sales of Goods and Rendering of Services  
 Operational Revenue

#### TOTAL REVENUE

#### EXPENDITURE

Employee related costs  
 Remuneration of Councilors  
 Debt Impairment  
 Depreciation and Amortisation  
 Impairment Loss  
 Actuarial Losses  
 Finance Charges  
 Bulk Purchases  
 Contracted services  
 Operating Leases  
 Operational Cost  
 Loss on Disposal of Assets  
 Inventory Loss  
 Loss on Fair Value Adjustments of Investment Property

#### TOTAL EXPENDITURE

#### SURPLUS FOR THE YEAR

#### CAPITAL EXPENDITURE

	Reportable Segments						Total Reportable Segments	Non-Reportable Segments	Total
	Community Services	Public safety	Planning and development	Roads	Electricity	Waste water management			
	2 106 000	257 185	9 528 522	58 977 092	1 268 976	-	292 072	219 323 470	291 753 318
Property Rates	-	-	-	-	-	-	-	17 976 947	17 976 947
Government Grants and subsidies	2 106 000	-	9 528 522	58 776 735	1 268 976	-	82 090	198 424 000	270 186 323
Fines, Penalties and Forfeits	-	257 185	-	200 358	-	-	114 329	96 190	668 061
Insurance Refunds	-	-	-	-	-	-	-	538 999	538 999
Interest Earned - Penalty Interest on Property Rates	-	-	-	-	-	-	-	2 287 335	2 287 335
Gain on Disposal of Capitalised Restoration Cost (PPE)	-	-	-	-	-	-	95 654	-	95 654
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>	<b>63 997</b>	<b>2 739 237</b>	<b>100 361</b>	<b>-</b>	<b>65 204 923</b>	<b>-</b>	<b>12 133 401</b>	<b>43 211 462</b>	<b>123 453 379</b>
Service Charges	-	-	-	-	63 512 009	-	9 493 397	-	73 005 406
Rental from Fixed Assets	21 518	-	-	-	-	-	-	1 699 449	1 720 967
Interest Earned - external Investments	-	-	-	-	-	-	-	40 743 925	40 743 925
Interest Earned - Service Debtors	-	-	-	-	1 692 914	-	2 640 003	107 132	4 440 050
Licences and Permits	-	1 212 356	-	-	-	-	-	206 285	1 418 640
Agency Services	-	1 243 626	-	-	-	-	-	-	1 243 626
Sales of Goods and Rendering of Services	42 479	29 606	100 361	-	-	-	-	178 387	350 832
Operational Revenue	-	253 649	-	-	-	-	-	276 284	529 933
<b>TOTAL REVENUE</b>	<b>2 169 997</b>	<b>2 996 421</b>	<b>9 628 882</b>	<b>58 977 092</b>	<b>66 473 899</b>	<b>-</b>	<b>12 425 473</b>	<b>262 534 932</b>	<b>415 206 697</b>
<b>EXPENDITURE</b>									
Employee related costs	16 953 621	6 848 319	16 627 180	14 435 404	8 533 922	2 600 844	16 043 043	60 860 051	142 902 385
Remuneration of Councilors	-	-	-	-	-	-	-	14 498 184	14 498 184
Debt Impairment	-	202 500	-	-	2 879 804	-	7 903 318	5 151 507	16 137 129
Depreciation and Amortisation	2 270 427	165 411	78 073	6 301 510	1 628 565	1 177 699	2 196 384	4 458 220	18 276 288
Impairment Loss	-	-	-	-	-	-	-	3 138 894	3 138 894
Actuarial Losses	-	-	-	-	612 225	-	-	44 416	656 641
Finance Charges	-	-	-	-	2 560 701	-	2 734 709	826 770	6 122 180
Bulk Purchases	-	-	-	-	62 144 072	-	-	-	62 144 072
Contracted services	2 263 504	383 217	2 408 270	3 699 935	2 288 941	-	9 552 966	28 014 646	48 611 479
Operating Leases	65 756	-	-	-	-	-	225 399	291 155	1 847 306
Operational Cost	2 183 910	1 034 717	2 226 292	3 144 319	3 121 889	124 801	4 138 582	33 832 325	49 806 835
Loss on Disposal of Assets	-	-	-	373 175	-	-	-	-	373 175
Inventory Loss	-	-	-	-	-	-	-	14 889	14 889
Loss on Fair Value Adjustments of Investment Property	-	-	-	-	-	-	-	13 069 100	13 069 100
<b>TOTAL EXPENDITURE</b>	<b>23 737 218</b>	<b>8 634 164</b>	<b>21 339 816</b>	<b>27 954 344</b>	<b>83 770 118</b>	<b>3 903 344</b>	<b>42 794 400</b>	<b>165 465 154</b>	<b>377 598 558</b>
<b>SURPLUS FOR THE YEAR</b>	<b>(21 567 221)</b>	<b>(5 637 743)</b>	<b>(11 710 933)</b>	<b>31 022 748</b>	<b>(17 296 219)</b>	<b>(3 903 344)</b>	<b>(30 368 927)</b>	<b>97 069 778</b>	<b>37 608 139</b>
<b>CAPITAL EXPENDITURE</b>	<b>23 839 506</b>	<b>16 313 339</b>	<b>-</b>	<b>84 885 347</b>	<b>2 478 061</b>	<b>-</b>	<b>367 890</b>	<b>3 885 262</b>	<b>131 769 405</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 62 SEGMENT REPORTING (CONTINUED)

2024

#### REVENUE

##### REVENUE FROM NON-EXCHANGE TRANSACTIONS

Property Rates	1 500 000	304 504	7 381 290	45 753 037	1 364 572	-	1 236 304	268 222 655
Government Grants and subsidies	-	-	-	-	-	-	-	18 782 134
Actuarial Gains	1 500 000	-	7 381 290	45 741 225	-	-	-	243 082 516
Fines, Penalties and Forfeits	-	304 504	-	11 812	1 364 572	-	624 036	1 364 572
Interest Earned - Penalty Interest on Property Rates	-	-	-	-	-	-	-	106 936
Gain on Fair Value Adjustments of Investment Property	-	-	-	-	-	-	-	2 000 203
Gain on Disposal of Capitalised Restoration Cost (PPE)	-	-	-	-	-	-	-	1 333 675
	-	-	-	-	-	-	612 268	612 268

##### REVENUE FROM EXCHANGE TRANSACTIONS

Property Rates	67 026	2 626 808	553 970	2 038	57 063 051	-	14 040 213	45 218 855	119 571 961
Rental from Fixed Assets	-	-	-	-	55 765 832	-	9 532 457	-	65 298 288
Interest Earned - external investments	18 518	-	-	2 038	-	-	50 387	1 742 845	1 813 788
Interest Earned - Service Debtors	-	-	-	-	1 297 220	-	4 457 369	43 067 757	43 067 757
Licences and Permits	-	1 193 679	-	-	-	-	-	60 820	5 815 409
Agency Services	-	1 046 830	-	-	-	-	-	32 295	1 225 974
Sales of Goods and Rendering of Services	48 508	86 003	205 079	-	-	-	-	1 046 830	1 046 830
Operational Revenue	-	300 296	-	-	-	-	-	339 590	64 284
Gain on Disposal of Investment Property	-	-	348 891	-	-	-	-	300 296	551 150
	-	-	-	-	-	-	-	348 891	348 891

#### TOTAL REVENUE

**1 567 026**    **2 931 312**    **7 935 260**    **45 755 075**    **58 427 623**    **-**    **15 276 516**    **131 892 813**    **255 901 803**    **387 794 616**

#### EXPENDITURE

Employee related costs	15 988 453	5 034 560	16 795 491	12 691 157	7 979 826	2 694 307	16 310 889	54 899 008	132 393 691
Remuneration of Councillors	-	-	-	-	-	-	-	13 910 269	13 910 269
Debt Impairment	-	252 600	-	-	2 733 361	-	9 551 213	4 927 114	17 464 288
Depreciation and Amortisation	2 238 063	164 635	115 739	6 820 533	1 628 717	1 182 840	2 409 468	3 129 082	17 689 077
Impairment Loss	-	-	-	-	-	-	-	837 447	837 447
Actuarial Losses	-	-	-	-	-	-	-	20 207	20 207
Finance Charges	-	-	-	-	2 365 779	-	2 569 607	930 343	5 865 728
Bulk Purchases	-	-	-	-	48 678 878	-	48 678 878	-	48 678 878
Contracted services	958 493	199 608	970 130	3 039 421	1 450 108	-	7 221 701	24 679 781	38 519 241
Transfers and Subsidies	-	-	-	-	-	-	-	36 321	36 321
Operating Leases	52 341	-	-	-	-	-	24 300	76 641	408 494
Operational Cost	1 839 537	1 243 651	2 120 150	2 610 647	4 198 326	30 874	2 564 223	14 607 407	40 011 385
Loss on Disposal of Assets	-	-	-	705 871	-	-	-	705 871	705 871
Inventory Loss	-	-	-	-	-	-	-	23 892	23 892

#### TOTAL EXPENDITURE

**21 076 888**    **6 895 053**    **20 001 509**    **25 867 628**    **69 034 994**    **3 908 021**    **40 651 400**    **187 435 493**    **129 129 296**    **316 564 789**

#### SURPLUS FOR THE YEAR

**(19 509 862)**    **(3 963 741)**    **(12 066 249)**    **19 887 447**    **(10 607 371)**    **(3 908 021)**    **(25 374 883)**    **(55 542 680)**    **126 772 507**    **71 229 828**

#### CAPITAL EXPENDITURE

**10 739 583**    **14 628 816**    **-**    **30 270 251**    **991 166**    **1 615 675**    **21 389 934**    **79 635 423**    **2 883 601**    **82 519 025**

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 63 NATIONAL TREASURY APPROPRIATION STATEMENT

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATE D OUTCOME 2024 R
<b>Financial Performance</b>						
Property rates	17 900 566	1 300 001	19 200 567	17 976 947	(1 223 620)	18 782 134
Service charges	73 305 842	1 995 156	75 300 998	73 005 406	(2 295 592)	65 298 288
Investment revenue	31 508 822	6 147 100	37 655 922	40 743 925	3 088 003	43 067 757
Transfers recognised - operational	214 655 144	1 271 413	215 926 557	213 477 816	(2 448 740)	199 772 544
Other own revenue	14 024 116	809 979	14 834 095	13 294 096	(1 539 999)	17 563 922
<b>Total Operating Revenue</b>	<b>351 394 489</b>	<b>11 523 649</b>	<b>362 918 139</b>	<b>358 498 190</b>	<b>(4 419 948)</b>	<b>344 484 645</b>
Employee costs	146 668 770	998 448	147 667 218	142 902 385	(4 764 832)	132 393 691
Remuneration of councillors	14 775 784	365 648	15 141 432	14 498 184	(643 248)	13 910 269
Debt impairment	15 982 644	2 354 859	18 337 503	16 137 129	(2 200 374)	17 464 288
Depreciation & asset impairment	19 624 349	(609 678)	19 014 671	18 276 288	(738 383)	17 689 077
Finance charges	6 106 402	-	6 106 402	6 122 180	15 779	5 865 728
Materials and bulk purchases	80 721 940	13 492 106	94 214 046	62 144 072	(32 069 974)	48 678 878
Contracted services	72 725 787	1 188 127	73 913 914	48 611 479	(25 302 435)	38 519 241
Transfers and grants	48 727	101 273	150 000	-	(150 000)	36 321
Irrecoverable debts written off	2 100 000	5 900 000	8 000 000	-	(8 000 000)	-
Other expenditure	53 269 688	5 740 911	59 010 599	51 654 141	(7 356 458)	40 440 085
Losses	2 100 000	15 900 000	18 000 000	17 252 699	(747 301)	1 567 210
<b>Total Expenditure</b>	<b>414 124 091</b>	<b>45 431 693</b>	<b>459 555 784</b>	<b>377 598 558</b>	<b>(81 957 226)</b>	<b>316 564 788</b>
<b>Surplus/(Deficit)</b>	<b>(62 729 602)</b>	<b>(33 908 044)</b>	<b>(96 637 646)</b>	<b>(19 100 368)</b>	<b>77 537 278</b>	<b>27 919 857</b>
Transfers recognised - capital	55 783 143	3 709 494	59 492 637	56 708 507	(2 784 130)	43 309 971
<b>Surplus/(Deficit) for the year</b>	<b>(6 946 458)</b>	<b>(30 198 550)</b>	<b>(37 145 008)</b>	<b>37 608 139</b>	<b>74 753 147</b>	<b>71 229 828</b>

# SENQU LOCAL MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

### 63 NATIONAL TREASURY APPROPRIATION STATEMENT (CONTINUED)

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATE OUTCOME 2024 R
<b>Capital expenditure &amp; funds sources</b>						
<b>Capital expenditure</b>	142 990 194	29 614 610	172 604 804	116 023 771	(56 581 032)	76 434 148
Transfers recognised - capital Internally generated funds	55 783 143 87 207 050	3 709 494 25 905 116	59 492 637 113 112 166	54 982 551 75 060 898	(4 510 087) (38 051 268)	43 309 971 33 124 177
<b>Total sources of capital funds</b>	142 990 194	29 614 610	172 604 804	130 043 449	(42 561 355)	76 434 148
<b>Cash flows</b>						
Net cash from (used) operating	10 584 473	(6 285 062)	4 299 411	86 050 680	81 751 269	85 616 312
Net cash from (used) investing	(142 990 194)	(26 154 079)	(169 144 273)	(116 023 771)	53 120 501	(75 876 757)
Net cash from (used) financing	(842 453)	(32 306)	(874 759)	(873 434)	1 324	(845 031)
Net Cash Movement for the year	(133 248 173)	(32 471 447)	(165 719 620)	(30 846 526)	134 873 094	8 894 524
Cash/cash equivalents at beginning of year	390 389 476	116 336 874	506 726 350	506 726 350	0	497 831 825
<b>Cash/cash equivalents at the year end</b>	<b>257 141 302</b>	<b>83 865 427</b>	<b>341 006 729</b>	<b>475 879 824</b>	<b>134 873 095</b>	<b>506 726 349</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX A (UNAUDITED)

### SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2025

INSTITUTION	LOAN NUMBER	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2024 R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2025 R
<b><u>ANNUITY LOANS</u></b>						
DBSA loan	103126/1	Floating	2029	3 475 231	631 860	2 843 371
DBSA loan	103126/2	Fixed	2030	2 445 583	311 103	2 134 479
<b>Total Annuity Loans</b>				<b>5 920 814</b>	<b>942 964</b>	<b>4 977 850</b>
<b>Total Borrowings</b>				<b>5 920 814</b>	<b>942 964</b>	<b>4 977 850</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX B (UNAUDITED)

### SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2025

	Cost/Revaluation				Accumulated Depreciation			Carrying Value R
	Opening Balance R	Additions (Includes WIP) R	Revaluation Total R	Disposals R	Closing Balance R	Revaluation R	(Disposals)/ R	
Executive & Council	6 610 564	267 779	-	(73 374)	6 804 969		(71 027)	2 217 443
Planning & Development	4 273 580	6 000	-	(146 324)	4 133 256		(140 856)	486 331
Corporate Services	184 322 091	2 465 728	7 187 056	(361 149)	193 613 726		33 345 621	155 687 450
Budget & Treasury	42 502 965	20 377 274	-	(525 875)	62 354 364		(511 676)	41 231 101
Road Transport	384 640 384	105 802 626	-	(274 397)	490 168 612		(272 386)	331 163 540
Community & Social Services	68 682 689	365 938	2 782 356	(145 192)	71 685 792		182 740	59 468 654
Sport & Recreation	15 759 245	-	77 900	-	15 837 145		167 912	11 583 306
Public Safety	6 686 562	-	-	-	6 686 562		-	6 038 608
Electricity	44 342 056	2 478 061	-	(773 769)	46 046 347		(493 806)	29 531 198
Waste Management	75 245 615	6 000	-	(393 974)	74 857 641		(365 831)	62 873 520
<b>Total</b>	<b>833 065 751</b>	<b>1 311 769 405</b>	<b>10 047 312</b>	<b>(2 694 055)</b>	<b>972 188 414</b>	<b>17 807 970</b>	<b>31 840 692</b>	<b>700 281 152</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX C (UNAUDITED)

### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2025

VOTE	30 JUNE 2025			30 JUNE 2024		
	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R	REVENUE R	EXPENDITURE R	SURPLUS/ (DEFICIT) R
Executive & Council	196 724 000	47 613 712	149 110 288	-	39 869 787	(39 869 787)
Planning & Development	9 776 292	23 748 610	(13 972 319)	8 180 425	21 919 868	(13 739 443)
Corporate Services	2 088 500	66 355 132	(64 266 633)	3 393 203	43 521 984	(40 128 781)
Budget & Treasury	63 368 738	48 433 101	14 935 638	252 439 640	42 968 121	209 471 519
Road Transport	61 892 223	34 678 297	27 213 926	48 339 980	31 147 872	17 192 108
Waste Water Management	-	3 903 344	(3 903 344)	-	3 908 021	(3 908 021)
Community & Social Services	2 372 794	21 940 675	(19 567 881)	1 599 022	19 528 840	(17 929 818)
Sport & Recreation	3 488	2 450 957	(2 447 469)	299	2 399 092	(2 398 793)
Public Safety	81 291	1 910 211	(1 828 921)	137 908	1 614 809	(1 476 902)
Electricity	66 473 899	83 770 118	(17 296 219)	58 427 623	69 034 994	(10 607 371)
Waste Management	12 425 473	42 794 400	(30 368 927)	15 276 516	40 651 400	(25 374 883)
<b>Total</b>	<b>415 206 697</b>	<b>377 598 558</b>	<b>37 608 139</b>	<b>387 794 616</b>	<b>316 564 789</b>	<b>71 229 828</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX D (UNAUDITED)

### ACTUAL VERSUS BUDGET- CAPITAL AND OPERATING EXPENDITURE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2025

Refer to Note 49.1 for disclosure of Unauthorised expenditure

	ACTUAL R	BUDGET R	VARIANCE R
<b>OPERATING EXPENDITURE</b>			
Executive & Council	47 613 712	54 648 807	(7 035 095)
Planning & Development	23 748 610	33 060 022	(9 311 412)
Corporate Services	66 355 132	80 091 608	(13 736 475)
Budget & Treasury	48 433 101	56 718 210	(8 285 109)
Road Transport	34 678 297	40 805 046	(6 126 749)
Waste Water Management	3 903 344	6 028 439	(2 125 095)
Community & Social Services	21 940 675	24 690 278	(2 749 604)
Sport & Recreation	2 450 957	2 955 899	(504 942)
Public Safety	1 910 211	1 974 476	(64 265)
Electricity	83 770 118	99 782 636	(16 012 518)
Waste Management	42 794 400	58 800 363	(16 005 963)
<b>Total</b>	<b>377 598 558</b>	<b>459 555 784</b>	<b>(81 957 226)</b>
<b>CAPITAL EXPENDITURE</b>			
Executive & Council	199 318	335 537	(136 219)
Corporate Services	1 980 832	3 777 059	(1 796 228)
Budget & Treasury	1 534 751	1 743 215	(208 464)
Road Transport	100 853 478	130 918 682	(30 065 203)
Waste Water Management	-	694 424	(694 424)
Community & Social Services	4 636 520	8 086 251	(3 449 732)
Sport & Recreation	19 373 348	22 132 407	(2 759 059)
Public Safety	345 208	408 000	(62 792)
Electricity	2 478 061	3 586 728	(1 108 667)
Waste Management	367 890	922 500	(554 610)
<b>Total</b>	<b>131 769 405</b>	<b>172 604 803</b>	<b>(40 835 398)</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX E (UNAUDITED)

### DISCLOSURE OF TRANSFERS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2025

	OPENING BALANCE (RESTATED) R	GRANTS RECEIVED R	INTEREST ON INVESTMENTS R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	CLOSING BALANCE R
<b>NATIONAL GOVERNMENT</b>						
Equitable Share	-	196 724 000	-	196 724 000	-	-
Municipal Finance Management Grant	-	1 700 000	-	1 700 000	-	-
Municipal Infrastructure Grant	-	54 789 000	-	9 528 522	45 260 478	-
INEP (Integrated National electrification programme)	-	1 269 000	-	165 519	1 103 458	24
NDPG (Neighbourhood Development Partnership Grant)	2 010 056	-	-	-	-	2 010 056
EPWP (Expanded Public Works Program)	-	1 620 000	-	1 620 000	-	-
Municipal Disaster Recovery Grant	-	19 588 000	-	93 375	622 499	18 872 127
<b>Total</b>	<b>2 010 056</b>	<b>275 690 000</b>	<b>-</b>	<b>209 831 415</b>	<b>46 986 435</b>	<b>20 882 206</b>
<b>PROVINCIAL GOVERNMENT</b>						
Prov Gov - Housing (Hillside)	232 652	-	-	-	-	232 652
Herschel People's Housing Libraries	13 743 054	-	1 037 847	-	-	14 780 902
Greenest Municipality	758 545	2 106 000	-	2 106 000	-	-
Municipal Disaster Relief Grant	11 180 383	300 000	-	82 090	-	976 455
<b>Total</b>	<b>25 914 635</b>	<b>2 406 000</b>	<b>1 037 847</b>	<b>3 646 401</b>	<b>9 722 072</b>	<b>15 990 009</b>
<b>ALL SPHERES GOVERNMENT</b>						
	<b>27 924 691</b>	<b>278 096 000</b>	<b>1 037 847</b>	<b>213 477 816</b>	<b>56 708 507</b>	<b>36 872 216</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

#### REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATE D OUTCOME 2024 R
<b>REVENUE</b>						
<b>Governance and administration</b>	<b>175 930 683</b>	<b>8 396 841</b>	<b>184 327 523</b>	<b>262 175 603</b>	<b>77 848 080</b>	<b>255 827 834</b>
Executive and council	7 549 616	0	7 549 616	196 724 000	189 174 384	-
Finance and administration	168 381 067	8 396 840	176 777 907	65 451 603	(111 326 304)	255 827 834
<b>Community and public safety</b>	<b>5 480 904</b>	<b>(1 006 137)</b>	<b>4 474 766</b>	<b>2 251 288</b>	<b>(2 223 479)</b>	<b>1 755 320</b>
Community and social services	1 689 664	703 717	2 393 381	2 166 509	(226 872)	1 566 727
Sport and recreation	1 891	(0)	1 891	3 488	1 597	299
Public safety	3 789 349	(1 709 854)	2 079 495	81 291	(1 998 204)	188 294
<b>Economic and environmental services</b>	<b>68 087 552</b>	<b>5 406 583</b>	<b>73 494 135</b>	<b>71 521 106</b>	<b>(1 973 029)</b>	<b>56 483 740</b>
Planning and development	11 208 793	294 665	11 503 458	9 628 882	(1 874 576)	8 143 760
Road transport	56 878 759	5 111 918	61 990 677	61 892 223	(98 454)	48 339 980
<b>Trading services</b>	<b>157 630 826</b>	<b>819 121</b>	<b>158 449 948</b>	<b>78 899 372</b>	<b>(79 550 575)</b>	<b>73 653 753</b>
Energy sources	103 755 664	2 578 478	106 334 142	66 473 899	(39 860 243)	58 427 623
Waste management	53 875 163	(1 759 357)	52 115 806	12 425 473	(39 690 333)	15 226 130
<b>Other</b>	<b>47 668</b>	<b>1 616 735</b>	<b>1 664 403</b>	<b>359 329</b>	<b>(1 305 073)</b>	<b>73 969</b>
<b>Total Revenue - Standard</b>	<b>407 177 633</b>	<b>15 233 142</b>	<b>422 410 775</b>	<b>415 206 697</b>	<b>(7 204 077)</b>	<b>387 794 616</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (1) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)	ORIGINAL BUDGET		BUDGET ADJUSTMENTS		FINAL BUDGET		ACTUAL OUTCOME		BUDGET VARIANCE		RESTATED OUTCOME	
	2025	R	2025	R	2025	R	2025	R	2025	R	2024	R
<b>EXPENDITURE</b>												
<b>Governance and administration</b>	<b>161 980 696</b>		<b>29 454 347</b>		<b>191 435 043</b>		<b>163 724 781</b>		<b>(27 710 262)</b>		<b>127 487 358</b>	
Executive and council	37 736 825		10 291 256		48 028 081		43 497 766		(4 530 315)		36 268 299	
Finance and administration	118 913 913		19 324 969		138 238 881		116 111 069		(22 127 813)		87 617 571	
Internal audit	5 329 958		(161 878)		5 168 081		4 115 946		(1 052 135)		3 601 488	
<b>Community and public safety</b>	<b>32 025 704</b>		<b>1 924 272</b>		<b>33 949 976</b>		<b>25 291 621</b>		<b>(8 658 356)</b>		<b>22 608 296</b>	
Community and social services	20 862 136		1 787 319		22 649 455		20 930 452		(1 719 003)		18 594 395	
Sport and recreation	2 997 986		(42 087)		2 955 899		2 450 957		(504 942)		2 399 092	
Public safety	8 165 582		179 040		8 344 622		1 910 211		(6 434 410)		1 614 809	
<b>Economic and environmental services</b>	<b>71 406 973</b>		<b>(5 347 549)</b>		<b>66 059 423</b>		<b>56 373 921</b>		<b>(9 685 502)</b>		<b>51 232 782</b>	
Planning and development	33 993 039		(2 826 920)		31 166 118		21 339 816		(9 826 303)		20 001 509	
Road transport	36 955 877		(2 520 977)		34 434 900		34 678 297		243 397		31 147 872	
Environmental protection	458 057		348		458 405		355 809		(102 596)		83 401	
<b>Trading services</b>	<b>144 737 904</b>		<b>19 873 534</b>		<b>164 611 438</b>		<b>130 467 863</b>		<b>(34 143 575)</b>		<b>113 594 415</b>	
Energy sources	90 810 747		8 971 890		99 782 636		83 770 118		(16 012 518)		69 034 994	
Waste water management	6 248 691		(220 253)		6 028 439		3 903 344		(2 125 095)		3 908 021	
Waste management	47 678 466		11 121 897		58 800 363		42 794 400		(16 005 963)		40 651 400	
<b>Other</b>	<b>3 972 815</b>		<b>(472 911)</b>		<b>3 499 903</b>		<b>1 740 373</b>		<b>(1 759 531)</b>		<b>1 641 937</b>	
<b>Total Expenditure - Standard</b>	<b>414 124 091</b>		<b>45 431 693</b>		<b>459 555 784</b>		<b>377 598 558</b>		<b>(81 957 226)</b>		<b>316 564 789</b>	
<b>Surplus/(Deficit) for the year</b>	<b>(6 946 458)</b>		<b>(30 198 551)</b>		<b>(37 145 010)</b>		<b>37 608 139</b>		<b>74 753 149</b>		<b>71 229 828</b>	

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (2) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

#### REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

REVENUE	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATE
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
	2025	2025	2025	2025	2025	2024
	R	R	R	R	R	R
Executive & Council	7 549 616	0	7 549 616	196 724 000	189 174 384	-
Planning & Development	11 238 308	398 882	11 637 190	9 776 292	(1 860 898)	8 180 425
Corporate Services	1 851 456	255 761	2 107 218	2 088 500	(18 718)	3 393 203
Budget & Treasury	166 542 096	8 141 079	174 683 176	63 368 738	(111 314 437)	252 439 640
Road Transport	60 505 396	3 417 686	63 923 082	61 892 223	(2 030 859)	48 339 980
Community & Social Services	1 695 332	2 216 234	3 911 566	2 372 794	(1 538 772)	1 599 022
Sport & Recreation	1 891	(0)	1 891	3 488	1 597	299
Public Safety	162 712	(15 622)	147 090	81 291	(65 799)	137 908
Electricity	103 755 664	2 578 478	106 334 142	66 473 899	(39 860 243)	58 427 623
Waste Management	53 875 163	(1 759 357)	52 115 806	12 425 473	(39 690 333)	15 276 516
<b>Total Revenue by Vote</b>	<b>407 177 633</b>	<b>15 233 142</b>	<b>422 410 775</b>	<b>415 206 697</b>	<b>(7 204 077)</b>	<b>387 794 616</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (2) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

	ORIGINAL BUDGET 2025 R		BUDGET ADJUSTMENTS 2025 R		FINAL BUDGET 2025 R		ACTUAL OUTCOME 2025 R		BUDGET VARIANCE 2025 R		RESTATED OUTCOME 2024 R	
<b>REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)</b>												
<b>EXPENDITURE</b>												
Executive & Council	44 428 392		10 220 415		54 648 807		47 613 712		(7 035 095)		39 869 787	
Planning & Development	36 340 474		(3 280 452)		33 060 022		23 748 610		(9 311 412)		21 919 868	
Corporate Services	64 011 847		16 079 761		80 091 608		66 355 132		(13 736 475)		43 521 984	
Budget & Treasury	53 564 463		3 153 747		56 718 210		48 433 101		(8 285 109)		42 968 121	
Road Transport	43 157 191		(2 352 145)		40 805 046		34 678 297		(6 126 749)		31 147 872	
Waste Water Management	6 248 691		(220 253)		6 028 439		3 903 344		(2 125 095)		3 908 021	
Community & Social Services	22 921 566		1 768 712		24 690 278		21 940 675		(2 749 604)		19 528 840	
Sport & Recreation	2 997 986		(42 087)		2 955 899		2 450 957		(504 942)		2 399 092	
Public Safety	1 964 267		10 209		1 974 476		1 910 211		(64 265)		1 614 809	
Electricity	90 810 747		8 971 890		99 782 636		83 770 118		(16 012 518)		69 034 994	
Waste Management	47 678 466		11 121 897		58 800 363		42 794 400		(16 005 963)		40 651 400	
<b>Total Expenditure by Vote</b>	<b>414 124 091</b>		<b>45 431 693</b>		<b>459 555 784</b>		<b>377 598 558</b>		<b>(81 957 226)</b>		<b>316 564 789</b>	
<b>Surplus/(Deficit) for the year</b>	<b>(6 946 458)</b>		<b>(30 198 551)</b>		<b>(37 145 010)</b>		<b>37 608 139</b>		<b>74 753 149</b>		<b>71 229 828</b>	

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

#### REVENUE AND EXPENDITURE

#### REVENUE BY SOURCE

##### Exchange Revenue

	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATE D OUTCOME 2024 R
Service charges	73 305 842	1 995 156	75 300 998	73 005 406	(2 295 592)	65 298 288
Sale of Goods and Rendering of Services	290 592	1 71 935	462 527	350 832	(111 695)	403 874
Agency services	1 538 135	(609 419)	928 716	1 243 626	314 910	1 046 830
Interest earned from Receivables	5 659 261	(247 308)	5 411 953	4 440 050	(971 904)	5 815 409
Interest earned from Current and Non Current Ass	31 508 822	6 147 100	37 655 922	40 743 925	3 088 003	43 067 757
Rent on Land	2 533	44 378	46 911	-	(46 911)	-
Rental from Fixed Assets	1 750 944	193 193	1 944 137	1 720 967	(223 170)	1 813 788
Licence and permits	1 508 441	763 884	2 272 325	1 418 640	(853 684)	1 225 974
Operational Revenue	804 846	(325 664)	479 182	529 933	50 751	551 150
Gain on Disposal of Investment Property	-	-	-	-	-	348 891

##### Non-Exchange Revenue

Property rates	17 900 566	1 300 001	19 200 567	17 976 947	(1 223 620)	18 782 134
Fines, penalties and forfeits	589 098	(380 654)	208 444	668 061	459 617	1 047 288
Insurance Refunds	-	-	-	538 999	538 999	-
Transfer and subsidies - Operational	214 655 144	1 271 413	215 926 557	213 477 816	(2 448 740)	199 772 544
Interest	1 880 265	699 634	2 579 899	2 287 335	(292 565)	2 000 203
Gains	-	500 000	500 000	95 654	(404 346)	3 310 515

#### Total Revenue (excluding capital transfers and contributions)

	<b>351 394 489</b>	<b>11 523 649</b>	<b>362 918 139</b>	<b>358 498 190</b>	<b>(4 419 948)</b>	<b>344 484 645</b>
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# SENQU LOCAL MUNICIPALITY

## APPENDIX F (3) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

REVENUE AND EXPENDITURE	ORIGINAL BUDGET 2025 R		BUDGET ADJUSTMENTS 2025 R		FINAL BUDGET 2025 R		ACTUAL OUTCOME 2025 R		BUDGET VARIANCE 2025 R		RESTATED OUTCOME 2024 R	
<b>EXPENDITURE BY TYPE</b>												
Employee related costs	146 668 770		998 448		147 667 218		142 902 385		(4 764 832)			132 393 691
Remuneration of councillors	14 775 784		365 648		15 141 432		14 498 184		(643 248)			13 910 269
Bulk purchases - electricity	55 383 367		13 624 341		69 007 708		62 144 072		(6 863 636)			48 678 878
Inventory consumed	25 338 574		(132 236)		25 206 338		-		(25 206 338)			-
Debt impairment	15 982 644		2 354 859		18 337 503		16 137 129		(2 200 374)			17 464 288
Depreciation and amortisation	19 624 349		(609 678)		19 014 671		18 276 288		(738 383)			17 689 077
Interest	6 106 402		-		6 106 402		6 122 180		15 779			5 865 728
Contracted services	72 725 787		1 188 127		73 913 914		48 611 479		(25 302 435)			38 519 241
Transfers and subsidies	48 727		101 273		150 000		-		(150 000)			36 321
Irrecoverable debts written off	2 100 000		5 900 000		8 000 000		-		(8 000 000)			-
Operational costs	53 269 688		5 740 911		59 010 599		51 654 141		(7 356 458)			40 419 878
Losses on disposal of Assets	2 100 000		15 900 000		18 000 000		373 175		(17 626 825)			705 871
Other Losses	-		-		-		16 879 524		16 879 524			881 546
<b>Total Expenditure</b>	<b>414 124 091</b>		<b>45 431 693</b>		<b>459 555 784</b>		<b>377 598 558</b>		<b>(81 957 226)</b>			<b>316 564 788</b>
<b>Surplus/(Deficit)</b>	<b>(62 729 602)</b>		<b>(33 908 044)</b>		<b>(96 637 646)</b>		<b>(19 100 368)</b>		<b>77 537 278</b>			<b>27 919 857</b>
Transfers and subsidies - capital (monetary allocations)	55 783 143		3 709 494		59 492 637		56 708 507		(2 784 130)			43 309 971
<b>Surplus/(Deficit) for the year</b>	<b>(6 946 458)</b>		<b>(30 198 550)</b>		<b>(37 145 008)</b>		<b>37 608 139</b>		<b>74 753 147</b>			<b>71 229 828</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

CAPITAL EXPENDITURE	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATED
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
	2025	2025	2025	2025	2025	2024
	R	R	R	R	R	R
<b>CAPITAL EXPENDITURE (VOTE)</b>						
<b>Multi-year expenditure</b>						
Corporate Services	800 000	159 000	959 000	943 743	(15 258)	-
Road Transport	96 216 605	9 711 504	105 928 109	82 701 094	(23 227 014)	30 309 474
Waste water management	2 444 424	(1 750 000)	694 424	-	(694 424)	1 615 675
Community & Social Services	6 000 000	1 356 251	7 356 251	4 466 158	(2 890 093)	3 834 778
Sport & Recreation	12 710 126	9 422 281	22 132 407	19 373 348	(2 759 059)	6 904 805
Public safety	408 000	-	408 000	345 208	(62 792)	1 026 323
Electricity	1 839 130	(735 652)	1 103 478	1 103 458	(20)	-
Waste Management	-	-	-	-	-	4 075 998
<b>Total Multi-year expenditure</b>	<b>120 418 285</b>	<b>18 163 384</b>	<b>138 581 669</b>	<b>108 933 009</b>	<b>(29 648 660)</b>	<b>47 767 053</b>
<b>Single-year expenditure</b>						
Executive & Council	656 150	(320 613)	335 537	199 318	(136 219)	209 205
Corporate Services	11 351 866	(8 533 807)	2 818 059	1 037 089	(1 780 970)	899 282
Budget & Treasury	1 897 893	(154 678)	1 743 215	1 534 751	(208 464)	1 775 114
Road Transport	850 250	24 140 323	24 990 573	18 152 384	(6 838 189)	13 563 270
Community & Social Services	730 000	-	730 000	170 362	(559 638)	-
Public safety	600 000	(600 000)	-	-	-	-
Electricity	5 533 250	(3 050 000)	2 483 250	1 374 603	(1 108 647)	991 166
Waste Management	952 500	(30 000)	922 500	367 890	(554 610)	17 313 935
<b>Total Single-year expenditure</b>	<b>22 571 909</b>	<b>11 451 226</b>	<b>34 023 134</b>	<b>22 836 396</b>	<b>(11 186 738)</b>	<b>34 751 972</b>
<b>Total Capital Expenditure by Vote</b>	<b>142 990 194</b>	<b>29 614 609</b>	<b>172 604 803</b>	<b>131 769 405</b>	<b>(40 835 398)</b>	<b>82 519 025</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

CAPITAL EXPENDITURE	ORIGINAL BUDGET		BUDGET ADJUSTMENTS		FINAL BUDGET		ACTUAL OUTCOME		BUDGET VARIANCE		RESTATED OUTCOME	
	2025	R	2025	R	2025	R	2025	R	2025	R	2024	R
<b>CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)</b>												
<b>Governance and administration</b>	<b>14 705 909</b>		<b>(8 850 097)</b>		<b>5 855 811</b>		<b>3 714 901</b>		<b>(2 140 911)</b>		<b>2 883 601</b>	
Executive and council	656 150		(320 613)		335 537		199 318		(136 219)		209 205	
Finance and administration	14 049 759		(8 529 484)		5 520 274		3 515 583		(2 004 691)		2 674 396	
Internal audit	-		-		-		-		-		-	
<b>Community and public safety</b>	<b>34 892 305</b>		<b>17 233 532</b>		<b>52 125 838</b>		<b>24 184 714</b>		<b>(27 941 124)</b>		<b>11 765 906</b>	
Community and social services	6 200 000		1 356 251		7 556 251		4 466 158		(3 090 093)		3 834 778	
Sport and recreation	12 710 126		9 422 281		22 132 407		19 373 348		(2 759 059)		6 904 805	
Public safety	15 982 179		6 455 000		22 437 179		345 208		(22 091 971)		1 026 323	
<b>Economic and environmental services</b>	<b>82 092 675</b>		<b>26 796 827</b>		<b>108 889 503</b>		<b>100 853 478</b>		<b>(8 036 024)</b>		<b>43 872 744</b>	
Road transport	82 092 675		26 796 827		108 889 503		100 853 478		(8 036 024)		43 872 744	
<b>Trading services</b>	<b>10 769 305</b>		<b>(5 565 653)</b>		<b>5 203 652</b>		<b>2 845 951</b>		<b>(2 357 701)</b>		<b>23 996 774</b>	
Energy sources	7 372 380		(3 785 653)		3 586 728		2 478 061		(1 108 667)		991 166	
Waste water management	2 444 424		(1 750 000)		694 424		-		(694 424)		1 615 675	
Waste management	952 500		(30 000)		922 500		367 890		(554 610)		21 389 934	
<b>Other</b>	<b>530 000</b>		<b>-</b>		<b>530 000</b>		<b>170 362</b>		<b>(359 638)</b>		<b>-</b>	
<b>Total Capital Expenditure - Standard</b>	<b>142 990 194</b>		<b>29 614 610</b>		<b>172 604 804</b>		<b>131 769 405</b>		<b>(40 835 398)</b>		<b>82 519 025</b>	

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (4) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

CAPITAL EXPENDITURE	ORIGINAL BUDGET 2025 R	BUDGET ADJUSTMENTS 2025 R	FINAL BUDGET 2025 R	ACTUAL OUTCOME 2025 R	BUDGET VARIANCE 2025 R	RESTATE D OUTCOME 2024 R
<b>CAPITAL EXPENDITURE (FUNDING SOURCES)</b>						
National Government	47 099 609	2 670 955	49 770 564	46 986 435	(2 784 129)	35 061 609
Provincial Government	8 683 535	1 038 538	9 722 072	9 722 072	(0)	8 248 362
<b>Transfers recognised - capital</b>	<b>55 783 143</b>	<b>3 709 493</b>	<b>59 492 636</b>	<b>56 708 507</b>	<b>(2 784 129)</b>	<b>43 309 971</b>
Internally generated funds	87 207 050	25 905 116	113 112 167	75 060 898	(38 051 268)	39 209 054
<b>Total Capital Funding</b>	<b>142 990 194</b>	<b>29 614 609</b>	<b>172 604 803</b>	<b>131 769 405</b>	<b>(40 835 398)</b>	<b>82 519 025</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

CASH FLOWS	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATED
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
	2025	2025	2025	2025	2025	2024
	R	R	R	R	R	R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
<b>Receipts</b>						
Property rates	14 030 079	890 953	14 921 032	13 620 466	(1 300 566)	16 190 097
Service charges	57 455 544	(2 186 630)	55 268 915	66 744 599	11 475 684	49 621 757
Other revenue	6 105 997	(251 462)	5 854 535	6 450 647	596 111	6 160 154
Government - operating	211 348 391	3 350 610	214 699 001	223 113 450	8 414 448	200 396 174
Government - capital	47 099 609	16 297 391	63 397 000	54 982 550	(8 414 449)	42 515 826
Interest	39 048 349	2 957 268	42 005 617	44 111 285	2 105 668	41 527 120
<b>Payments</b>						
Suppliers and employees	(358 348 368)	(32 778 321)	(391 126 689)	(322 459 227)	68 667 462	(270 158 928)
Finance charges	(6 106 402)	5 536 402	(570 000)	(513 090)	56 910	(599 568)
Transfers and Grants	(48 727)	(101 273)	(150 000)	-	150 000	(36 321)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>10 584 473</b>	<b>(6 285 062)</b>	<b>4 299 411</b>	<b>86 050 680</b>	<b>81 751 269</b>	<b>85 616 312</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Receipts</b>						
Proceeds on disposal of PPE	-	-	-	-	-	557 391
<b>Payments</b>						
Capital assets	(142 990 194)	(26 154 079)	(169 144 273)	(116 023 771)	53 120 501	(76 434 148)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(142 990 194)</b>	<b>(26 154 079)</b>	<b>(169 144 273)</b>	<b>(116 023 771)</b>	<b>53 120 501</b>	<b>(75 876 757)</b>

# SENQU LOCAL MUNICIPALITY

## APPENDIX F (5) (UNAUDITED)

### NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2025

CASH FLOWS	ORIGINAL	BUDGET	FINAL	ACTUAL	BUDGET	RESTATED
	BUDGET	ADJUSTMENTS	BUDGET	OUTCOME	VARIANCE	OUTCOME
	2025	2025	2025	2025	2025	2024
	R	R	R	R	R	R
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Increase (decrease) in consumer deposits	99 889	(31 684)	68 205	37 576	(30 629)	64 015
<b>Payments</b>						
Repayment of borrowing	(942 342)	(622)	(942 964)	(911 010)	31 953	(909 046)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	(842 453)	(32 306)	(874 759)	(873 434)	1 324	(845 031)
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	(133 248 173)	(32 471 447)	(165 719 620)	(30 846 526)	134 873 094	8 894 524
Cash/cash equivalents at the year begin:	390 389 476	116 336 874	506 726 350	506 726 350	0	497 831 825
Cash/cash equivalents at the year end:	257 141 302	83 865 427	341 006 729	475 879 824	134 873 094	506 726 350



# **SECTION 46 PERFORMANCE REPORT 2024-2025**

SENQU MUNICIPALITY

SECTION 46 PERFORMANCE REPORT 2024-2025



Legend	Target exceeded
	Target Met
	Target Not Met
	Targets on Not/Asassation Hold

Service Delivery LED	KPA	Total Number of KPIs Per KPA AREA	Number KPIs Meeting Target	% KPIs Meeting Target	Number of KPIs Not Achieved	Number Targets Not Achieved and/or on Hold	Percentage Targets on Not Achieved and/or on Hold
Financial Viability	3	3	2	67%	1	0%	0%
Municipal Transformation & Development	20	20	13	65%	7	0%	0%
Good Governance & Public Participation	14	14	11	79%	3	0%	0%
Environmental and Spatial Management	14	14	11	79%	3	0%	0%
	8	8	2	25%	6	0%	0%

STRATEGY	IP PROGRAMME NUMBER	FOCUS AREA	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 June 2024	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2023/2024			CURRENT FINANCIAL YEAR 2024/2025			REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/ GENERAL COMMENTS	RESPONSIBLE DIRECTOR	
								ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025	ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2025				
								ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025	ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2025				
Enhance compliance of drivers and ensure revenue and vehicles with traffic legislation	TRAFFIC - BSD01	TRAFFIC	BSD01-01	Completion of Drivers License Testing Center (DLTC) in Stekoppoort by 30 June 2025	Completion of Office Buildings and 2/3 of Bar structures	Director Technical Services/RMU Manager/R 21 529 179.33	DLTC completed in Stekoppoort	Completion of 100% testing, 100% bar structures (breakwork to wall plate) 90% kerling, 80% back paving.	100% testing, 100% bar structures (breakwork to wall plate) 90% kerling, 80% back paving.	100% testing, 100% bar structures (breakwork to wall plate) 90% kerling, 80% back paving.	100% testing, 100% bar structures (breakwork to wall plate) 90% kerling, 80% back paving.	100% testing, 100% bar structures (breakwork to wall plate) 90% kerling, 80% back paving.	100% testing, 100% bar structures (breakwork to wall plate) 90% kerling, 80% back paving.	The project is expected to complete by 31 December 2025.	Director Technical Services		
				Number of people testation Drivers License by 30 June 2025	753 of people tested for learners License	Community Services/ Traffic Officers / E Nails/ Face Values	People legally tested for Learners' License	1000 people tested for Learners' License	1000 people tested for Learners' License	1000 people tested for Learners' License	1000 people tested for Learners' License	1000 people tested for Learners' License	1000 people tested for Learners' License	1000 people tested for Learners' License	The Department of Transport (DTP) is currently considering an integrated model that accommodates both electronic and manual learner's license assessments. A broader accessibility, reduce applicant displacement, and support a smoother transition from manual to electronic testing in their centers. This skill has created dynamic and unpredictable environment, making it challenging for DLTC to retain and attract applicants	Director Community Services	
				Number of people testation Drivers License by 30 June 2025	2316 people tested for Drivers License.	Director Community Services/ Registered Traffic Officers / E Nails/ Face Values	People legally tested for Drivers' License	2500 people tested for Drivers' License	2500 people tested for Drivers' License	2500 people tested for Drivers' License	2500 people tested for Drivers' License	2500 people tested for Drivers' License	2500 people tested for Drivers' License	2500 people tested for Drivers' License	2500 people tested for Drivers' License	This is a demand driven target which relies solely on people who register to be tested for a license. The number of people in numbers has many contributif factors, with the automated DLTC, primarily due to the Department of Transport Learners license being one of the most popular services of people registering for a license.	Director Community Services
				Number of Road Offense Tickets issued in 2024-2025	2000 Road Offense Tickets issued	Director Community Services/ Traffic Officers/ Speed Equipment	Road Offense Traffic issued	300 Road Offense Tickets issued	300 Road Offense Tickets issued	300 Road Offense Tickets issued	300 Road Offense Tickets issued	300 Road Offense Tickets issued	300 Road Offense Tickets issued	300 Road Offense Tickets issued	300 Road Offense Tickets issued	300 Road Offense Tickets issued	To remedy the situation, the implementation of a balance enforcement and shift system designed to maintain uninterrupted service. Traffic officers are generally deployed to point duty to manage and regulate traffic flow, which limited their availability for enforcement duties such as issuing citations.

KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT														
STRATEGY	IP PROGRAMME NUMBER	FOCUS AREA	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 June 2024	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 20/23/2024		CURRENT FINANCIAL YEAR 20/24/2025		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/ GENERAL COMMENTS	RESPONSIBLE DIRECTOR
								ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025			
To upgrade roads, stormwater, bridges and transport infrastructure	ROADS BRIDGES AND TRANSPORT INFRASTRUCTURE- BSD02	ACCESS ROADS	BSD 02-01	Construction of interlock paved roads (6m) in Kwanoyi and Zwelisha (Ward 11 & 12) by 30 June 2025	Advert for the procurement of the contractor. Appointment of contractor. Establishment and construction of 3km sub-base layer was achieved	Director Technical Project Management Unit (PMU) Manager R 623 369 173.00	Paved Streets. Constructed in Kwanoyi and Zwelisha ward 11	Advert for the procurement of the contractor. Appointment of contractor. Establishment and construction of 3km sub-base layer.	1. 80% completion of Kerling. 2. 80% completion of Stormwater. 3. 80% completion of paving.	Target Exceeded/Kerling = Stormwater = 100% Paving = 80.7%	The contractor mobilised more resources for the project, as a result of the delay in the tender and that made the target to be exceeded. The kerling was exceeded by 3%. Stormwater by 20%, and paving by 7%.	The project is expected to finish by 31 December 2025.	Director Technical Services	
			BSD 02-02	Rehabilitation of 3.5 kms Roads & Stormwater (Stormwater pipeline - 1451m - Stormwater open channels - 3226m) in Village Ward 8 by 30 June 2025	1. Advert. 2. Appointment of the Contractor. 3. Site Establishment. 4. Construction	Municipal Manager (MM) R 21 100 000.00	Replaced paving of Mokhesi Village	Appointment of the contractor and site establishment	60% Overall Project completion of Rehabilitation of Roads & Stormwater in Mokhesi Ward 8	Target Not Met. 95.93% Overall Project completion of Rehabilitation of Roads & Stormwater in Mokhesi Ward 8	A variance of 3.07 was reported on this target. The Contractor catch up on time lost. This plan will be developed and submitted to the municipality before the end of August 2025.	General Manager		
			BSD 02-03	Rehabilitation of 4.1 kms Roads (Stormwater pipeline - 4418m) in Kwanoyi, Lady Grey Ward 14 by 30 June 2025	1. Advert	Municipal Manager (MM) R 3 300 000.00	Paved roads in Kwanoyi, Lady Grey ward 14.	Appointment of the contractor and site establishment	1. Appointment of the Contractor	The appointment of the contractor was not achieved	Target Not Met. Appointment of the contractor was not achieved.	The appointment is expected to be completed before 30 September 2025.	General Manager	
			BSD 02-04	Rehabilitation of 3.8 kms Roads & Stormwater (Stormwater pipeline - 958m - Stormwater open channels - 3810m) in Village Ward 7 & 10 by 30 June 2025	1. Advert. 2. Appointment of the Contractor. 3. Site Establishment. 4. Construction	Municipal Manager (MM) R 17 800 000.00	Paved roads in Barkly East ward 15 & 16.	Appointment of the contractor and site establishment	55% Overall Progress completion of Replacement of Tar with Paving in Lulama Barkly East	Target Exceeded. An Overall Progress on completion of Replacement of Tar with Paving in Lulama Barkly East is 95.04% as at 30 June 2025.	The Target Exceeded by 0.4%. This is due to more resources being channelled towards the project by the contractor.	General Manager		
			BSD 02-05	Rehabilitation of 3.4 kms of Stormwater open drain (Stormwater open drain - 880m) Zwelisha Ward 10 by 30 June 2025	Advert	Municipal Manager (MM) R 4 300 000.00	Paved roads in Zwelisha Ward 10	Appointment of the contractor and site establishment	1. Site Establishment 100%	Target Exceeded. The Site was further extended. Further more Box Cutting of 18% was done on the project.	The contractor works extended. Warnings of any which had a potential of delaying the project progress. The project was completed as 10% of Box Cutting was implemented.	Delays needs to be mitigated to ensure that the project get completed in time.	General Manager	
			BSD 02-06	Reconstruction of 6 km of access roads in Ntabamphole in Ward 5 by 30 June 2025	1. Advert & appointment of the contractor. 2. Site Establishment. Clear and grubbing	Director Technical Project Management Unit R 3,679 236.10	Reconstructed access roads in Ntabamphole in Ward 5	Advert, appointment of the contractor and site establishment	Practical completion of reconstruction of 6 km of access roads in Ntabamphole in Ward 5 completed.	Target Met. Reconstruction of 6 km of access roads in Ntabamphole completed.	The project was completed on 09 December 2024.	Director Technical Services		
			BSD 02-07	Reconstruction of 5km access roads in Kwanoyi and Zwelisha in Ward 12 by 30 June 2025	1. Advert & appointment of the contractor. 2. Site Establishment. Clear and grubbing	Director Technical Project Management Unit (PMU) Manager R 3 063 740.42	Reconstructed access, gravel roads in Kwanoyi and Zwelisha in Ward 12	Advert and appointment of the contractor	Practical completion of reconstruction of access roads in Kwanoyi and Zwelisha in Ward 12	Target Met. Reconstruction of 6 km of access roads in Kwanoyi and Zwelisha in Ward 12 completed.	The project was completed on 29 November 2024.	Director Technical Services		

Legend
Target exceeded
Target Met
Target Not Met
Targets on Not Assessed/On Hold

KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT														
STRATEGY	IP PROGRAMME NUMBER	FOCUS AREA	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 June 2024	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2023/2024		CURRENT FINANCIAL YEAR 2024/2025		REPORTED VARIANCE	MEASURES TAKEN TO MITIGATE/ REMEDIAL ACTION/ GENERAL COMMENTS	RESPONSIBLE DIRECTOR
								ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025			
To upgrade roads, skimmer, bridges and transport infrastructure		ROADS	BSD 02-08	Reconstruction of 4.5 kms gravel roads and 1200ms stormwater channels in Zwa, Makhovana and Thaba Kobo (Ward 13) by 30 June 2025	Advert and appointment of the contractor	Director Technical Services Project Management Unit (PMU) Manager/ R 2301 157,01	Reconstruction of gravel roads and stormwater channels in Zwa, Makhovana and Thaba Kobo (Ward 13)	Practical completion of reconstruction of 4.5 km gravel roads and 1200ms stormwater channels in Zwa, Makhovana and Thaba Kobo (Ward 13)	Target Met. Reconstructions of 4.5 km gravel roads and 1200ms stormwater channels in Ward 13 completed.	Target Met. Reconstructions of 4.5 km gravel roads and 1200ms stormwater channels in Ward 13 completed.	The project was completed on 29 November 2024.	Director Technical Services		
				Maintenance of Roads in identified Wards as per the approved Maintenance Schedule by 30 June 2025	15.79 KM was maintained in 2023/2024 FY	Director Technical Services Roads/ R9 41 988,00 OPEX	Maintenance of roads as per the approved maintenance plan	100% (18 kms) Completion of Maintenance of roads as per the approved maintenance plan	Target Exceeded. 19,35 kilometers of roads were maintained in 2024-2025. Target Exceeded by 3,35 kilometers.	Director Technical Services				
			Construction of a pedestrian bridge between Eldara and Makhovana (Ward 19) by 31 June 2028	New indicator	Director Technical Services Project Management Unit (PMU) Manager/ R 000,00	Environmental Impact Assessment (EIA) Report of Structures received	Not Applicable	Not Applicable	The Civil Consultant could not be appointed because of the delays in procurement which were as a result of poor planning. □	Director Technical Services				
			Reconstruction and upgrading of 1.800 kms gravel roads and 1.050 kms stormwater channels through KwaZulu Natal and upgrade of sewer network through KwaZulu Natal by 30 June 2028.	Primary designs	Director Technical Services Project Management Unit (PMU) Manager/ R 684,424,00	Governance Report (EIA) Report of Decisions	Primary design and report submitted to the contractor	Target Met. Advancement of Civil Consultant achieved.	The Civil Consultant could not be appointed because of the delays in procurement which were as a result of poor planning. □	Director Technical Services				
		STORMWATER	BSD 02-12	Repairing of 4.5 kms gravel roads and 1.050 kms stormwater channels in Ward 17: Sanduza, Huma and Vqobozini by 30 June 2028	New Indicator	Director Technical Services / Project Management Unit (R 1 002 310,00)	Improved Municipal Roads Infrastructure	Not Applicable	Not Applicable	Not Applicable	Target Not Met. Appointment of the Contractor was not achieved.	The Municipality will employ a strategy that will start 6 months before their actual intended project start date. Approved procurement planned has been raised as one of the key operational risks and proper mitigations has been attached to the risk.	Director Technical Services	
				Repairing of 6 kms gravel roads and 1,050 kms stormwater channels in Ward 17: Sanduza, Huma and Vqobozini by 30 June 2028	New Indicator	Director Technical Services / Project Management Unit (R 1 229 242,00)	Improved Municipal Roads Infrastructure	Not Applicable	Not Applicable	Not Applicable	Target Not Met. Appointment of the Contractor was not achieved.	The Municipality will employ a strategy that will start 6 months before their actual intended project start date. Approved procurement planned has been raised as one of the key operational risks and proper mitigations has been attached to the risk.	Director Technical Services	
		ACCESS ROADS	BSD 02-14	Repairing of 5.2 kms gravel roads and 1,050 kms stormwater channels in Ward 1: Nqolobhe, Bizama and Mabele (Ward 1) by 30 June 2028	New Indicator	Director Technical Services / Project Management Unit (R 1 129 054,00)	Improved Municipal Roads Infrastructure	Not Applicable	Not Applicable	Not Applicable	Target Not Met. Appointment of the Contractor was not achieved.	The Municipality will employ a strategy that will start 6 months before their actual intended project start date. Approved procurement planned has been raised as one of the key operational risks and proper mitigations has been attached to the risk.	Director Technical Services	
				Repairing of 5.2 kms gravel roads and 1,050 kms stormwater channels in Ward 1: Nqolobhe, Bizama and Mabele (Ward 1) by 30 June 2028	New Indicator	Director Technical Services / Project Management Unit (R 1 129 054,00)	Improved Municipal Roads Infrastructure	Not Applicable	Not Applicable	Not Applicable	Target Not Met. Appointment of the Contractor was not achieved.	The Municipality will employ a strategy that will start 6 months before their actual intended project start date. Approved procurement planned has been raised as one of the key operational risks and proper mitigations has been attached to the risk.	Director Technical Services	

Target exceeded
Target Met
Target Not Met
Targets on Not Assessed/On Hold

Legend

MPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT													
STRATEGY	IP PROGRAMME NUMBER	FOCUS AREA	KEY PERFORMANCE INDICATOR	BASELINE 30 June 2024	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2023/2024		CURRENT FINANCIAL YEAR 2024/2025		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/ GENERAL COMMENTS	RESPONSIBLE DIRECTOR
							ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025			
To ensure effective management and construction of indoor recreational community facilities	BS003 - COMMUNITY FACILITIES	COMMUNITY HALLS	Renovate Binky East Town Hall by 30 June 2025	Completion of pedestrian ramp including	Director Technical Project Management Unit Manager/ R 2 256 251,133	Facility renovated	Practical Completion of the works in Binky East Town Hall	Target Not Met. Practical completion of the works in Binky East Town Hall has not been achieved.	Finalization of assessment of quantities that are outstanding	Target Met. The finalization of quantities that are outstanding reports was done. The reports were submitted to the Municipal Manager on the 30 April 2025	The outstanding work will be completed by 30 June 2025. 2025 Budget Adjustment in February 2025.	Director Technical Services	
			Construction of the Herschel Community Hall by 30 June 2025	Civil Consultant appointed	Director Technical Project Management Unit Manager (PMAU) / R 800 000,00	Construction of Herschel Community Hall	Completion of construction of the Herschel Community Hall	Construction of the Hall could not commence as result it was not completed.	Completion of Steel Structure (Community Hall)	Target Met. The Steel Structure was 100% completed.	Director Technical Services		
To ensure effective management; construction and maintenance of cemeteries	BS004 - CEMETERIES AND BURIAL	CEMETERIES	Fencing of existing cemeteries at Jovelen, Hlana and Voyzana (1080 m <sup>2</sup> ) by 30 June 2025	New indicator	Director Technical Project Management Unit Manager/ R300 000,00	Fenced existing cemeteries at Jovelen, Hlana and Voyzana	Completion of Fencing of existing cemeteries at Jovelen, Hlana and Voyzana	Target Not Met. Completion of Fencing of existing cemeteries at Jovelen, Hlana and Voyzana not achieved.	1. Appointment establishment	Target Not Met. The Appointment of the Contractor and Site Establishment was not achieved.	The received bids were not responsive.	Director Technical Services	
			Construction of Bluegums Sportfield by 30 June 2025	Site establishment	Director Technical Project Management Unit (PMU) Manager/ R 2 702 407,00	Constructed Bluegums sportfield	Advert for the procurement of the contractor and appointment of Site Establishment	Target Exceeded. - 1. Appointment of the contractor completed. 2. Site Establishment was concluded. 3. Bulk earthworks has started. 4. Construction of grandstands complete.	1. 100% completion of field dressing 2. 100% completion of 100% completion of comb courts (perimeter fence, line markings) was completed.	The Target Met. 100% of field dressing was completed. 2. Structure was completed. 3. 100% comb courts (perimeter fence, line markings) was completed.	Director Technical Services		
Average number of library visits per library quarterly	LIBRARIES - BS006	LIBRARIES	Report on the Implementation of the Library Service Level Agreement (SLA) with DSRAC by 30 June 2025	4 Quarterly Reports on the Implementation of the Service Level Agreement (SLA) submitted in 2023/2024	Director Community Services Manager/ Avertiles	Compliance with the signed Service Level Agreement (SLA)	4 Quarterly Reports on the Implementation of the SLA, submitted to the standing committee.	Target Met. 4 Quarterly Reports on the Implementation of the Service Level Agreement (SLA) submitted to the standing committee.	Target Met. 4 Quarterly Reports on the Implementation of the Service Level Agreement (SLA) submitted to the standing committee.	Target Met. 4 Quarterly Reports on the Implementation of the Service Level Agreement (SLA) submitted to the standing committee.	Director Technical Services		

Target exceeded
Target Met
Target Not Met
Targets on Not Assessment Hold

Legend

KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT													
STRATEGY	IP PROGRAMME NUMBER	FOCUS AREA	KEY PERFORMANCE INDICATOR	BASELINE 30 June 2024	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2023/2024		CURRENT FINANCIAL YEAR 2024/2025		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/ GENERAL COMMENTS	RESPONSIBLE DIRECTOR
							ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025			
To construct, control, manage and maintain animals and ponds and urban areas and communal areas	LICENSING AND CONTROL OF ANIMALS - BSD08	LICENSING AND CONTROL OF ANIMALS	Updated aboc animal register by 30 June 2025	4 stock Registers were updated in 20/25/2024	Director Community Services/Manager Amenities	Stock Register updated	Stock Register Quarterly Updated for all Commongages	Target Met, Stock Register Updated for all Commongages submitted.	Target Met, Stock Register Updated for all Commongages submitted.				Director Community Services
			Construction of a 22.3km Boundary Fence in Barkly East & Lady Grey by 30 June 2025	New Indicator	Director Community Services/Manager Amenities R408 000.00	Boundary fence constructed	Not Applicable	Not Applicable	Completion of 22.3km of Barkly East & Lady Grey Boundary Fence was completed.	Target Met, 22.3km of Barkly East & Lady Grey Boundary Fence was completed.			
STRATEGY	IP PROGRAMME NUMBER	FOCUS AREA	KEY PERFORMANCE INDICATOR	BASELINE 30 June 2024	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2023/2024		CURRENT FINANCIAL YEAR 2024/2025		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/ GENERAL COMMENTS	RESPONSIBLE DIRECTOR
							ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025			
To effectively manage the removal, processing, reduction and recycling of waste	Waste Management - Recycling BSD09	Building of Solid Waste Sites	Management, Operation and Maintenance of Waste Services in Shekspout and Heesche by 30 June 2028	New Indicator	Director Community Services, Manager Waste Services R900 000	Appointment of service provider for Management, Operation and maintenance of 2 landfill sites (Shekspout & Heesche Landfill Site)	Not Applicable	Not Applicable	Appointment of service provider for Management, Operation and maintenance of 2 landfill sites in Shekspout and Heesche Landfill	Target Not Met, Appointment of Management, Operation, and maintenance of 2 landfill sites in Shekspout and Heesche Landfill has not been achieved	The tender was cancelled due to the contractor's financial issues, came out way expensive than what the municipality planned for and budgeted for.	New job processes are being implemented, focusing solely on hiring of plant and machinery, to optimize resources, professional site preparation, and ensuring all work is completed on time and will continue to be handled internally on a limited scale, given current capacity constraints.	Director Community Services
			37% of households receiving refuse removal by 30 June 2025	37% of refuse removal on households	Director Community Services/Manager Waste	Number of households with free basic refuse removal	15.94% of refuse removal on households	Target Exceeded, The percentage of households with free basic refuse collection is a total of 37% of the population and households of Shekspout for the 2023-2024 financial year.	37% of refuse removal on households	Target Met, 37% of refuse removal achieved during 2024-2025.			
To provide refuse removal services to existing and new settlements and to reduce the amount of waste disposed at landfill sites	FREE BASIC SERVICES BSD10	5-year Integrated Waste Management Plan	Statement of the Integrated Waste Management Plan by 30 June 2025	Appointment of Service Provider	Director Community Services/Manager Waste	Council Approved Integrated Waste Management Plan	Appointment of the Service Provider	Target Met, Leahy Enoch has been appointed for the development of IWMP on the 30th April 2024.	Integrated Waste Management Plan reviewed	Target Met, The Integrated Waste Management Plan was reviewed and approved by Council on 30 May 2025.			Director Community Services
			85% of the percentage of households earning less than 2 state pension fund per month with access to free basic services by 30 June 2025	1 Annual Report was tabled - 31.04 % of our serviced consumers are registered as indigent consumers in 2023/2024	Chief Financial Officer/Manager Revenue	Number of indigent people approved for free basic electricity	3 quarterly reports and 1 Annual Report on the percentage of household earning less than 2 state pension fund per month with access to free basic services	Target Met, 1 Annual Report on the percentage of household earning less than 2 state pension fund per month with access to free basic services was achieved	3 quarterly reports and 1 Annual Report on the percentage of household earning less than 2 state pension fund per month with access to free basic services	Target Met, 3 quarterly reports and 1 Annual Report on the percentage of household earning less than 2 state pension fund per month with access to free basic services was achieved. The Municipality achieved a commendable average of 41% of households with access to free basic services by the end of 2024-2025.			

Target exceeded
Target Met
Target Not Met
Targets on Not Assessment Hold

Legend

KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT														
STRATEGY	DP PROGRAMME NUMBER	FOCUS AREA	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 June 2024	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2023/2024		CURRENT FINANCIAL YEAR 2024/2025		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ GENERAL COMMENTS	RESPONSIBLE DIRECTOR
								ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025			
To maintain the existing electrical infrastructure through replacement of outdated equipment and installation of new equipment to reduce losses and ensure compliance	ELECTRICITY AND STREET LIGHTING BSD11	ELECTRICAL LOSSES	BSD11-01	Reduce electricity losses by 1.4% (Weir Dam Municipality) by 30 June 2025	Increase in electricity losses by 1.4%	Director Technical Services (Electrical Control)	Reduced electricity losses	Reduce electricity losses by 1.5%	Target Not Met. Report indicates that the target has not been achieved. Electricity losses have increased by 1.2%	Reduce electricity losses by 0.5%	Target Not Met. Report indicates that the target has not been achieved. Electricity losses have increased by 2.01%	This is due to the old cherry picker used for the current agreed fee as a mitigation measure and a made that another one be purchased in 2025-2026. The cherry picker will also be replaced to ensure that complaints are resolved. The new cherry picker will be procured in December 2025 and the new cherry picker will be procured in December 2025 and the new cherry picker will be procured in December 2025.	Director Technical Services	
				Reduce electricity losses by 1.2%	Target Not Met. Report indicates that the target has not been achieved. Electricity losses have increased by 1.2%	NSG Applicable	NSG Applicable	Target Not Met. Conventional contract was replaced on 2024-2025.	The installers were the same as before approval of Transveral Contract. The Municipality has not been able to procure National Treasury to procure meter through transveral contract. The cherry picker is not working and the cherry picker is not working. Items look fine as we had to ensure that there is synergy between the cherry picker and the cherry picker to ensure that products required will be compatible and meet their expectations.	Director Technical Services				
To reduce downtime period of fleet used for service delivery and enhance maintenance of public infrastructure	FLEET MANAGEMENT BSD12	FLEET MANAGEMENT	BSD11-03	Household connections and street lighting	New indicator	Director Technical Services (Electrical Manager) R 1 103 477.83	Connection of electricity to household	NSG Applicable	NSG Applicable	Appointment of consultant and contractor were established on the 10 April 2025.	Target Not Met. The Consultant and Contractor were established on the 10 April 2025.	There was poor planning and the project which resulted in the late finalisation of the BOQ.	Director Technical Services	
				Household connections and street lighting	New indicator	Director Technical Services (Electrical Manager) R 300 000	Household connections and street lighting	NSG Applicable	NSG Applicable	Appointment of the consultant and contractor report	Target Not Met. Report was not finalised.	The process has now improved and the BOQ will be finalised by no later than 30 September 2025.	Director Technical Services	
To reduce downtime period of fleet used for service delivery and enhance maintenance of public infrastructure	FLEET MANAGEMENT BSD12	FLEET MANAGEMENT	BSD12-01	Procurement of the Road Maintenance Plant by 30 June 2025	New indicator	Director Technical Manager (R 11 108 000.00 CAPEX)	Roads Maintenance Plant Procured	NSG Applicable	NSG Applicable	Procurement of Lowbed Truck, Motor Grader and Dozer on 2025 and Escavator was 24 February 2025.	Target Met. Lowbed Truck was procured on 2025; Motor Grader was 18 March 2025 and Escavator was 24 February 2025.		Director Technical Services	
				Procurement of the GFS Roads (Plant) by 30 June 2025	New indicator	Director Technical Manager (R 24 465 523.00)	Roads Maintenance Plant Procured	NSG Applicable	NSG Applicable	Procurement of 1 x Motor Truck, 1 x Rubble Compactor truck and 1 x Axial Platform Truck (Cherry picker)	Target Met. The TLB was procured on 2025; 1 x Rubble Compactor truck on 2025; 1 x Axial Platform Truck (Cherry picker) on 06-06-2025.		Director Technical Services	

Target exceeded
Target Met
Target Not Met
Target on Not Assessment Hold
Legend

RPA 2: LOCAL ECONOMIC DEVELOPMENT

STRATEGY	IP PROGRAMME NUMBER	FOCUS AREA	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 June 2024	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2023/2024		CURRENT FINANCIAL YEAR 2024/2025		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/ GENERAL COMMENTS	RESPONSIBLE DIRECTOR			
								ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025						
								To promote and attract development in the local economy through implementation of the LED strategy	LED 01	ECONOMIC GROWTH	LED01-01				% of the implementation of the LED Strategy Plan by 30 June 2027	70 % of Local Economic Development (LED) Strategy initiatives in 2023-2024 met.	Director Development and Town Planning Services / Integrated, Planning and Economic Development
Report on number of jobs created through the Local Economic Development (LED) initiatives including capital projects by 30 June 2025	346 jobs created through Local Economic Development (LED) initiatives in 2023-2024 Financial Year	Director Development and Town Planning Services (DTPS)	Number of jobs created	1 Annual Consolidated Report on number jobs created through LED initiatives including capital projects	Target Met. Annual Consolidated Report on number jobs created through LED initiatives including capital projects	Target Met. Annual Consolidated Report on number jobs created through LED initiatives including capital projects	Target Met. Annual Consolidated Report on number jobs created through LED initiatives including capital projects					Target Met. Annual Consolidated Report on number jobs created through LED initiatives including capital projects	Target Met. Annual Consolidated Report on number jobs created through LED initiatives including capital projects	Target Met. Annual Consolidated Report on number jobs created through LED initiatives including capital projects	Target Met. Annual Consolidated Report on number jobs created through LED initiatives including capital projects	Target Met. Annual Consolidated Report on number jobs created through LED initiatives including capital projects	Director Development and Town Planning Services
Report on the Small Medium Micro Enterprises allocated through LED projects that are in excess of R6 million by 30 June 2025	30 % of R6 million allocated to Small Medium and Micro Enterprises / SMMEs	Director Development and Town Planning Services / Manager IPED	Improved work opportunities for Small Medium and Micro Enterprises	30 % of the municipal infrastructure capital projects in LED initiatives allocated to SMMEs through sub contracting.	Target Met. 30 % of the municipal infrastructure capital projects in LED initiatives allocated to SMMEs through sub contracting.	Target Met. 30 % of the municipal infrastructure capital projects in LED initiatives allocated to SMMEs through sub contracting.	Target Met. 30 % of the municipal infrastructure capital projects in LED initiatives allocated to SMMEs through sub contracting.					Target Met. 30 % of the municipal infrastructure capital projects in LED initiatives allocated to SMMEs through sub contracting.	Target Met. 30 % of the municipal infrastructure capital projects in LED initiatives allocated to SMMEs through sub contracting.	Target Met. 30 % of the municipal infrastructure capital projects in LED initiatives allocated to SMMEs through sub contracting.	Target Met. 30 % of the municipal infrastructure capital projects in LED initiatives allocated to SMMEs through sub contracting.	Target Met. 30 % of the municipal infrastructure capital projects in LED initiatives allocated to SMMEs through sub contracting.	Target Met. 30 % of the municipal infrastructure capital projects in LED initiatives allocated to SMMEs through sub contracting.

Target exceeded	
Target Met	
Target Not Met	
Targets on Not Assessment Hold	
Legend	

RPA3 MUNICIPAL FINANCIAL MANAGEMENT & VARIABILITY														
STRATEGY	IP PROGRAMME NUMBER	FOCUS AREA	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 June 2024	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2023/2024		CURRENT FINANCIAL YEAR 2024/2025		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ GENERAL COMMENTS	RESPONSIBLE DIRECTOR
								ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025			
To ensure the efficient and effective procurement of goods and services	SUPPLY CHAIN MANAGEMENT (ADMINISTRATION AND REPORTING) - RMPN01	PROCUREMENT	RMPN01-01	% of the implementation of the Institutional Procurement Plan by 30 June 2025	Procurement Plan Developed in 2023/2024	Chief Financial Officer / Manager Supply Chain	Plan Developed	100% implementation of the institutional procurement plan	Target Not Met. Quarterly Reports on the implementation of the Procurement Plan were not 100% implemented.	100% implementation of the institutional procurement plan	Target Not Met. Only 51% was achieved during 2024-2025.	A variance of 49% was recorded in 2024-2025. This is due to the delay in the institutional procurement plan and reporting on budget and expenditure. The delay affects planning and implementation. Additional compliance with the approved procurement process. Key operational risks and compliance has been allocated to the risk.	Chief Financial Officer	
			RMPN01-02	Complete evaluation of performance of service providers by 30 June 2025	Report on Performance of Service Providers in 2023/2024 (Finalized)	Chief Financial Officer	Quarterly Reports on the performance of Service Providers	4 Quarterly Reports on the % of Service Providers who met the conditions of tender documents in a timely manner.	Target Met. Quarterly reports on the performance of service providers were not 100% provided.	4 Quarterly Reports on the % of Service Providers who met the conditions of tender documents in a timely manner.	Target Met. Quarterly Reports on the % of Service Providers who met the conditions of tender documents in a timely manner.	100% of reports were 100%.		Chief Financial Officer
			RMPN01-03	Turnaround time (days) for adjudication of projects by 30 June 2025	30 days	Chief Financial Officer / Demand Manager	Number of tenders adjudicated	Annual Report on Number of Tenders Adjudicated within 30 days of being advertised	Report on Number of Tenders Adjudicated within 30 days of being advertised has been submitted.	Target Not Met. Annual Report on the Number of Tenders Adjudicated within 30 days of being advertised has been submitted.	Report on Number of Tenders Adjudicated within 30 days of being advertised	Target Not Met. Only 38% of tenders were adjudicated within 30 days of the closing of the bid.	The majority will increase the number of tenders which could include the closing of the bid. This is due to the delay in the institutional procurement plan and reporting on budget and expenditure. The delay affects planning and implementation. Additional compliance with the approved procurement process. Key operational risks and compliance has been allocated to the risk.	Chief Financial Officer
To ensure regular asset checks and reporting	ASSET MANAGEMENT (MANAGEMENT AND REPORTING) - RMPN02	ASSET COUNT	RMPN02-01	Perform the Annual Asset Count by 30 June 2025	1 Annual Asset Count Performed in 2023/2024	Chief Financial Officer / Demand Manager	Asset Count Report developed	1 Annual Asset Count Performed	Target Met. The Annual Asset count was performed.	1 Annual Asset Count Performed	Target Met. The Annual Asset Count was completed by 30 June 2025.		Chief Financial Officer	
			RMPN02-02	Completion of staff change notification by 31 March 2025	Appointment of contractor and Site Establishment	Director Technical services / Manager HR/00.0000	Staff change forms completed	No / Applicable	Completion of construction of change rooms in Lady Grey	Target Met. The completion of construction of change rooms in Lady Grey was completed in Quarter 2. The count on 02 December 2024.	Target Met. The completion of construction of change rooms in Lady Grey was completed in Quarter 2.		Director Technical Services	
			RMPN02-05	Procurement and Purchase of Power by 30 June 2025	New Indicator	Director Community Services / R-00.0000	Generator / Solar	No / Applicable	Appointment of the Service Provider for the purchase of power at the Basky East Dining License (LIC15)	Target Not Met. Appointment of the installation of the generator at the Basky East Dining License (LIC15) has not been completed.	Target Not Met. Appointment of the installation of the generator at the Basky East Dining License (LIC15) has not been completed.	Target Not Met. The Service Provider could not be appointed due to delays in procurement which were as a result of poor planning.	The Municipality will employ a Service Provider for the procurement process 9 months before their actual start date. Additional compliance with the approved procurement process. Key operational risks and compliance has been allocated to the risk.	Director Community Services

Target exceeded
Target Met
Target Not Met
Targets on Not Assessed/ on Hold

Legend

KPA 3: MUNICIPAL FINANCIAL MANAGEMENT & VIABILITY														
STRATEGY	ID PROGRAMME NUMBER	FOCUS AREA	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 June 2024	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2023/2024		CURRENT FINANCIAL YEAR 2024/2025		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/ OTHER COMMENTS	RESPONSIBLE DIRECTOR
								ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025			
Report on financial ratios	FINANCIAL MANAGEMENT - MFM/03	FINANCIAL RATIOS	MFM/03-01	Support Financial viability as expressed by the ratio in the growth by 30 June 2025	202/2024 Ratio	Chief Financial Officer/Manager Treasury Officer/Financial Systems/ADirectors	Report on Ratios	1. Annual Report on Financial viability as expressed by the ratios in the gazette.	Target Met. 1. Annual Report on Financial viability as expressed by the ratios in the gazette.	1. Annual Report on Financial viability as expressed by the ratios in the gazette.	Target Met. Assessment of key ratios included as part of the Annual Report on Financial viability approved by Council on 31 March 2025.			Chief Financial Officer
Expansion of Municipal Rates Base	FINANCIAL MANAGEMENT - MFM/03	VALUATION ROLLS	MFM/03-02	Complete the General Valuation roll by 30 June 2025	202/2023 Supplementary Valuation Roll	Chief Financial Officer/Manager Revenue	Valuation Roll completed	1. Annual Supplementary Valuation Roll completed	Target Met. Completion of Valuation Roll for rates.	1. Annual Green Valuation Roll completed	Target Met. The new General Valuation Roll was completed and approved by the Valuation Manager on 31 January 2025.	New Valuation roll completed for 2025/2026		Chief Financial Officer
To expand and protect the municipal revenue	FINANCIAL MANAGEMENT - MFM/03	BILLING	MFM/03-03	Report on 100% Correct Billing of consumers with a 2% variance factor by 30 June 2025	202/2024 verified total correct billing reported	Chief Financial Officer/Manager Financial System	Number of consumers correctly billed	100% Correct Billing of consumers with a 2% variance factor	Target Met. This correct billing of consumers was achieved by 100%	100% Correct Billing of consumers with a 2% variance factor	Target Met. The results on correct billing were submitted to the Standing Committee.			Chief Financial Officer
To expand and protect the municipal revenue	FINANCIAL MANAGEMENT - MFM/03	REVENUE COLLECTION	MFM/03-04	Report on total revenue collected by 30 June 2025	202/2024 Total Revenue collected	Chief Financial Officer/Manager Revenue Financial System	Total Billed Revenue collected	4. Quarterly Reports on the total billed revenue	Target Met. 4. Quarterly Reports on the total billed revenue for the period of 2024-2025. The report indicates that 10% revenue collection was achieved	4. Quarterly Reports on the total billed revenue	Target Met. The municipality report for the period of 2024-2025. The figures are in the audit.			Chief Financial Officer
Increased financial viability	FINANCIAL MANAGEMENT - MFM/03	EXPENDITURE	MFM/03-05	Report on the Budget, Irregular, Frivolous and Wasteful Expenditure and Minor Related expenditure by 30 June 2025	202/2024 Reports	Chief Financial Officer/Manager Demand and Acquisition	Quarterly Reports of Irregular, Frivolous and Wasteful Expenditure that occurred during the Financial Year	4. Quarterly Reports of Unauthorised, Irregular, Frivolous and Wasteful Expenditure and minor related expenditure to the standing committee	Target Met. This quarterly report on the Irregular, Frivolous and Wasteful Expenditure and minor related expenditure to the standing committee	4. Quarterly Reports of Unauthorised, Irregular, Frivolous and Wasteful Expenditure that occurred during the FY	Target Met. 4. Reports on Unauthorised, Irregular, Frivolous and Wasteful Expenditure that occurred during the FY 2024-2025. The report for the FY 2024-2025 was submitted to the report for the LUPVE.			Chief Financial Officer
Good Governance	FINANCIAL MANAGEMENT - MFM/03	AFS	MFM/03-06	Completion and submission of Financial Statements (AFS) by 31 August 2024	202/2023 Annual Financial Statement (AFS)	Chief Financial Officer/ Director	Legislatively compliant Annual Financial Statements (AFS)	Completion of 2023/2023 AFS by 31 August 2023	Target Met. Completion and submission of Financial Statements (AFS) by 31 August 2023 was achieved	Completion of Legislatively Compliant 2023/2024 AFS	Target Met. GRAP Compliant 2023/2024 AFS approved by Council with the Annual Report on 28 March 2025.			Chief Financial Officer

Target exceeded
Target Met
Target Not Met
Targets on Not Assessment Hold

Legend



KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT

STRATEGY	IDP PROGRAMME NUMBER	FOCUS AREA	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 June 2024	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2023/2024		CURRENT FINANCIAL YEAR 2024/2025		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ GENERAL COMMENTS	RESPONSIBLE DIRECTOR
								ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025			
To ensure implementation of the annually developed WSDP	SKILLS DEVELOPMENT - MTD01	SKILLS DEVELOPMENT	MTD01-01	100% of a municipality's budget spent on implementing its own funded workplace skills plan and programmes by 30 June 2025	Report submitted in 2023/2024	Director Corporate/Manager HR	Capacitation of employees	1 Annual Report on the 100% of funded vacancies filled for position below Senior Manager and 12 Months for Senior Manager and 12 Months for Senior Manager with a variance of 20%	Target Not Met. Annual Report for 2023/24 FY. The target for implementing its workplace skills plan has been stated that 40% of the budget has been spent (1.5 million spend from a budget of 4 million)	1 Annual Report on the 100% of funded vacancies filled for position below Senior Manager and 12 Months for Senior Manager and 12 Months for Senior Manager with a variance of 20%	1 Annual Report on the 100% of funded vacancies filled for position below Senior Manager and 12 Months for Senior Manager and 12 Months for Senior Manager with a variance of 20%	Budgeting for training is not done in a structured manner on a departmental basis. The training on the training department is done on a departmental basis. The training on the training department is done on a departmental basis. The training on the training department is done on a departmental basis.	Director Corporate Services	
								Number of results from employment equity target groups employed in the 3 highest levels of organisation in compliance with the employment equity plan by 30 June 2025	Report on number of people from employee equity target groups employed in the 3 highest levels of organisation in compliance with the employment equity plan	Target Met. The Report on number of people from employee equity target groups employed in the 3 highest levels of organisation in compliance with the employment equity plan was done. The municipality could not apply in another case the target. The target is to be achieved in the next financial year.	Target Met. The Report on number of people from employee equity target groups employed in the 3 highest levels of organisation in compliance with the employment equity plan was done. The municipality could not apply in another case the target. The target is to be achieved in the next financial year.			
To ensure that the EE plan is implemented	EMPLOYMENT EQUITY - MTD02	EMPLOYMENT EQUITY	MTD02-01	Review of the Institutional Organogram by 30 June 2025	2023/2024 Reviewed Organogram	Director Corporate/Manager HR	Reports compiled	100% of funded vacancies approved and finalised	Report on number of people from employee equity target groups employed in the 3 highest levels of organisation in compliance with the employment equity plan	100% of funded vacancies approved and finalised	100% of funded vacancies approved and finalised	Target Met. The Report on number of people from employee equity target groups employed in the 3 highest levels of organisation in compliance with the employment equity plan was done. The municipality could not apply in another case the target. The target is to be achieved in the next financial year.	Director Corporate Services	
								88.4% vacancies filled for 23/24 Financial year	Report on number of people from employee equity target groups employed in the 3 highest levels of organisation in compliance with the employment equity plan	100% of funded vacancies approved and finalised	100% of funded vacancies approved and finalised			
To ensure that all Sengqu Buildings and staff adhere to and implement CHS legislation	OCCUPATIONAL HEALTH AND SAFETY - MTD04	OHS	MTD03-01	70% of OHS resolutions implemented annually by 30 June 2025	2023/2024 Tracked resolutions	Director Corporate/Manager HR	Meetings Held	70% of OHS resolutions implemented annually by 30 June 2025	Target Exceeded. 100% of OHS resolutions resolved	70% of OHS resolutions implemented annually by 30 June 2025	Target Exceeded. 100% of OHS resolutions resolved	Target Exceeded. 100% of OHS resolutions resolved	Director Corporate Services	
								88.4% vacancies filled for 23/24 Financial year	Target Exceeded. 100% of OHS resolutions resolved	70% of OHS resolutions implemented annually by 30 June 2025	Target Exceeded. 100% of OHS resolutions resolved			

Target exceeded
Target Met
Target Not Met
Targets on Not Assessment Hold

Legend

KPA 4: MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT

STRATEGY	IDP PROGRAMME NUMBER	FOCUS AREA	RPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 June 2024	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2023/2024		CURRENT FINANCIAL YEAR 2024/2025		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIATION/ GENERAL COMMENTS	RESPONSIBLE DIRECTOR
								ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025			
To ensure implementation of LTF resolutions	LOCAL LABOUR FORUM - MTD 06	LABOUR RELATIONS	MTD06-01	Percentage (100%) of labour matters initiated on time by 30 June 2025	20/25/2024 Tracked resolutions	Director Corporate Services / Manager HR	Labour matters initiated on time	100% initiation of labour and legal matters	Target Met, 100% labour and legal matters initiated	100% initiation of labour relations matters	Target Met, 100% of disciplinary process were initiated within the prescribed timeframes.			Director Corporate Services
				Percentage (100%) of legal matters initiation time by 30 June 2025	20/23/2024 Tracked resolutions	Director Corporate IMM / Manager Legal Services	Legal matters initiated or defended on time	100% initiation of labour and legal matters	Target Met, 100% labour and legal matters initiated	100% initiation of legal matters on time	Target Met, 100% of investigations and disciplinary process were initiated within the prescribed timeframes.			Director Corporate Services
To monitor and evaluate the performance of staff and management on an annual basis	PERFORMANCE MANAGEMENT AND REPORTING - MTD 06	PERFORMANCE AGREEMENTS	MTD07-01	Signing of Performance Agreements by the Municipal Manager and all appointed Senior Managers by 30 August 2024	6 Performance Agreements signed in 2023/2024 FY	Director Corporate Services/HR Manager	Signed Performance Agreements	6 Signed Performance Agreements	Target Met, 6 Signed Performance Agreements on the 20 November 2023	6 Signed Performance Agreements	Target Met, All 6 Performance Agreements were concluded and signed by 30 August 2024.			General Manager
				Signing of Performance agreements by all appointed Senior Managers by 30 August 2024	13 Performance Agreements signed in 2023/2024	Director Corporate Services/HR Manager	Signed Performance Agreements	Target Not Met, All 12 Managers out of 18 signed their Performance Agreements and 1 new manager in the police offices. In all 13 managers signed their agreements.	22 Signed Performance Agreements	Target Not Met, Only 21 Managers Signed their Performance Agreements.	One Manager did not sign the score card because, system closed before they could sign off.	In future Draft Score Card will be done outside the system and signed by the HR Manager. Submission by year managers will also be undertaken to ensure that people are well equipped with how the system works. With intensive training on the system will be undertaken well on time and the municipality intends to achieve 100% compliance in the regard.	Director Corporate Services	

Target exceeded
Target Met
Target Not Met
Targets on Not Assessment Hold

Legend

S.P.A.4. MUNICIPAL TRANSFORMATIVE & INSTITUTIONAL DEVELOPMENT															
STRATEGY	IPF PROGRAMME NUMBER	FOCUS AREA	KPI NUMBER	KEY PERFORMANCE INDICATOR	B AELINE 30 June 2024	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2023/2024		CURRENT FINANCIAL YEAR 2024/2025		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ GENERAL COMMENTS	RESPONSIBLE DIRECTOR	
								ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025				
To monitor and evaluate the performance of staff and management on an annual basis	PERFORMANCE MANAGEMENT AND REPORTING - MTD 07	PERFORMANCE REPORTING	HTD07-03	Completion of the Annual Performance Report by 31 August 2024	2023/2024 Annual Performance Report	Municipal Manager	Annual Performance Report completed	2023/2024 Annual Performance Report completed and submitted by 31 August 2024	2023/2024 Annual Performance Report completed and approved by 31 March 2025	2023/2024 Annual Performance Report completed and submitted by 31 August 2024	Target Met. The Annual Performance Report was approved by Council on 31 August 2024.			General Manager	
			HTD07-04	Completion of the Annual Report 2025	2023/2024 Annual Report	Municipal Manager	Annual Report completed	2023/2024 Annual Report completed and approved by 31 March 2024	2023/2024 Annual Report completed and approved by 31 March 2025	2023/2024 Annual Report completed and approved by 31 March 2025	Target Met. The Annual Report was approved by Council on 31 March 2025.			General Manager	
			MTD07-05	Completion of the 2023/2024 Oversight Report by 31 March 2025	2023/2024 Oversight Report	IM / Manager in the Speaker's Office	Oversight report completed	2023/2024 Oversight report completed by 31 March 2024	2023/2024 Oversight report completed by 31 March 2025	2023/2024 Oversight report completed by 31 March 2025	Target Met. The Oversight Report was approved by Council on 31 March 2025.			General Manager	
			MTD07-06	Development and delivery of the 2025-2026 Service Delivery Framework by 30 June 2025	2023/2024 SDPF	Municipal Manager	SDPF Completed	2023/2024 SDPF developed and approved by the Mayor and approved by the Mayor on 27 June 2024	2023/2024 SDPF developed and approved by the Mayor on 27 June 2025	2023/2024 SDPF developed and approved by the Mayor on 27 June 2025	Target Met. The SDPF was approved by the Mayor on 27 June 2025.			General Manager	
To ensure participatory integrated planning and budgeting	INTEGRATED DEVELOPMENT PLANNING - MTD 09	EP	MTD09-01	Review of the 5 Year Integrated Development Plan (IDP) by 30 June 2025	IDP 2025-2027	Director Development and Planning Services Manager	Integrated Development Plan (IDP) reviewed	2023/2024 IDP reviewed and approved by the Mayor on 13 July 2024	2023/2024 IDP reviewed and approved by the Mayor on 13 July 2025	Target Met. The IDP was reviewed and approved by Council on 13 July 2025.			Director Development and Planning Services		
			MTD09-02	Review of the 5 Year Integrated Development Plan (IDP) by 30 June 2025	IDP 2025-2027	Municipal Manager	Integrated Development Plan (IDP) reviewed	2023/2024 IDP reviewed and approved by the Mayor on 13 July 2024	2023/2024 IDP reviewed and approved by the Mayor on 13 July 2025	2023/2024 IDP reviewed and approved by the Mayor on 13 July 2025	Target Met. The IDP was reviewed and approved by Council on 13 July 2025.			Director Development and Planning Services	
Implementation of risk management and fraud prevention plans	RISK AND FRAUD PREVENTION GPP91	Risk and Fraud prevention	GPP91-01	Completion of the 2025-2026 Risk Management Plan by 30 June 2025	2023/2024 Risk Management Plan	Municipal Manager	Risk Management Plan	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2024	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	Target Met. The Risk Management Plan was approved by the Mayor on 13 July 2025.			General Manager		
				Completion of the 2025-2026 Risk Management Plan by 30 June 2025	2023/2024 Risk Management Plan	Municipal Manager	Risk Management Plan	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2024	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	Target Met. The Risk Management Plan was approved by the Mayor on 13 July 2025.			General Manager	
				Completion of the 2025-2026 Risk Management Plan by 30 June 2025	2023/2024 Risk Management Plan	Municipal Manager	Risk Management Plan	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2024	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	Target Met. The Risk Management Plan was approved by the Mayor on 13 July 2025.			General Manager
				Completion of the 2025-2026 Risk Management Plan by 30 June 2025	2023/2024 Risk Management Plan	Municipal Manager	Risk Management Plan	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2024	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	Target Met. The Risk Management Plan was approved by the Mayor on 13 July 2025.			General Manager
Implementation of risk management and fraud prevention plans	RISK AND FRAUD PREVENTION GPP91	Risk and Fraud prevention	GPP91-01	Completion of the 2025-2026 Risk Management Plan by 30 June 2025	2023/2024 Risk Management Plan	Municipal Manager	Risk Management Plan	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2024	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	Target Met. The Risk Management Plan was approved by the Mayor on 13 July 2025.			General Manager		
				Completion of the 2025-2026 Risk Management Plan by 30 June 2025	2023/2024 Risk Management Plan	Municipal Manager	Risk Management Plan	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2024	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	Target Met. The Risk Management Plan was approved by the Mayor on 13 July 2025.			General Manager
KPI 5.1 GOOD GOVERNANCE AND PUBLIC PARTICIPATION															
Implementation of risk management and fraud prevention plans	RISK AND FRAUD PREVENTION GPP91	Risk and Fraud prevention	GPP91-01	Completion of the 2025-2026 Risk Management Plan by 30 June 2025	2023/2024 Risk Management Plan	Municipal Manager	Risk Management Plan	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2024	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	Target Met. The Risk Management Plan was approved by the Mayor on 13 July 2025.			General Manager		
				Completion of the 2025-2026 Risk Management Plan by 30 June 2025	2023/2024 Risk Management Plan	Municipal Manager	Risk Management Plan	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2024	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	2023/2024 Risk Management Plan developed and approved by the Mayor on 13 July 2025	Target Met. The Risk Management Plan was approved by the Mayor on 13 July 2025.			General Manager

Target exceeded
Target Met
Target Not Met
Targets on Not Assessment Hold

Legend

		COMPLIANCE GGP02	COMPLIANCE	GGP02-01	Implementation of the Compliance Register by 30 June 2025	2023/2024 tracked compliance register	Municipal Manager/Manager Governance and Compliance	Departmental Risk Assessments conducted	100% implementation of the Compliance register	Target Met. 100% implementation has been achieved.	100% Implementation of the Compliance register	Target Met. The Implementation of the Compliance Register was 100% for 2024-2025.	General Manager
		AUDIT COMMITTEE	GGP03-01	Monitor the implementation of the Audit Action Plan by 30 June 2025	2023/2024 reports	Municipal Manager/Manager Governance and Compliance	Audit Action Plan Implemented	100% of tracked Audit Committee resolutions implemented	Target Met. 100% tracked resolutions implemented.	100% of issues resolved on the audit action plan	Target Met. The 2023-2024 Audit Issues Raised have been resolved, however the 2024-2025 issues have not been done once the Annual Financial Statements are audited by the Auditor General from September to November 2025.	Any non confirmation by AG will be reported in the 2025-2026 Audit Action Plan.	General Manager
		OVERSIGHT - GGP03	MPAC	GGP03-02	Implementation of the Municipal Public Accounts Committee Resolutions by 30 June 2025	2023/2024 tracked resolutions	Municipal Manager/Manager in the Speakers Office	Number of MPAC meetings held.	100% of tracked MPAC resolutions implemented	Target Met. 100% of tracked MPAC resolutions implemented	100% of tracked MPAC resolutions implemented.	Target Met. All MPAC Resolutions were implemented.	General Manager
		OVERSIGHT	EXCO	GGP03-03	Number of Council/Exco Resolutions tracked by 30 June 2025	2023/2024 tracked resolutions	Director Corporate/Manager Legal	Reports compiled	4 Quarterly Reports on tracked resolutions of Council and EXCO	Target Met. Council and EXCO Resolutions were tracked	4 Quarterly Reports on tracked resolutions of Council and EXCO	Target Met. All 4 Quarterly Reports were submitted by 30 June 2025.	General Manager

Legend	Target exceeded
	Target Met
	Target Not Met
	Targets on Not Assessment Hold

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION														
STRATEGY	DP PROGRAMME NUMBER	FOCUS AREA	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 June 2024	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2023/2024		CURRENT FINANCIAL YEAR 2024/2025		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE/REMEDIAL ACTION/GENERAL COMMENTS	RESPONSIBLE DIRECTOR
								ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025			
OVERSIGHT	OVERSIGHT - GPP03	SEM	GPP03-04	Report on dissemination and tracking of all of the Council's Executive Management Resolutions by 30 June 2025	2023/2024 Tracked resolutions	Municipal Manager/General Manager	Report on dissemination and tracking of all of the Council's Executive Management Resolutions	100% of tracked Senior Executive Management Resolutions implemented	100% of tracked Senior Executive Management Resolutions implemented	100% of tracked Senior Executive Management Resolutions implemented	100% of tracked Senior Executive Management Resolutions implemented		The report indicates that 30 of the 30 resolutions have been implemented and the other two are ongoing as they are multi-years in character.	General Manager
TO INCREASE PUBLIC INVOLVEMENT IN MUNICIPAL AFFAIRS		COMMUNICATION	GPP04-01	100% implementation of the Communication Action Plan by 30 June 2025	Communications action plan completed by Municipal Manager in 2023-2024 Financial year	Municipal Manager/General Manager	Implementation Reports actually completed	100% implementation of the Communication Action Plan			General Manager			
To ensure that the public are involved in municipal planning		WARDS	GPP04-02	Number of Ward Committee engagements/support by 30 June 2025	4 Quarterly Reports per Ward (17years) submitted in 23/24 Financial year	Director Corporate/Manager Public Participation and Administration	Engagements/interactions/support	4 Quarterly Reports per Ward (17wards)	4 Quarterly Reports on Ward Committee engagements/interactions/support (17wards)	4 Quarterly Reports on Ward Committee engagements/interactions/support (17wards)	4 Quarterly Reports on Ward Committee engagements/interactions/support (17wards)		Target Met: All 4 Quarterly Reports were submitted by 30 June 2025. All 17 ward committee engagements were implemented in accordance with the approved Engagement Plan. The engagements supported the Mayor's priority governance and alignment between municipal planning and community needs.	Director Corporate Services
To improve service delivery		COMPLAINTS SYSTEM	GPP04-03	100% of issues disseminated and tracked within 5 days from the Municipal Customer Care Centre opening or checked after 8 working days dissemination by 30 June 2025	12 reports submitted in 2023/2024	Director Corporate Service Manager Public Participation and Administration	Queries resolved	Percentage of issues disseminated from the Municipal Customer Care Complaints register within 3 days	Percentage of issues disseminated from the Municipal Customer Care Complaints register within 3 days	Percentage of issues disseminated from the Municipal Customer Care Complaints register within 3 days	Percentage of issues disseminated from the Municipal Customer Care Complaints register within 3 days		Target Met: A total of 53 of the complaints were received in 2024-2025. All complaints were disseminated to the relevant departments within two (2) days. Each issue was successfully resolved, with the Mayor's commitment to responsive and effective service delivery. The complaints were there 100% disseminated and resolved.	Director Corporate Services

Target exceeded
Target Met
Target Not Met
Targets on Not Assessed/On Hold
Legend



KPA 6: ENVIRONMENT & SPATIAL MANAGEMENT

STRATEGY	IP PROGRAMME NUMBER	FOCUS AREA	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 June 2024	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2023/2024		CURRENT FINANCIAL YEAR 2024/2025		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/ GENERAL COMMENTS	RESPONSIBLE DIRECTOR
								ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025			
PROTECTION OF NATURAL RESOURCES	EASM 01 Environment	ENVIRONMENT	EASM01-01	Development of Environmental Management Plan 30 June 2025	Appointment of Service Provider for the development of Environmental Management Framework	Director Community Services and Manager Waste Management Services	Approved Environmental Management Plan	Appointment of Service Provider for the development of Environmental Management Framework	Developed Environmental Management Plan	Target Met. The Environmental Management Plan was approved by Council on 30 May 2025			Director Community Services	
				Township Establishment for Lady Grey new settlements by 30 June 2025	Submission of EIA to DEDEAT	Director Development and Town Planning Services/Town Planner	Approved township establishment and final layout plan	Submission of application to the District Municipal Planning Tribunal	Approval of township establishment and final layout plan	Target Not Met. The Township Establishment and Final Layout Plan was not achieved.	No Municipal Planning Tribunal meeting still to be held on the application presented on the 28 June 2024. The meeting for the IPT Members (larged and Joe Gqabi District Municipality) has not appointed new members.	The municipality will ensure that the application is presented on the next meeting of the JGDM. The meeting for the IPT Members (larged and Joe Gqabi District Municipality) has not appointed new members.	Director Development and Town Planning Services	
				Formalisation of Sterkspruit villages by 30 June 2027	New Indicator	Director Development and Town Planning Services/Town Planner/	Incorporation of Sterkspruit villages into the urban edge (town)	Signing of MOU between the Municipality and Tribal authorities	Signing of MOU between the Municipality and Tribal authorities	Target Not Met. Signing of MOU between the Municipality and Tribal authorities was not achieved	Target Not Met. Signing of MOU between the Municipality and Tribal authorities was not achieved.	The meeting was not held due to inadequate preparation by the municipality.	The target has been moved to the 2025/2026 Financial Year. The meeting for the IPT Members (larged and Joe Gqabi District Municipality) has not appointed new members before end of February 2026.	Director Development and Town Planning Services
				Development of the Sterkspruit Acquisition Strategy 30 June 2025	New Indicator	Director Development and Town Planning Services/Town Planner	Strategy Developed	Appointment of the consultant for Draft Spatial Land Acquisition Strategy	Development of the Draft Spatial Land Acquisition Strategy	Target Not Met. Appointment of the consultant for Draft Spatial Land Acquisition Strategy has not been achieved.	Target Not Met. The Acquisition Strategy was not achieved.	There were no responses received from service providers to undertake the project.	The Acquisition Strategy will be presented to the IPT Members (larged and Joe Gqabi District Municipality) on 31 March 2026.	Director Development and Town Planning Services

Legend	
Target exceeded	Green
Target Met	Light Green
Target Not Met	Red
Targets on Not Assessed/On Hold	Blue

KPA 8: ENVIRONMENT & SPATIAL MANAGEMENT														
STRATEGY	IDP PROGRAMME NUMBER	FOCUS AREA	KPI NUMBER	KEY PERFORMANCE INDICATOR	BASELINE 30 June 2024	INPUT	OUTPUT	PREVIOUS FINANCIAL YEAR 2023/2024		CURRENT FINANCIAL YEAR 2024/2025		REPORTED VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE/ REMEDIAL ACTION/ GENERAL COMMENTS	RESPONSIBLE DIRECTOR
								ANNUAL TARGET 30 JUNE 2024	ACTUAL TARGET 30 JUNE 2024	ANNUAL TARGET 30 JUNE 2025	ACTUAL TARGET 30 JUNE 2025			
Improved land tenure	Housing EASM 07	SETTLEMENT DEVELOPMENT	EASM07-01	Facilitate the implementation of Housing Development in Senqu by the Spatial Development and Control Act of 2015 in the Annual Statement by 30 June 2025	4 Quarterly reports on the number of houses completed was submitted in 2023/2024	Director Development and Town Planning Services/Town Planner	Data Base of occupants of the informal settlement developed	4 Quarterly reports on houses completed	Target Met. 4 Quarterly reports on houses completed has been submitted to standing committee	4 Quarterly reports on the number of houses completed	Target Met. 4 Quarterly reports on houses completed has been submitted to standing committee		It should be noted that there were no houses handed over to beneficiaries on the running housing projects.	Director Development and Town Planning Services
				The deed restoration by 30 June 2025	New Indicator	Director Development and Town Planning Services/Town Planner	Opening of township registers for Lady Grey and Henschel	Appointment of the service provider to prepare Pre-conveyancing applications for Lady Grey and Henschel	Target Not Met. The Service Provider was not appointed for Lady Grey and Henschel has not yet been appointed	Pre-conveyancing applications for Lady Grey and Henschel	Target Not Met. The Pre-conveyancing applications for Lady Grey and Henschel has not achieved.	The Service Provider to undertake Pre-conveyancing of the delays in procurement which were as a result of poor planning	The Service Provider will be appointed by 28 February 2025, and there will be regular monitoring the progress of the procurement plan and escalating issues of non-performance to the Municipal Manager.	Director Development and Town Planning Services
				Review of the Senqu Housing Sector Plan 2020 by 30 June 2025	Tender was advertised but non-compliance in the previous financial year	Director Development and Town Planning Services/Town Planner	Scheme regulations developed	Appointment of the service provider to draft Senqu Housing Sector Plan for public participation	Target Not Met. The Service Provider was not appointed.	Appointment of service provider	Target Not Met. The Service Provider was not appointed.	The Service Provider could not be appointed in the previous financial year which were as a result of poor planning	The Service Provider will be appointed by 28 February 2025, and there will be regular monitoring the progress of the procurement plan and escalating issues of non-performance to the Municipal Manager to avoid reoccurrences of the non-performance.	Director Development and Town Planning Services
				Review of the Senqu Housing Sector Plan 2020 by 30 June 2025	New Indicator	Director Development and Town Planning Services/Town Planner	Plan Developed	Appointment of the service provider to draft Senqu Housing Sector Plan for public participation	Target Not Met. Appointment of the service provider to draft Senqu Housing Sector Plan for public participation has not been achieved.	Draft Housing Sector Plan	Target Not Met. The Draft Housing Sector Plan was not achieved.	There was a delay in the appointment of the service provider, the appointment of the Service Provider was done in Q3 of 2024-2025. This delay in a draft plan in the time left after the appointment of the Service Provider was due to poor planning by the Municipality.	The Planning Department has been working with the Service Provider to make up for lost time but it was impossible to produce a draft plan in the time left after the appointment of the Service Provider as busy with phase 2 of the project. The target has been moved to 31 March 2025.	Director Development and Town Planning Services

Target exceeded
Target Met
Target Not Met
Targets on Not Assessment Hold
Legend



### Senqu Municipality Contact Details

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