



**KAREEBERG
LOCAL
MUNICIPALITY**

ANNUAL REPORT 2024/25

053 382 3012
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Chapter I: Mayor's Foreword and Executive Summary

Component A: Mayor's Foreword

This is my pleasure to share my Annual Report contributions. The strategic objective and philosophy of Council remain the same and this is to improve the quality lives of our people.

We take seriously the values of good governance and believe we can turn the tide on unfavourable audit opinions in pursuit of a clean audit as set by the "Operation Clean Audit". We need to inculcate in all concerned a culture of excellence, care, accountability and good governance. The turning point for a clean administration cannot only rest upon the administration alone but it is also the responsibility of Council to make sure and to take part and assume our individual and collective responsibility with prestige, impunity and integrity.

Chapter 4 of the Municipal Systems Act 2000 compels the Municipality to create conditions for communities to participate in its affairs. Kareeberg Municipality, as a client centred organization, values the role of its stakeholders. It is sometimes difficult to engage with communities where there is no stability, where a small group does not allow you to engage communities.

In view of all the basic service delivery backlogs within the Municipality, the officials try very hard to developed strategies and programs to address some of these matters. The status of basic services backlog shows a decrease in the number of people who do not have access to basic services, even though the drought, which is really severe, is causing huge problems in Carnarvon and Vanwyksvlei.

Basic Services

Water

Kareeberg relies entirely on groundwater for its water supply and agricultural use. Something drastically needs to be done to change the situation during summer time.

Sanitation

All communities, except the informal settlement, have access to sanitation.

Electricity

This Municipality can proudly report that all communities have access to electricity, except the informal settlement. Furthermore, we are one of the municipalities who are not indebted to ESKOM.

Roads

Most roads in our Municipality have been tarred and paved except for a few streets in the new area and also in most of the previously advantage areas.

Economic Analysis

The importance of providing support and opportunities to disadvantaged persons and communities cannot be underestimated. It is thus important that we roll out targeted support programmes to provide the necessary skills and knowledge to organized groups and individuals to venture into relief programs to address the poverty endemic the community.

Performance Overview

We have made positive strides in the right direction to ensure that sustainable municipal governance principles support our continuous drive to deliver municipal services which reflect our passion for our community needs, which will always be the catalyst to keep us focused on our mandate to serve with pride.

We acknowledge that:

- 🏠 Our people need clean and drinkable water.
- 🏠 Our people need decent sanitation facilities.
- 🏠 Our roads need to be in a condition suitable for promoting economic development.
- 🏠 We must create job opportunities for our people to lift themselves out of poverty.
- 🏠 Our people need houses as a matter of urgency.

In conclusion let me quote what Tata Madiba once said: “There can be no greater gift than that of giving one’s time and energy to help others without expecting anything in return.”

Going forward, Council and communities must unequivocally strive towards the eradication of key municipal development and service delivery challenges.

I thank you

Hon Rodney Jikkela

MAYOR

Component B: Executive Summary

1.1 Municipal Manager's Overview

The 2024/25 financial year was very challenging on all fronts.

In terms of Section 121 of the Municipal Financial Management Act of 2003, Kareeberg Municipality has prepared and presented the Annual Report together with Treasury circulars and guidelines.

The Report seeks to deepen the objects of Local Government as stated in S152 of the Constitution, 1996. The Annual Report are outlining the five (5) National Government Strategic Key Performance Areas of Local Government. Although the Municipality observed some tangible improvements in some of the Key Strategic Performance Areas, others need more prioritisation, focus and allocation of Resources. These Strategic KPA's are:

1. Basic Service Delivery
2. Municipal Institutional and Transformed Development
3. Good Governance and Public Participation
4. Municipal Financial Viability Management
5. Local Economic Development

The Revised Integrated Development Plan and The Budget was adopted by Council. The COGHSTA provided very positive remarks and comments on the Revised IDP as it is compliance with the MSA. National Treasury declared that Kareeberg Municipality Budget was funded.

Conditional Grant Spending

Due to our improved spending reporting percentages, the Municipality has spent all its original Grants at year end. Kareeberg Municipality received an additional allocation of R6 000 000 at the end of March 2025, which could not be spent due to the Dark Sky International requirements. However, the contractor will be appointed early in the new financial year.

Upgrade of:

1. Vosburg Oxidation Ponds
2. The Electricity Sub-Station in Carnarvon

Improved Audit Outcomes

Kareeberg Municipality received a Qualified audit opinion from the Office of the Auditor General for the 2024/25 financial year. The Municipality worked tirelessly to improve the audit opinion from a Disclaimer in 2023/24 financial year. Currently, the Audit Action Plan of 2025 will be stringently updated, monitored, and reported on the progress to address all the audit weaknesses identified by the Office of the Auditor General.

Sustainable Service Delivery

Kareeberg Municipality remains committed to render all municipal services, such as electricity, water, sanitation, refuse and other services continuously. The Municipality is also working closely with Eskom to improve the down time and the and frequent interruptions and disconnections from their side.

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We are committed to assist Indigent Households who qualify for the Free Basic Services with providing these FBS (Free Basic Service) and FBE (Free Basic Electricity) together with firewood to the beneficiaries.

I appreciate the Mayor and the Speaker of Kareeberg Municipality, the Executive and Councillors for their support and direction. I want to extend my heartfelt gratitude to our dedicated staff whom I am very proud of, and to have been part of the effective day-to-day running of our municipal activities.

My sincere thanks to you all.

F Manuel

MUNICIPAL MANAGER

1.2 Municipal Overview

This report addresses the performance of the Kareeberg Municipality in the Northern Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2024/25 Annual Report reflects on the performance of the Municipality for the period 1 July 2021 to 30 June 2022. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

1.2.1 Vision and Mission

The Municipality committed itself to the vision and mission of:

Vision

“A sustainable, affordable and developmental quality service for all”

Mission

We will achieve our vision by ensuring that we:







Provide a continuous and constant service

Provide a better level of service for our basket of services

Provide value for money that will be maintained by the municipality

Improvement of existing infrastructure and the creation of new opportunities for all

Strategic Objectives

-  Compliance with the principles of good governance
-  Deliver basic services with available resources
-  Enhance community participation
-  Promote economic development, tourism and growth opportunities
-  Sound administrative and financial services to achieve and maintain sustainability and viability
-  Create integrated human settlements

1.2.1 Municipal Area at a Glance

Total municipal area		17 702 km²	Demographics (Census 2022)				
			Population	10 961	Households	2 677	
Population (Census 2022)			Densities (Census 2022)				
Population growth rate (%)		-0.6% (2011–2022)	Population density(persons/km²)			0.6/km²	
Average household size		4.1	Household density (households/ km²)			0.2/km²	
Service delivery (% of households with service) (Census 2022)							
Water (piped inside dwelling)	91.8%	Sanitation (flush toilet)	80.7%	Electricity	86.4%	Refuse removal	86%
Labour							
Unemployment rate 2011		23.1%		Unemployment rate 2022		26.8%	
Largest economic subsectors							
Social and personal services		Agriculture		General government services		Wholesale and retail trade	

Table 1: Municipal Area at a Glance

1.2.2 Geographical Context

Spatial Location

The jurisdiction of the Kareeberg Local Municipality covers an area of 17 702km², which is also 17% of the total area of 102 766km² that constitutes the Pixley ka Seme District Municipality. The Kareeberg Municipality is the western-most local municipality within the district. The main town is Carnarvon which is located in the southern segment of the municipal area. The two other towns, viz. Vosburg and Vanwyksvlei, are located close to the eastern and north-western segments of the municipal area, respectively.

The Kareeberg municipal area is about equal distance from Upington and Kimberley (as the largest towns in the Northern Cape Province) and a little bit further from Bloemfontein, which is located in the Free State province to the north-east. Calvinia, located to the west of the municipal area, is a town with close social and economic linkages with the people and activities in Kareeberg Municipality. The regional setting of the municipal area is, although 'central' to the Northern Cape, not linked or connected by any major rail or road corridor.

The maps below indicate the location of the Municipality in the province and its regional location:

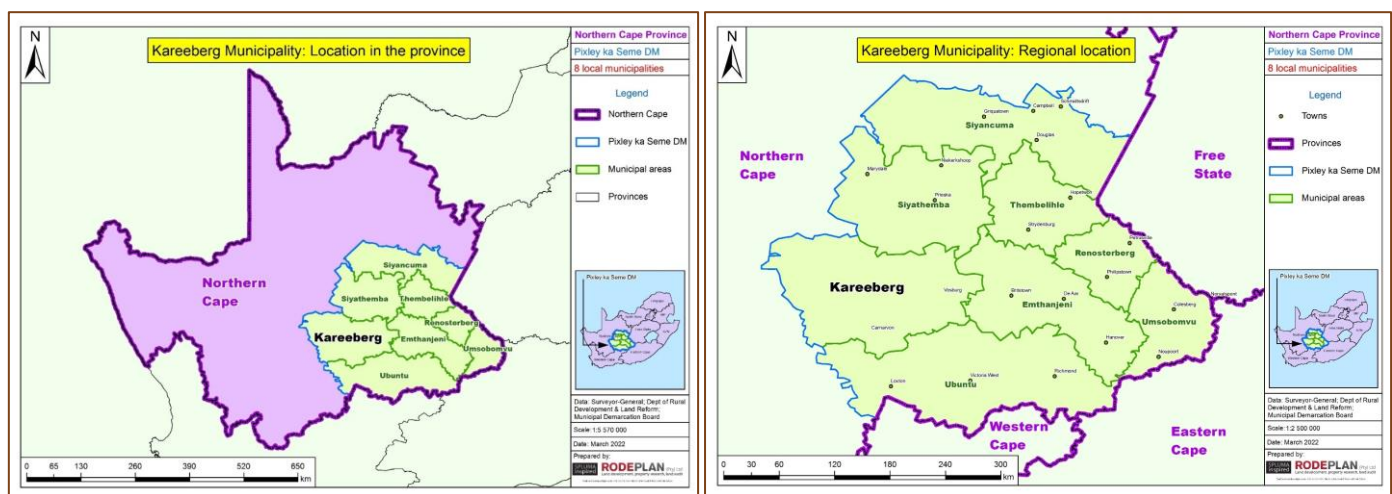


Figure 1 Location in the Province and District and Regional Location

Main towns

Carnarvon

Carnarvon, situated on the R63, 140km from Williston and 63km from Loxton, is one of the busier centres in the Karoo region. The town, which is set amongst the hills of the Kareeberg range, serves a large sheep and game farming community. The district around Carnarvon is well-known for its unique corbelled houses built by the early trekboers from around 1811 to the latter part of the 19th century.

In recent years the town has become an important centre for space age technology with the construction of the Meerkat radio telescope and SKA (Square Kilometre Array), the biggest radio telescope in the world nearby that will be used to research cosmic radiation.

The Carnarvon Museum, situated in the 1907 church hall, contains over 1 000 items of cultural and historical interest. The corbelled house alongside the museum, is a well-preserved example of the beehive-shaped stone houses of the early trekboers. Noteworthy architecture can be seen on a walk or drive around town, and of particular interest are homes of South African poets A.G. Visser and D.F. Malherbe, with their mixture of Victorian and Gothic styles.

Vanwyksvlei

Vanwyksvlei is a small town that is situated 149km east of Brandvlei and over 100km west of Prieska on untarred roads. It was established in 1880 and was named after a farmer called Van Wyk. The Afrikaans suffix vlei, means 'pond', 'marsh' which is quite ironic since this is one of the driest places in South Africa and the surrounding region is named the Dorsland "thirsty land". The town is a small-sized town close to the first dam that funded by the State and built in 1882. Because of it, the nearby town was a wonderful oasis to live in. For many reasons, the dam no longer holds much water – and life has ebbed from the town. San Rock Engravings can be viewed at Springbokoog. The beautiful Vanwyksvlei dam and local salt pans is also one of the many wonders of Vanwyksvlei.

Vosburg

Vosburg lies 100 km north-north-west of Victoria West, 70 km west of Britstown and 94 km north-east of Carnarvon. Named after the Vos family, who owned the farm on which it was laid out. It is a tranquil oasis set in the wide-open spaces of the upper Karoo. The streets are lined with cypress, poplar, carob, beefwood and pepper trees and there is a very pleasing grove of olive trees in the grounds of the stately Dutch Reformed Church. The tree-lined streets reveal a rich array of Victorian and Edwardian era homes, mixed in together with some more modern buildings. Some 22 of the buildings in the village have been declared national monuments.

Sheep farming is the main source of income in the district and the largely pristine environment ensures that Vosburg is a centre for the production of high-quality organic lamb and mutton.

Fine examples of San rock art can be viewed on the Keurfontein farm nearby.

1.2.3 Demographic Profile**Population**

The table below indicates a steady increase in the population size and the number of households of Kareeberg Municipality since 2011. However, the population growth rate over the period 2011 to 2022 was much lower than the preceding 10-year period.

Indicator		2011	2022 (Census 2022)
Population		11 673	10 961
Population growth rate (%)		19.3%	-0.6%
Households		3 222	2 677
People per household		3.6	4.1
Age breakdown	0 - 14	29.4%	28.8%
	15 - 64	62.5%	63.1%
	65+	8.1%	8,1%

Table 2: Demographic Profile

Wards

The Kareeberg Municipality consists of 6 electoral wards. This number includes two additional wards that were demarcated before the 2021 local government elections. The wards are indicated in the map below:

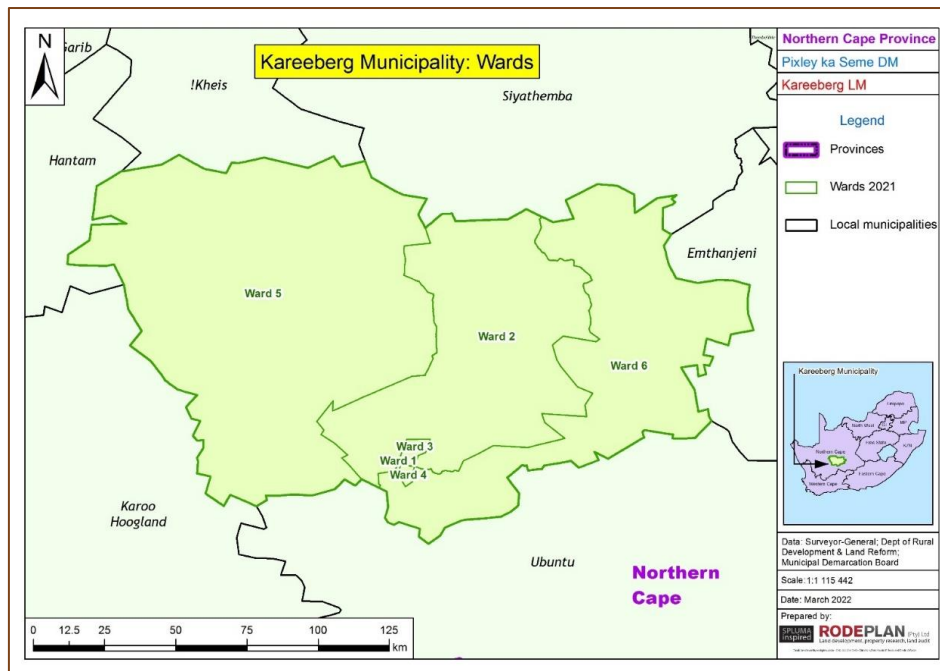


Figure 2 Municipal Wards

1.2.4 Economic Profile

The economy in the Kareeberg municipal area and district is characterised by the following:

- 🏠 High levels of poverty and low levels of education.
- 🏠 It is a small-town sub-region with a low level of development.
- 🏠 Sparsely populated towns with Carnarvon serving as “agricultural service centre” (note that there would most probably be a decline in the need for this service owing to the restrictions placed on farming in the area as a result of the SKA project).
- 🏠 High rate of unemployment and social grant dependence.
- 🏠 Prone to significant environmental changes owing to long-term structural changes (such as climate change, energy crises and other shifts).
- 🏠 Geographic similarity in economic sectors, growth factors and settlement patterns.
- 🏠 Economies of scale not easily achieved owing to the relatively small size of towns.
- 🏠 A diverse road network with national, trunk, main and divisional roads of varying quality.
- 🏠 Potential in renewable energy resource generation.

Employment Status

The overall results with regard to the current employment status of the working age population is a worsening trend since 2011. In 2011, about 43% of the working age population were formally employed with about 44% classified as not economically active. In 2022 and for the same grouping, only about 40.6% were formally employed which is a decrease since 2011. This is also reflected in the unemployment rate of 26.8% in 2022 versus a 23.1% rate in 2011. In this regard, any unemployment rate, irrespective of how large, has serious repercussions for the ability of the residents to pay for their daily needs and for municipal services. Other main sources of income are pension/welfare payments.

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The employment status of the available workforce/economically active group in the Kareeberg municipal area is listed in the table below:

Description	2011	% Of working age population	2022	% Of working age population
Employed	2 859	42.7	2 977	40.6
Unemployed	861	12.9	1 090	14.8
Not economically active	2 975	44.4	3 273	44.6
Unemployment rate (%)	23.1		26.8	

Table 3: Employment Status

Household Income

The details using 2022 census data of average household income increase percentages are as indicated in the below:

Income Deciles	% Increase from 2011 to 2022
Lowest income households (10% of households)	63.6%
Second lowest income households (10% of households)	114.8%
Third lowest income households (10% of households)	77.4%
Fourth lowest income households (10% of households)	83.6%
Fifth lowest income households (10% of households)	110.6%
Fifth highest income households (10% of households)	50.7%
Fourth highest income households (10% of households)	70.1%
Third highest income households (10% of households)	107.8%
Second highest income households (10% of households)	107.2%
Lowest of highest income households (2.5% of households)	112.6%
Second lowest of highest income households (2.5% of households)	127.5%
Second highest of highest income households (2.5% of households)	93.1%
Highest of highest income households (2.5% of households)	51.7%

Table 4: Household Income

I.3 Municipal Highlights and Challenges

I.3.1 Service Delivery Highlights

Highlight	Description
Water service delivery	<p>Upgrade of Water Supply System</p> <p>The project has been approved but the Department of Water and Sanitation (DWS) will only allocate finds during the 2026/27 financial year for the Water Services Infrastructure Grant (WSIG) project. The objective of this project is to ensure a reliable, compliant, and sustainably managed water supply for the Carnarvon region through critical infrastructure upgrades, dedicated service to Bonteheuwel, and the implementation of a modern, data-driven monitoring network. The upgraded network will guarantee that both Carnarvon Town and Bonteheuwel meet the minimum statutory pressure requirements under various peak demand and static conditions, resolving existing pressure deficiencies and improving service delivery reliability.</p> <p>Equipping of Borehole SE3 with a solar-powered pumping system will leverage a confirmed, sustainable yield of 5 ℓ/s of potable water.</p> <p>The solar solution, including photovoltaic panels, pump house, and secure fencing, provides a resilient, off-grid water source, reducing operational costs and enhancing community water security against power disruptions.</p>
Sewerage	<p>Carnarvon Oxidation Ponds Phase I (MIG 1549)</p> <p>The project was recommended for funding under the Municipal Infrastructure Grant (MIG) on 1 September 2024, demonstrating successful intergovernmental planning and securing a critical financial pathway for implementation.</p> <p>The upgrade directly tackles the urgent issue of the existing system operating above capacity. This will improve wastewater treatment reliability, environmental compliance, and public health protection.</p> <p>The proposed upgrades include a new inlet works, enlargement of existing ponds, construction of additional ponds, improved irrigation system, construction of a new chlorine contact channel and recirculation pump station. The project will ensure compliance with regulatory standards and reduced pollution risks.</p>
Electricity	<p>Token Identifier Process (Tidd Rollover)</p> <p>KBM have completed the Token Identifier Process (Tidd Rollover) from 01 July 2024 to 30 July 2025.</p> <p>Carnarvon Substation upgrading is in its final stages, waiting for the delivering of switch gear in July 2024 to finalise the substation project.</p> <p>ESKOM approved the Notified Maximum Demand (NMD) increase application for Carnarvon and Vosburg.</p> <p>Kareeberg Ward 1, 2, 3, 4, 5 & 6 High Mast Light Project</p> <p>A MIG project for high mast lights for 2025/26 financial year has been approved. This project is in response to community safety concerns with six (6) high mast lights strategically distributed across Wards 1, 2, 3, 5, and 6. This ensures a broad, equitable impact, illuminating critical corridors and hotspots frequented by students and residents after dark.</p> <p>Dark Sky Compliance: A critical feature ensuring environmental responsibility. Using full cut-off fixtures and a maximum 3000K colour temperature, the design eliminates light pollution (skyglow), protects nocturnal environments, and provides warm, non-glare illumination for streets and pedestrians.</p>

Table 5: Services Delivery Highlights

I.3.2 Service Delivery Challenges

Challenge	Description
Water	<p>Vanwyksvlei is using more water than its system can handle. This is pushing the reservoir and pipes to their limit, causing persistent low pressure, especially in higher usage areas. To avoid a severe shortage this summer, we must restrict water use and start conserving immediately.</p> <p>Water consumption rates in Vanwyksvlei are critically high. This excessive demand has overstretched the capacity of Saaipoort Reservoir.</p> <p>The overconsumption has resulted in insufficient pressure within the distribution network, hindering the ability to provide reliable water supply to all areas, particularly elevated zones.</p>
Sewerage	<p>A critical challenge currently impacting the project timeline is the pending approval of the required Basic Assessment in terms of the National Environmental Management Act (NEMA).</p> <p>While the necessary environmental studies have been initiated as mandated, the duration of the regulatory review and authorisation process is uncertain. This delay has placed the start of construction on hold, directly resulting in a projected pushback of the overall project completion date.</p> <p>The construction delay exacerbates a significant operational risk. The existing oxidation ponds remain overloaded and continue to operate under severe stress. Each day of postponement increases the potential for system failure, which could lead to environmental non-compliance, service interruption, and public health concerns. Expediting the Environmental Impact Assessment (EIA) approval is therefore essential to mitigate this growing risk and enable the crucial infrastructure upgrade to proceed.</p>
Electricity	<p>The Critical Problem - Just before appointing the contractor, the Department of Science and Innovation (via the SKA project) intervened. They informed the municipality that the planned high mast lights did not comply with international Dark Sky guidelines.</p> <p>Reason for Compliance - The Kareeberg municipality is located in a region where light pollution must be minimized to protect the operations of the massive Square Kilometre Array (SKA) radio telescope and to preserve the area for astronomical stargazing.</p> <p>As a result of this non-compliance, the municipality was forced to withdraw the original tender. Then restart the process to design lights that meet the Dark Sky requirements. A new tender was advertised and closed on 8 August 2025.</p> <p>The unspent funds are a direct result of this unforeseen regulatory hurdle. Withdrawing the invalid tender.</p> <p>Redesigning the project specifications to meet Dark Sky guidelines.</p>
Housing	<p>The approved 1,000-stand plan in Carnarvon is stalled because there is no capital to build the new bulk sewer and water lines it requires the core housing challenge in Kareeberg is not a lack of plans, but a failure to unlock the capital investment required for the foundational infrastructure that makes housing possible. Solving this requires packaging housing and infrastructure as a single, non-negotiable priority for intergovernmental funding.</p>

Table 6: Services Delivery Challenges

1.3.3 Households with minimum level of Basic Services

Service	2023/24	2024/25
Electricity service connections (Represents the number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas as at 30 June)	1 058	1 133
Water - available within 200 m from dwelling (Represents the number of residential properties which are billed for water or have pre paid meters as at 30 June)	1 816	1 985
Sanitation - Households with at least VIP service (Represents the number of residential properties which are billed for sewerage as at 30 June)	930	1 496
Waste collection - kerbside collection once a week (Represents the number of residential properties which are billed for refuse removal as at 30 June)	1 770	1 962

Table 7: Households with minimum level of Basic Services

1.4 Financial Health Overview

1.4.1 Financial Viability Highlights

Highlight	Description
Registration of 1 388 indigent households per Policy	The municipality targeted support to indigent (formal and informal) households. It reduced the accumulation of uncollectible debt from the formal indigent households. It is also a prevention tool for illegal connections and waste. This has enabled the collection of revenue from customers who can afford to pay for municipal services.
±80km water pipeline from Saaipoort to Vanwyksvlei	Consistent uninterrupted supply of water to Vanwyksvlei 24/7.
Affordable municipal tariffs	The municipal tariffs of electricity, water, sewerage and refuse removal were structured to balance the need for financial sustainability of the municipality with socio-economic capacity of residents to pay. This ensures that all members of the community have access to at least the minimum level of basic services.
40% increase in the property rates eligibility criteria	Residential category valuation in excess of R35 000 will be responsible by the owner of the property. The previous residential valuation threshold was R25 000. This is a further relief for low-income households and pensioners as an incentive for a stable and compliant rates base.

Table 8: Financial Viability Highlights

1.4.2 Financial Viability Challenges

Challenge	Description
High Consumer Debt	The low collection rate highlights a severe challenge in converting billed revenue into actual cash.
Indigent Households	Our review notes that 60% of households were classified as indigent, further straining revenue collection and placing a heavy reliance on grants for service delivery.
Financial Systems Upgrade	Data that were migrated from one system to another needs to be cleansed for data accuracy.

Table 9: Financial Viability Challenges

1.4.3 National Key Performance Indicators – Municipal Financial Viability and Management (Ratios)

The following table indicates the municipality's performance in terms of the 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 Area namely Municipal Financial Viability and Management.

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KPA & Indicator	2023/24	2024/25
Debt to Revenue (Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant	45%	0%
Service debtors to revenue (Total outstanding service debtors/revenue received for services)	155%	147%
Cost coverage ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	4.65	(4.45)

Table 10: National KPI's for Financial Viability and Management

I.4.4 Financial Overview

Details	2023/24	2024/25		
		Original budget	Adjustment Budget	Actual
	R			
Income				
Grants (Operating + Capital)	59 587 980	42 808 000	42 808 000	46 012 949
Taxes, Levies and tariffs	35 063 945	32 965 000	32 965 000	43 152 209
Other	5 583 047	19 688 000	19 688 000	3 796 641
Sub Total	100 234 972	95 461 000	95 461 000	92 961 799
Less Expenditure	87 391 508	100 475 000	100 193 000	75 911 110
Net surplus/(deficit)	12 843 000	(5 014 000)	(4 732 000)	17 618 634

Table 11: Financial Overview

I.4.5 Total Capital Expenditure

Detail	2023/24	2024/25
	R'000	
Original Budget	16 033 000	13 408 000
Adjustment Budget	16 033 000	19 418 000
Actual	8 067 112	32 826 000
% Spent	29.87	14.06

Table 12: Total Capital Expenditure

I.5 Auditor-General Report

Kareeberg Municipality received a qualified audit report by the Auditor-General (AG) for 2024/25.

The audit outcomes received for the past four years are indicated in the table below:

Year	2020/21	2021/22	2022/23	2023/24	2024/25
Status	Unqualified with findings	Unqualified with no material findings	Qualified	Disclaimer	Qualified

Table 13: Audit Outcomes

The four areas of emphasis of matters from the AG:

- 🏠 Restatement of corresponding figures
- 🏠 Material losses (Electricity)
- 🏠 Material Impairment- Receivables
- 🏠 Unaudited disclosure notes
- 🏠 Unaudited supplementary schedule

Chapter 2: Governance

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

2.1 Good Governance and Public Participation Highlights

Highlight	Description
Communication	Two issues of the “Korbeeltje” were distributed.
National Book Week	Visitation to the Primary School was done during the week of 5-11 September 2024.

Table 14: Good Governance and Public Participation Performance Highlights

2.2 Good Governance and Public Participation Challenges

Description	Description
Public meetings	Poor attendance of public meetings.
Library visits	Library attendance has declined during the financial year.

Table 15: Good Governance and Public Participation Challenges

Component A: Political and Administrative Governance

2.3 Political Governance Structure

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles. Their primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area.

2.3.1 Council

The tables below categorise the councillors within their specific political parties and wards for the 2024/25 financial year:

The table below categorised the councillors within their specific political parties and wards from **1 July 2024 until 30 June 2025**:

Name of councillor	Capacity	Political Party	Ward representing or proportional	Dates of Council Meetings held
Councillor M Maczali	Speaker	KCM	Proportional	3 July 2024
Councillor T van Tonder	Chairperson – Infrastructure Committee	KCM	Proportional	29 August 2024
Councillor J Nyl	Councillor	EFF	Ward 1	30 September 2024
Councillor W Horne	Councillor	EFF	Proportional	1 November 2024
Councillor A Kamies	Councillor	ANC	Ward 2	29 November 2024
Councillor S Newath	Whip of Council	ANC	Ward 3	9 December 2024
Councillor R Jikkela	Mayor	ANC	Ward 5	5 February 2025
Councillor P Charlies	Chairperson – MPAC Committee	ANC	Ward 6	14 March 2025
				31 March 2025
				15 April 2025
				15 May 2025
				30 May 2025
				19 June 2025
				30 June 2025

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Name of councillor	Capacity	Political Party	Ward representing or proportional	Dates of Council Meetings held
Councillor J Vermeulen	Councillor	DA	Ward 4	
Councillor W Links	Councillor	DA	Proportional	
Councillor E Hoorn	Chairperson – Corporate Committee	DA	Proportional	

Table 16: Council from 1 July 2024 to 30 June 2025

2.3.2 Portfolio Committees

In terms of section 80 of the Municipal Structures Act, 1998, if a council has an executive committee; it may appoint in terms of section 79 committees of councillors to assist the executive committee or executive mayor. Section 80 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to Council.

The composition of the portfolio committees for the period **1 July 2024 to 30 June 2025** are stipulated in the table below:

Chairperson	Other members	Dates of meetings held
Finance		
Councillor R Jikkela	Councillor J Vermeulen	18 September 2024
	Councillor T van Tonder	10 April 2025 29 April 2025
Corporative		
Councillor E Hoorn	Councillor S Newath	19 September 2024
	Councillor W Horne	18 November 2024
Infrastructure		
Councillor T Van Tonder	Councillor J Vermeulen	19 September 2024
	Councillor A Kamies	19 November 2024
SCOPA / MPAC		
Councillor P Charlies	Councillor J Nyl	19 August 2024 29 October 2024 11 November 2024
	Councillor W Links	13 March 2025 2 June 2025

Table 17: Portfolio Committees from 1 July 2024 to 30 June 2025

2.4 Administrative Governance Structure

The Municipal Manager is the Accounting Officer of the Municipality. He is the head of the administration and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reportees, which constitutes the Senior Management Team, whose structure is outlined in the table below:

Name of Official	Department
F Manuel	Municipal Manager
W de Bruin	Finance Services

Table 18: Administrative Governance Structure

Component B: Intergovernmental Relations

MSA S15 (b): requires a municipality to establish and organize its administration to facilitate and a culture of accountability amongst its staff. S16 (i): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. S18 (i) (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

Such participation is required in terms of:

- 🏠 the preparation, implementation and review of the IDP;
- 🏠 establishment, implementation and review of the performance management system;
- 🏠 monitoring and review of the performance, including the outcomes and impact of such performance; and
- 🏠 Preparation of the municipal budget.

2.5 Intergovernmental Structures

In terms of the Constitution of South Africa, all spheres of government and all organs of state within each sphere must co-operate with one another in mutual trust and good faith fostering friendly relations. They must assist and support one another; inform and consult one another on matters of common interest; coordinate their actions, adhering to agreed procedures and avoid legal proceedings against one another.

To adhere to the principles of the Constitution as mentioned above the municipality actively participates in the following intergovernmental structures:

- 🏠 District Intergovernmental Forum
- 🏠 District Communication Forum
- 🏠 District IDP Forum
- 🏠 MM Forum
- 🏠 CFO Forum
- 🏠 District LED Forum
- 🏠 Provincial LED Forum
- 🏠 Provincial LED Practitioners Forum
- 🏠 National Astro-Tourism Governing Body
- 🏠 District Environmental Management Forum

Component C: Public Accountability and Participation

2.5.1 Public Meetings

Section 16 of the MSA refers specifically to the development of a culture of community participation within municipalities. It states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the community.

Such participation is required in terms of:

- 🏠 the preparation, implementation and review of the IDP
- 🏠 establishment, implementation and review of the performance management system
- 🏠 monitoring and review of the performance, including the outcomes and impact of such performance
- 🏠 preparation of the municipal budget

The following public meetings were held:

Ward	Date	Attendees	Number of people attending
Ward 1:	8 July 2025	Combined Meeting All Councillors Attended	54(Combined)
Ward 2:	8 July 2025	Combined Meeting All Cllr. Attended	54(Combined)
Ward 3:	26 March 2025 8 July 2025	Cllr. Newath Cllr. Vermeulen Cllr. Hoorn Speaker Cllr Links	54(Combined)
Ward 4:	26 March 2025 8 July 2025	Cllr. Vermeulen Speaker Cllr. Links Cllr. Hoorn	54(Combined)
Ward 5	15 August 2024 26 March 2025	Ward Committee Mayor	N/A
Ward 6	28 March 2025 20 May 2025	Cllr. Charlies Ms Goeieman	Was not the scribe

Table 19: Public Meetings

2.5.2 Ward Committees

The ward committees support the ward councillor who receives reports on development, participate in development planning processes, and facilitate wider community participation. To this end, the Municipality constantly strives to ensure that all ward committees function optimally with community information provision, convening of meetings, ward planning, service delivery, IDP formulation and performance feedback to communities.

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The composition of the ward committees for the period **1 July 2024 to 30 June 2025** are stipulated in the tables below:

Ward 1:

Name of representative	Capacity representing	Dates of meetings held
G Jansen	Social	25 July 2025 22 August 2025 25 September 2025 28 October 2025
P Brown	Church	
R Beest	Disabled Persons	
G Appies	Sport	
Z Van Wyk	Youth	
J Peter	Health	
Hendriks	SSM'E	
I Van Wyk	SSME	
T Beukes	Agriculture	

Table 20: Ward 1: Committee Meetings

Ward 2:

Name of representative	Capacity representing	Dates of meetings held
B Daan	SMME	8 July 2024 16 September 2024 5 November 2024 14 November 2024 10 December 2024 25 March 2025 8 May 2025
R Meerka	Woman	
R Kammies	Church	
G Adolf	Unspecified	
D Sacco	Small Farmers	
J Olivier	Sport	
L. Alberts	Youth	

Table 21: Ward 2: Committee Meetings

Ward 3:

Name of representative	Capacity representing	Dates of meetings held
J Moolman	Agriculture	4 July 2024 8 August 2024 12 September 2024 11 October 2024 7 November 2024 5 December 2024 20 January 2025 5 February 2025 5 March 2025 9 April 2025 7 May 2025 3 June 2025
L Andreas	Business	
E Claasen	Woman	
P Jonkers	Youth	
M Adams	Church	
D Meyers	Education	
Denise	Health	
E Klaaste	Unspecified	
F De Wee	Unspecified	

Table 22: Ward 3: Committee Meetings

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Ward 4:

Name of representative	Capacity representing	Dates of meetings held
G Saal	Hospice	18 July 2024 17 September 2024 19 November 2024 2 December 2024 12 February 2025 26 May 2025
E Riley	ATKV	
D Isaacs	Woman	
E Boezak	Health	
M Hannekom	ACVV	
A Anderson	Business Sector	
I Van Der Westhuizen	Flying Club	
M Swarts	SMME	

Table 23: Ward 4: Committee Meetings

Ward 5:

Name of representative	Capacity representing	Dates of meetings held
B Tieties	Agriculture	19 August 2024 21 October 2024 13 November 2024 18 December 2024 16 January 2025 10 February 2025 24 March 2025 15 April 2025 22 May 2025 26 June 2025
M Steenkamp	Church	
M Adolf	Lykhuis	
K Waterboer	Church	
J Phillipus	Church	
B Slambee	Church	
N De Wee	Youth	
G Jansen	Disabled Persons	

Table 24: Ward 5: Committee Meetings

Ward 6:

Name of representative	Capacity representing	Dates of meetings held
M Eiman	NGO's	22 August 2024 11 September 2024 24 October 2024 19 November 2024 3 December 2024 10 January 2025 21 February 2025 25 March 2025 16 April 2025 13 May 2025 10 June 2025
A Charlies	Youth	
B Gouws	Taxpayers Association	
L Botha	Tourism	
F Williams	Safety	
G Hendrik	Education	
G Pieters	Agriculture	
M Malgas	Churches	
J Nyokong	Education	

Table 25: Ward 6: Committee Meetings

Component D: Corporate Governance

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

2.6 Risk Management

Section 62 of the Municipal Finance Management Act (MFMA), no. 56 of 2003 that the Accounting Officer should take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control as well as the effective, efficient and economical use of the resources of the municipality.

Risk Management is one of management's core responsibilities according to section 62 of the Municipal Finance Management Act (MFMA) and is an integral part of the internal processes of a municipality. It is a systematic and formalised process to identify, assess, manage, monitor, report and address risks on a continuous basis before such risks can impact negatively on the service delivery capacity of the Municipality. When properly executed risk management provides reasonable assurance that the institution will be successful in achieving its goals and objectives.

Various engagements are held to discuss and populate risk tolerance and appetite levels to report accurately and appropriately on the individual as well as strategic risks.

The table below include the top risks of the Municipality:






























Risk	Root Cause	Risk Exposure
Poor revenue collection	 Government Departments not paying their accounts  Non-payments of services  High unemployment rate	 Compromise service delivery  Poor municipal income
Policies, procedures and municipal By-laws	 Outdated policies, lack of capacity. No law enforcement to implement and enforce municipal By-Laws	 Stray animals on roads  Illegal dumping  Trucks parking on sidewalks
Absence of HR Management	 Incomplete personnel files; No Job descriptions in place. No information/updates about retirement funds of employees	 Non-compliance, negative outcomes
Training and Development	 Limited implementation of identified training needs	 Unskilled workforce
Employee performance not evaluated	 Lack of PMS system	 Negative effect in service delivery
Fraud & corruption within municipality	 Lack of segregation of duties not properly implemented. Lack of capacity (skills). No transfer of skills.	 Financial losses, hampering of service delivery, negative impact on corporate image of municipality  Possible litigation
Fleet Management	 Misuse of vehicles	 Huge financial losses  Negative impact on service delivery
Draught (low water levels during summer season)	 Low water levels in boreholes	 Insufficient water supply to consumers  Compromised water quality and health
Loss and leaking of critical information	 No proper filing system  Lack of filing cabinets & shelves  No trail of previous correspondence.	 Possible litigation  Negative impact on image of Municipality.










Table 26: Top Ten Risks

The role of the Risk Committee is to provide timely and useful enterprise risk management reports to the Audit Committee of the municipality. A Risk Committee has not been established.

2.7 Audit Committee














Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must –

(a) advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

-  internal financial control and internal audit;
-  risk management;
-  accounting policies;
-  the adequacy, reliability and accuracy of financial reporting information;
-  performance management;
-  effective governance;
-  compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
-  performance evaluation; and
-  any other issues referred to it by the municipality

2.7.1 Functions of the Audit Committee

The Audit Committee have the following main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003 which is further supplemented by the Local Government Municipal and Performance Management Regulation as well as the approved Audit Committee charter:

-  To advise the Council on all matters related to compliance and effective governance.
-  To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual Division of Revenue Act (DoRA) and other applicable legislation.
-  Respond to the council on any issues raised by the Auditor-General in the audit report.
-  To carry out such investigations into the financial affairs of the municipality as the council may request.
-  Perform such other functions as may be prescribed.
-  To review the quarterly reports submitted to it by the internal audit.
-  To evaluate audit reports pertaining to financial, administrative and technical systems.
-  To review the performance management system and make recommendations in this regard to Council.
-  To identify major risks to which Council is exposed and determine the extent to which risks have been minimised.
-  Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
-  Provide support to the Internal Audit function.
-  Ensure that no restrictions or limitations are placed on the Internal Audit section.
-  Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation.

2.7.2 Members of the Audit Committee

Committee member	Capacity	Meeting dates
J Oliphant	Internal Audit Sub-Head	November 2024
F. Rootman	Member	
Z. de Laan	Member	
E Haas	Internal Audit Support	
M Mora	Internal Audit Support	

Table 27: Members of the Audit Committee

Internal Audit services are rendered to the municipality by Pixley Ka Seme District Municipality via Shared Services.

2.8 By-Laws and Policies

Section 11 of the MSA gives municipal Councils the executive and legislative authority to pass and implement by-laws and policies.

The following table provides details of the policies that were adopted/revised during the year:

Name of strategy	Date Adopted/Reviewed
Subsistence & Travel policy	May 2025
SCM Policy	May 2025
Property Rates policy	May 2025
Indigent household policy	May 2025
Tariff policy	May 2025
Asset Management policy	May 2025
Customer Care & Management policy	May 2025
Credit Control & Debt Collection policy	May 2025
Cell phone policy	May 2025
Cash & Investment policy	May 2025
Budget Implementation policy	May 2025
Augmentation Policy	May 2025

Table 28: Policies Developed

2.9 Communication

Local government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996 and other statutory enactments all impose an obligation on local government and require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all.

Good customer care is clearly of fundamental importance to any organisation. A successful communication strategy therefore links the people to the municipality's programme for the year.

Below is a communication checklist of the compliance to the communication requirements:

2.9.1 Communication Activities

Description	Yes/No
Communication unit	No
Communication strategy	Yes
Customer satisfaction surveys	No
Functional complaint management systems	Complaints register in place
Newsletters distributed at least quarterly	"Korbeeltjie" is published and was distributed
Crisis Communication Procedure	No
Language Policy and Procedure	No
Media Protocol Procedure	No
Social Media	No, but WhatsApp for electricity and water services

Table 29: Communication Activities

2.9.2 Website

Municipalities are required to develop and maintain a functional website that displays relevant information as per the requirements of S75 of the MFMA and S21A and B of the Municipal Systems Act ("MSA") as amended.

The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The municipal website is a key communication mechanism in terms of service offering, information sharing and public participation. It is a communication tool that should allow easy and convenient access to relevant information. The municipal website should serve as an integral part of the Municipality's communication strategy.

The table below gives an indication about the information and documents that are published on our website.

Description of information and/or document	Yes/No
Municipal contact details (Section 14 of the Promotion of Access to Information Act)	
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
Financial Information (Sections 53, 75, 79 and 81(1) of the MFMA)	
Draft Budget 2024/25	Yes
Adjusted Budget 2024/25	No
Asset Management Policy	Yes
Customer Care, Credit control & Debt collection Policy	Yes
Indigent Policy	Yes
Investment & Cash Management Policy	Yes
Rates Policy	Yes
Supply Chain Management Policy	Yes
Tariff Policy	Yes

Description of information and/or document	Yes/No
Virement Policy (Part of Budget Implementation Policy)	Yes
Travel and Subsistence Policy	Yes
Top Layer SDBIP 2024/25	Yes
Integrated Development Plan and Public Participation (Section 25(4)(b) of the MSA and Section 21(1)(b) of the MFMA)	
Reviewed IDP for 2024/25	Yes
IDP Process Plan for 2024/25	No

Table 30: Information on Website

2.10 B-BBEE Compliance Performance Information

Section 121(3)(k) of the MFMA indicates that the annual report of a municipality should include any other information as may be prescribed. The Broad Based Black Economic Empowerment (B-BBEE) Act (Act 53 of 2003; as amended by Act 46 of 2013) read in conjunction with the B-BEE Regulations of 2016 states in Section 13G(1) that all spheres of government, public entities and organs of state must report on their compliance with broad-based black economic empowerment in their Annual Financial Statements and Annual Reports. In accordance with the explanatory notice (Notice 1 of 2018) issued by the B-BBEE Commission the following tables provide details on the municipality's compliance with regard to broad-based black economic empowerment to the extent where the information is currently readily available at municipal level in the specific format:

2.10.1 Senior Management

Category	Number	Race Classification	Gender	Disability
Senior Management	2	2 Coloureds	2 Males	0

Table 31: B-BBEE Compliance Performance Information: Senior Management

2.10.2 Enterprise and Supplier Development

Total Procurement Spend			
Total Number of Suppliers	110	Total Value Spent	R54 843 336.38
Total Number of Tenders	4	Total Value Awarded	R16 165 459.91
Total number of RFQ.s	12	Total Value Awarded	R1 191 425.72

Table 32: Enterprise and Supplier Development

2.11 Municipal Cost Containment Measures

The Municipal Cost Containment Regulations (MCCR) were promulgated on 7 June 2019, with the effective date of 1 July 2019. The objective of these Regulations, in line with sections 62(1)(a), 78(1)(b), 95(a) and 105(1)(b) of the Municipal Finance Management Act, is to ensure that the resources of a municipality are used effectively, efficiently and economically by implementing cost containment measures.

Regulation 4(1) of the MCCR require that a municipality must develop or revise and implement a cost containment policy which must –

be adopted by the municipal council as part of its budget related policies;

define a municipality's objectives for the use of consultants; and

be consistent with the MFMA and these Regulations

The Municipality adopted a cost containment policy in May 2024

In terms of section 15(1) of the MCCR, cost containment measures applied by the municipality must be disclosed and included in the municipal in -year budget reports and annual costs savings in the annual report. The measures implemented and aggregate

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amounts saved per quarter, together with the regular reports on reprioritisation of cost savings and on the implementation of the cost containment measures must be submitted to the Municipal Council for review and resolution.

The following cost savings for the financial year are disclosed:

Cost Containment Measure	Actual Expenditure 2023/24	Budget 2024/25	Actual Expenditure 2024/25	Saving/(Over spending) 2024/25	Saving/(Increase) between 2023/24 and 2024/25
	R'000				
Use of consultants	2 471	2 933	3 986	(1 053)	(1 515)
Vehicles used for political office -bearers	0	0	0	0	0
Travel and subsistence	1 378	2 476	1 613	863	(235)
Domestic accommodation	0	0	0	0	0
Sponsorships, events and catering	0	0	0	0	0
Communication	879	329	775	(446)	104
Other related expenditure items	82 664	94 556	69 537	25 019	13 127
Total	87 392	100 294	75 911	24 383	11 481

Table 33: Municipal Cost Containment

Chapter 3: Service Delivery Performance






OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

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

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

Legislative requirements

The Constitution of the RSA, 1996, section 152, dealing with the objectives of local government paves the way for performance management with the requirements for an "accountable government". The democratic values and principles in terms of section 195 (1) are also linked with the concept of performance management, with reference to the principles of *inter alia*:

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

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

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, *inter alia*, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

In terms of section 46(1)(a) of the systems Act (Act 32 of 2000) a municipality must prepare for each financial year a performance report reflecting the municipality's and any service provider's performance during the financial year, including comparison with targets of and with the performance of the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the municipality for the following financial year and measures that were or are to be taken to improve performance.

Organisational performance

Strategic performance indicates how well the municipality is meeting its objectives and whether policies and processes are working effectively. All government institutions must measure and report on their strategic performance to ensure that service delivery is done in an efficient, effective and economical manner. Municipalities must therefore develop strategic plans and allocate resources

for the implementation. The implementation of the plans must be monitored on an on-going basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlights the strategic performance in terms of the municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the Strategic Objectives and performance on the National Key Performance Indicators as prescribed in terms of section 43 of the Municipal Systems Act, 2000.

Performance Management System used in the financial year 2024/25

The IDP and the Budget

The IDP and the main budget for 2024/25 was approved by Council in May 2024. As the IDP process and the performance management process are integrated, the IDP fulfils the planning stage of performance management whilst performance management in turn, fulfils the implementation management, monitoring and evaluation of the IDP.

In terms of the performance management framework, the Mayor approved the Top Layer Service Delivery Budget Implementation Plan (SDBIP) for 2024/25. The Top layer SDBIP indicators are aligned with the budget which was prepared in terms of the reviewed IDP. The indicators in the Top layer SDBIP include indicators required by legislation, indicators that will assist to achieve the objectives adopted in the IDP and indicators that measure service delivery responsibilities.

The performance agreements of the senior managers were compiled and revised in terms of the SDBIP indicators.

Actual Performance

The Municipality utilizes an electronic web-based system on which KPI owners update actual performance monthly. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- 🏠 The actual result in terms of the target set.
- 🏠 A performance comment.
- 🏠 Actions to improve the performance against the target set, if the target was not achieved.
- 🏠 It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated.
- 🏠 Monitoring of the Service Delivery Budget Implementation Plan
- 🏠 Municipal performance is measured as follows:
- 🏠 Quarterly reports were submitted to council on the actual performance in terms of the Top Layer SDBIP.
- 🏠 Mid-year assessment and submission of the mid-year report to the Mayor in terms of section of Section 72(1) (a) and 52(d) of the Local Government Municipal Finance Management Act to assess the performance of the municipality during the first half of the financial year.

PERFORMANCE REPORT PART I

3.1 Introduction

This section provides an overview of the key service achievements of the municipality that came to fruition during 2024/25 in terms of the deliverables achieved against the strategic objectives of the IDP.

3.2 Strategic Service Delivery Budget Implementation Plan

This section provides an overview on the achievement of the municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer SDBIP assists with documenting and monitoring of the municipality's strategic plan and shows the strategic alignment between the IDP, Budget and Performance plans.

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP KPI's applicable to 2024/25 in terms of the IDP strategic objectives.

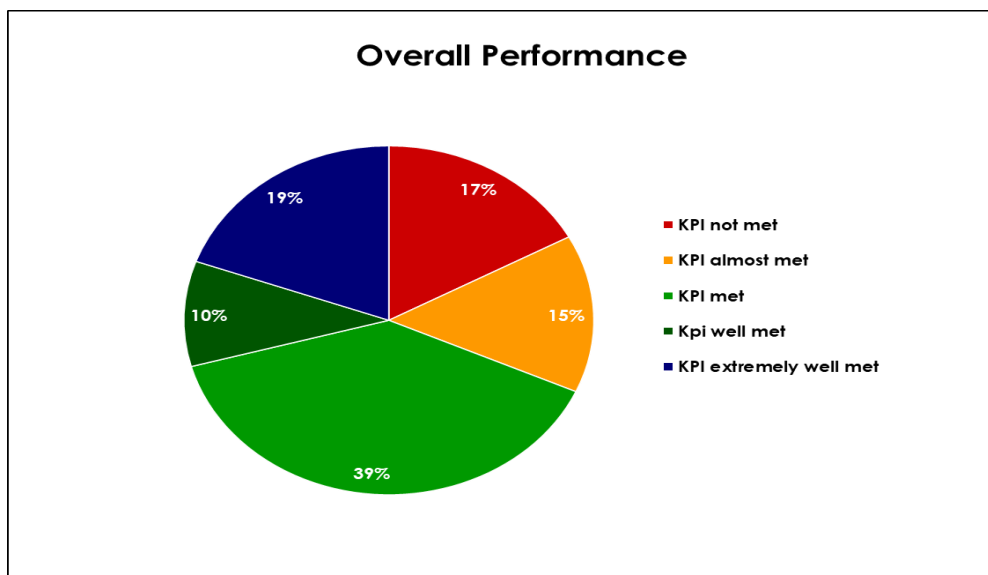
The following table explains the method by which the overall assessment of the actual performance against the targets set for the key performance indicators (KPI's) of the SDBIP are measured:

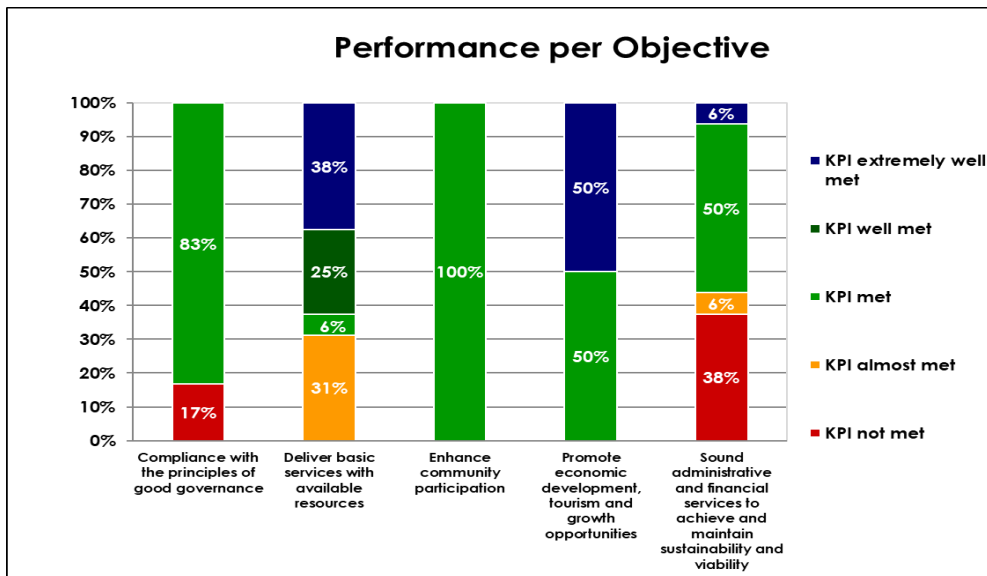
Category	Colour	Explanation
KPI Not Yet Measured	n/a	KPI's with no targets or actuals in the selected period
KPI Not Met	R	0% > = Actual/Target < 75%
KPI Almost Met	O	75% > = Actual/Target < 100%
KPI Met	G	Actual/Target = 100%
KPI Well Met	G2	100% > Actual/Target < 150%
KPI Extremely Well Met	B	Actual/Target > = 150%

Figure 3 SDBIP Measurement Criteria

3.2.1 Overall Performance as per Top Layer SDBIP

The overall performance results achieved by the Municipality in terms of the Top Layer SDBIP are indicated in the tables and graphs below:





Measurement Criteria	Compliance with the principles of good governance	Deliver basic services with available resources	Enhance community participation	Promote economic development, tourism and growth opportunities	Sound administrative and financial services to achieve and maintain sustainability and viability
KPI Not Met	1	0	0	0	6
KPI Almost Met	0	5	0	0	1
KPI Met	5	1	1	1	8
KPI Well Met	0	4	0	0	0
KPI Extremely Well Met	0	6	0	1	1
Total	6	16	1	2	16

Graph 1: Top Layer SDBIP Performance per Strategic Objective

Actual performance as per Top Layer SDBIP according to strategic objectives

Compliance with the principles of good governance

Ref	KPI	Unit of Measurement	Ward	Actual performance 2023/ 24	Performance of 2024/25						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL2	Compile and submit the Risk Based Audit Plan (RBAP) for the 2025/26 financial year to the Audit committee by 30 June 2025	Risk Based Audit Plan (RBAP) for the 2025/26 financial year submitted to the Audit committee by 30 June 2025	All	0	0	0	0	1	1	1	G
TL3	Review and submit the Risk Register to Council by 30 April 2025	Risk Register reviewed and submitted to the Council by 30 April 2025	All	0	0	0	0	1	1	1	G

ANNUAL REPORT 2024/25

Ref	KPI	Unit of Measurement	Ward	Actual performance 2023/24	Performance of 2024/25						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL4	Submit the Draft IDP review to Council by 31 March 2025	Draft IDP review submitted to Council by 31 March 2025	All	1	0	0	1	0	1	1	G
TL5	Distribute external newspaper "Korbeeltjie"	Number of external newsletters distributed	All	1	0	1	0	1	2	2	G
TL15	Review the delegations and submit to Council by 30 June 2025	Delegations reviewed and submitted to Council by 30 June 2025	All	New KPI for 2024/25	0	0	0	1	1	1	G
TL16	Review the roles and responsibilities and submit to Council by 30 June 2025	Roles and responsibilities reviewed and submitted to Council by 30 June 2025	All	New KPI for 2024/25	0	0	0	1	1	0	R
Corrective Measures			There were no sessions with COGSHTA, However Provincial Treasury workshopped Councillors on their roles and responsibilities. Clear workshops and review will take place in the 2025/26 financial year								

Table 34: Compliance with the Principles of Good Governance

Deliver basic services with available resources

Ref	KPI	Unit of Measurement	Ward	Actual performance 2023/24	Performance of 2024/25						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL6	Spend 90% of the library grant by 30 June 2025 ((Actual expenditure divided by the approved budget)x100)	% of the library grant spent by 30 June 2025 ((Actual expenditure divided by the approved budget)x100)	All	100%	0%	20%	0%	90%	90%	100%	G 2

ANNUAL REPORT 2024/25

Ref	KPI	Unit of Measurement	Ward	Actual performance 2023/24	Performance of 2024/25						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL17	Number of formal residential properties that receive piped water (credit) that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2025	Number of residential properties which are billed for water as at 30 June 2025	All	1 816	0	2 417	0	2 417	2 417	1 985	O
Corrective Measures			Clear and correct reports will be provided to the OAG								
TL18	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2025	Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas) as at 30 June 2025	All	1 058	0	319	0	319	319	1 133	B

ANNUAL REPORT 2024/25

Ref	KPI	Unit of Measurement	Ward	Actual performance 2023/24	Performance of 2024/25						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL19	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2025	Number of residential properties which are billed for sewerage as at 30 June 2025	All	930	0	1 648	0	1 648	1 648	1 496	O
Corrective Measures			Clear and correct reports will be provided to the OAG								
TL20	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2025	Number of residential properties which are billed for refuse removal as at 30 June 2025	All	1 770	0	2 114	0	2 114	2 114	1 962	O
Corrective Measures			Data cleansing exercise to commence								
TL21	Provide free basic water to indigent households as at 30 June 2025	Number of indigent households receiving free basic water	All	1 060	0	1 028	0	1 028	1 028	1 130	G 2
TL22	Provide free basic electricity to indigent households as at 30 June 2025	Number of indigent households receiving free basic electricity	All	1 060	0	907	0	907	907	1 110	G 2
TL23	Provide free basic sanitation to indigent households as at 30 June 2025	Number of indigent households receiving free basic sanitation services	All	1 060	0	794	0	794	794	781	O
Corrective Measures			Indigent awareness to take place								
TL24	Provide free basic refuse removal to indigent households as at 30 June 2025	Number of indigent households receiving free basic refuse removal services	All	1 060	0	1 031	0	1 031	1 031	1 081	G 2

ANNUAL REPORT 2024/25

Ref	KPI	Unit of Measurement	Ward	Actual performance 2023/24	Performance of 2024/25						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL25	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2025 [(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100]	% of capital budget spent on capital projects by 30 June 2025	All	127.98%	0%	10%	60%	83%	83%	100%	O
Corrective Measures			Municipality will ensure that all capital conditional grants received are spend as per capital budget								
TL33	Revise the Indigent Policy and submit to Council by 30 June 2025	Revised Indigent Policy submitted to Council by 30 June 2025	All	New KPI for 2024/25	0	0	0	1	1	1	G
TL36	Limit % electricity unaccounted for to 25% by 30 June 2025 [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) × 100]	% Electricity unaccounted for (Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) × 100	All	0%	0%	0%	0%	25%	25%	11%	B

ANNUAL REPORT 2024/25

Ref	KPI	Unit of Measurement	Ward	Actual performance 2023/ 24	Performance of 2024/25						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL38	Establish a Sport Committee per town by 30 June 2025	Number of sport committees established by 30 June 2025	All	New KPI for 2024/25	0	0	0	1	1	3	B
TL39	Spend 60% of the total amount budgeted by 30 June 2025 for the upgrading of oxidation ponds in Vosburg {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2025 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	6	161.46%	0%	10%	60%	60%	60%	100%	B
TL40	Spend 60% of the total amount budgeted by 30 June 2025 for the upgrading of oxidation ponds in Carnarvon {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2025 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	1,2,3,4	New KPI for 2024/25	0%	10%	60%	80%	60%	100%	B
TL41	Spend 60% of the total amount budgeted by 30 June 2025 for the upgrading of the 22kV substation {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	% of budget spent by 30 June 2025 {(Total actual expenditure for the project/Total amount budgeted for the project)x100}	1,2,3,4	New KPI for 2024/25	0%	10%	60%	80%	60%	100%	B

ANNUAL REPORT 2024/25

Table 35: Deliver Basic Services with Available Resources

Enhance community participation

Ref	KPI	Unit of Measurement	Ward	Actual performance 2023/ 24	Performance of 2024/25						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TLI	Council meets people meetings by 30 June 2025	Number of meetings	All	I	0	I	0	I	2	2	G

Table 36: Enhance Community Participation

Promote economic development, tourism and growth opportunities

Ref	KPI	Unit of Measurement	Ward	Actual performance 2023/ 24	Performance of 2024/25						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL14	Develop a Tuck Shop Policy and submit to Council by 30 June 2025	Tuck shop Policy developed and submitted to Council by 30 June 2025	All	New KPI for 2024/25	0	0	0	I	I	I	G
TL37	Create temporary jobs opportunities in terms of EPWP by 30 June 2025	Number of job opportunities created by 30 June 2025	All	25	0	24	0	24	24	250	B

Table 37: Promote economic development, tourism and growth opportunities

Sound administrative and financial services to achieve and maintain sustainability and viability

Ref	KPI	Unit of Measurement	Ward	Actual performance 2023/ 24	Performance of 2024/25						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL7	The number of people from employment equity target groups employed (to be appointed) in the three highest levels of management in compliance with the equity plan as at 30 June 2025	Number of people employed (to be appointed)	All	0	0	0	0	1	1	0	R
Corrective Measures			The appointment of Senior Manager has not been completed. The recruitment process will infold in the new financial year								

ANNUAL REPORT 2024/25

Ref	KPI	Unit of Measurement	Ward	Actual performance 2023/24	Performance of 2024/25						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL8	The percentage of the municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2025 [(Actual amount spent on training/total operational budget)x100]	% of the municipality's personnel budget on training by 30 June 2025 (Actual amount spent on training/total personnel budget)x100	All	0%	0%	0%	0%	0.01%	0.01%	0%	R
Corrective Measures			No spending on training. A training schedule will be compiled and implemented								
TL9	Limit the vacancy rate to less than 10% of budgeted posts on approved organogram by 30 June 2025 ((Number of posts filled/Total number of budgeted posts)x100)	% vacancy rate of budgeted posts on approved organogram by 30 June 2025 (Number of posts filled/Total number of budgeted posts)x100	All	8.20%	0%	10%	0%	10%	10%	10%	G
TL10	Submit the Annual Performance Report for 2023/24 to the AG by 31 August 2024	Annual Performance Report submitted to the AG by 31 August 2024	All	0	1	0	0	0	1	0	R
Corrective Measures			The final figures were not available and the Annual Performance Report (APR) could not be finalised. The APR was finalised after the due date								
TL11	Submit the Draft Annual Report for the 2023/24 financial year to Council by 31 January 2025	Draft Annual Report for the 2023/24 financial year submitted to Council by 31 January 2025	All	0	0	0	1	0	1	1	G
TL12	Submit the draft Top layer SDBIP 2025/26 for approval by the Mayor within 14 days after the budget has been approved	Draft Top Layer SDBIP 2025/26 submitted 4 to Mayor within 14 days after the budget has been approved	All	1	0	0	0	1	1	1	G
TL13	Submit the Work Skills Plan to Local Government SETA by 30 April 2025	Work Skills Plan submitted to LGSETA by 30 April 2025	All	1	0	0	0	1	1	1	G

ANNUAL REPORT 2024/25

Ref	KPI	Unit of Measurement	Ward	Actual performance 2023/24	Performance of 2024/25						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL26	80% of the total municipal operational budget spent by 30 June 2025 ((Actual amount spent on total operational budget/Total operational budget)X100)	% of the total municipal operational budget spent by 30 June 2025	All	New KPI for 2024/25	20%	40%	60%	80%	80%	73%	O
Corrective Measures			Strict credit control must be implemented during 2025/26 financial year								
TL27	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2025 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% debt coverage	All	45%	0%	0%	0%	45%	45%	0%	B
TL28	Financial viability measured in terms of the outstanding service debtors as at 30 June 2025 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors to revenue received for services	All	155%	0%	0%	0%	97%	97%	147%	R
Corrective Measures			Strict credit control must be implemented during 2025/26 financial year								

ANNUAL REPORT 2024/25

Ref	KPI	Unit of Measurement	Ward	Actual performance 2023/ 24	Performance of 2024/25						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL29	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2025 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	All	4.65	0	0	0	1	1	(4.45)	R
Corrective Measures			Strict credit control must be implemented during 2025/26 financial year								
TL30	Submit the annual financial statements for the 2023/24 financial year to AGSA by 31 August 2024	Annual financial statements for the 2023/24 financial year submitted to AGSA by 31 August 2024	All	0	1	0	0	0	1	1	G
TL31	Submit the draft main budget for the 2025/26 financial year to Council by 31 March 2025	Draft main budget for the 2025/26 financial year submitted to Council by 31 March 2025	All	1	0	0	1	0	1	1	G

ANNUAL REPORT 2024/25

Ref	KPI	Unit of Measurement	Ward	Actual performance 2023/ 24	Performance of 2024/25						
					Targets					Actual	
					Q1	Q2	Q3	Q4	Annual		
TL32	Achieve a debtor payment percentage of 80% by 30 June 2025 {(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100}	% debtor payment achieved	All	42	0%	80%	0%	80%	80%	10.87%	R
Corrective Measures			Strict credit control must be implemented during 2025/26 financial year								
TL34	Compile a Revenue Enhancement Strategy and submit to Council by 30 June 2025	Revenue Enhancement Strategy compiled and submitted to Council by 30 June 2025	All	New KPI for 2024/25	0	0	0	I	I	I	G
TL35	Purchase and install a server by 30 June 2025	Server purchased and installed by 30 June 2025	All	New KPI for 2024/25	0	0	0	I	I	I	G

Table 38: Sound Administrative and Financial Services to Achieve and Maintain Sustainability and Viability

3.3 Service Providers Performance

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement:

- 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

During the year under review the municipality did not appoint any service providers who provided a municipal service to or for the benefit of the local community on behalf of the municipality and therefore this report contains no such details. All other contract appointments are regularly monitored and ensured, that the requirements of the contract are complied with.

3.4 Municipal Functions

The table below indicates the functional areas that the municipality are responsible for in terms of the Constitution:

Municipal function	Responsible for Function
Building regulations	Yes
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal planning	Yes
Stormwater management systems in built-up areas	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Local amenities	Yes
Local sport facilities	Yes
Municipal parks and recreation	Yes
Municipal roads	Yes
Pounds	Yes
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes

Table 39: Functional Areas

COMPONENT A: BASIC SERVICES

This component includes basic service delivery highlights and challenges, including details of services provided for water, waste water (sanitation), electricity, waste management, housing services and a summary of free basic services.

3.5 Water Services

The Municipality operates borehole water supply systems in Carnarvon, Vosburg and Vanwyksvlei. A total number of 22 boreholes supply the bulk of the water for the three towns. Operation, maintenance and management of the water supply system need attention. No new development should be undertaken before more boreholes are available.

The levels of service for water in Carnarvon are high and 98% of all consumers have water connections. 60 Squatters are dependent on standpipes. 100% (267) of the consumers in Vosburg have water connections, except for informal houses with standpipes. In Vanwyksvlei all 420 consumers have water connections. The provision of water in the Karoo, especially in summer, will always be a challenge because of dependency on boreholes.

The highlight for the year under review includes the following:

- 🏠 The Municipality is in the process of upgrading the Carnarvon and Bonteheuwel Water Reticulation Network. The upgrade will consist of a dedicated line which will feed Bonteheuwel. The dedicated line will provide sufficient pressure to ensure the network is compliant in terms of the minimum pressures required under various peak scenarios and under static conditions. The velocity in the bulk line will be within the prescribed parameters (0.6 m/s – 1.5 m/s). The velocity also includes fire flow in Bonteheuwel.

Some of the challenges that are experienced include the following:

- 🏠 Bonteheuwel does not meet the minimum pressure requirements during instantaneous peak demand and fire flow conditions. This is mainly due to the 110mm diameter supply line to the area being connected off a 75 mm diameter line in the existing water network within Carnarvon Town. The Municipality had to compile a technical report to address water challenges in Bonteheuwel and it was recommended that there is a need for an upgrade that will address these challenges.
- 🏠 The water consumption during the summer season in Carnarvon and Vanwyksvlei was very high, which placed strain on the Koelkop Dam and Saaipoort Reservoirs. As a result, the main reservoirs could not maintain sufficient pressure within the water network to supply all areas and communities. The desalination plant was serviced to assist in solving the water shortage for the community of Vanwyksvlei. However, the Bonteheuwel area continued to struggle with low pressure, as water levels of 8–10 kPa were often inadequate to meet demand.
- 🏠 Frequent power outages also had a negative impact on both Carnarvon and Vanwyksvlei. In Carnarvon, the problem was mitigated after the town's generator was repaired with the assistance of the Square Kilometre Array (SKA) project and it is now fully operational. Water restrictions had to be introduced to protect reserves during the peak summer period.
- 🏠 In Bonteheuwel, low pressure persisted, but the Municipality managed the challenge by using the elevated storage tank to ensure that during high-demand periods there was sufficient pressure in the system to serve the community.
- 🏠 The water level meter was stolen from the electrical stores. This equipment is critical for monitoring water levels in the aquifers and enables the technical team to determine which boreholes should be pumped more and which should be pumped less. Replacing the meter is therefore a priority to ensure efficient groundwater management.

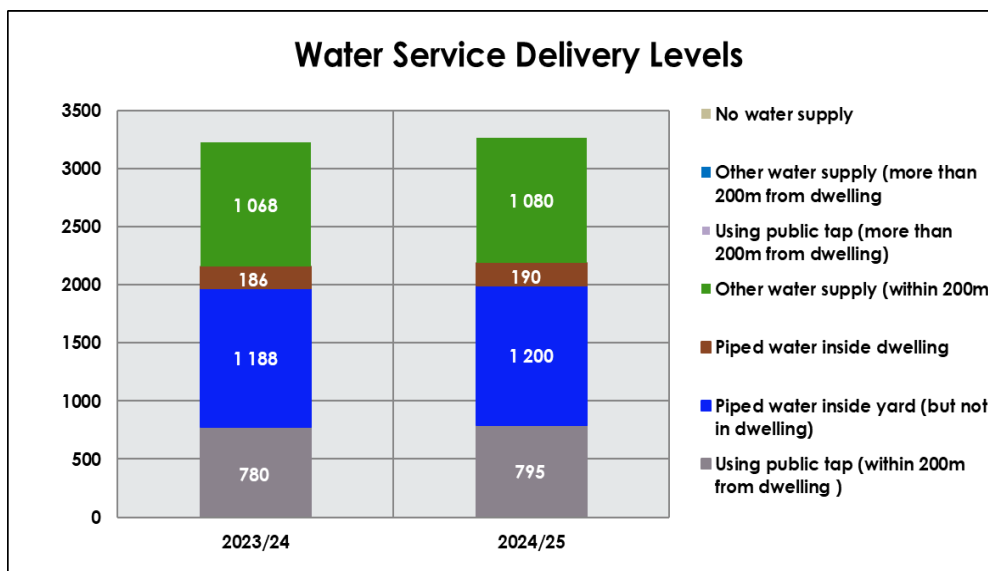
Water Services Service Delivery Levels

Section 4B of the Constitution lists water and sanitation services limited to potable water supply systems and domestic wastewater and sewerage disposal systems as a local government function. Basic water is defined as 25 litres of potable water per day supplied within 200 meters of a household.

The table below specifies the different water service delivery levels per households for the financial years 2023/24 and 2024/25:

Households		
Description	2023/24	2024/25
Water: (above min level)		
Piped water inside dwelling	780	795
Piped water inside yard (but not in dwelling)	1 188	1 200
Using public tap (within 200m from dwelling)	186	190
Other water supply (within 200m)	1 068	1 080
Minimum Service Level and Above sub-total	3 222	3 265
Minimum Service Level and Above Percentage	100	100
Water: (below min level)		
Using public tap (more than 200m from dwelling)	0	0
Other water supply (more than 200m from dwelling)	0	0
No water supply	0	0
Below Minimum Service Level sub-total	0	0
Below Minimum Service Level Percentage	0	0
Total number of households	3 222	3 265

Table 40: Water Services Service Delivery Levels



Graph 2: Water Service Delivery Levels

Total Employees – Water Services and Technical

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	1	1	0	0
4 - 6	19	19	0	0
7 - 9	1	1	0	0
10 - 12	0	0	0	0
13 - 15	1	1	0	0
16 - 18	1	0	1	100
19 - 20	0	0	0	0
Total	23	22	1	4.34
<i>As at 30 June 2025</i>				

Table 41: Total Employees: Water Services

Capital Expenditure – Water Services

Capital Projects	Budget	Adjustment Budget	Actual Expenditure
Upgrading of Water Supply System	1 6 336 465.36	0	0
Total	1 6 336 465.36	0	0

Table 42: Capital Expenditure: Water Services

3.6 Waste Water (sanitation) Services

Vosburg

All the households have access to proper sanitation, except informal settlement, 92 households with buckets.


Vanwyksvlei

In Vanwyksvlei, 377 households still have pit toilets. There is no infrastructure to deal with household grey water. Grey water is disposed of on-site and sometimes into the streets. This is a potential health problem that should be investigated, and solutions should be found urgently. Sanitation is one aspect that needs urgent attention to improve the quality of life of the residents of Vanwyksvlei.

Rural Farming Areas

Although accurate data is not available, it is estimated that 75 households on farms, mainly housing farm workers, do not have access to appropriate sanitation.

Some of the highlights include the following:

-  The existing pond system in Carnarvon needs to be expanded. The system currently consists of a five-stage pond process with a calculated design capacity of 440m³/day. An additional 32 028 m² of land will be required to provide sufficient treatment capacity for future demand. With the planned development of 1 000 erven in Carnarvon, the need for expansion is urgent. At present, the final effluent is overflowing from the treatment works, posing a significant risk of pollution.

🏠 The Municipality, together with the Municipal Infrastructure Support Agent (MISA), prepared a technical report on the Vanwyksvlei Evaporation Ponds. The report proposes the refurbishment of the Vanwyksvlei Oxidation Ponds, which serve the Vanwyksvlei community. The existing ponds are flooded and non-functional. As the community does not have a piped sewer system, households rely on septic tanks. These septic tanks are emptied by suction trucks, which currently have no functional discharge point other than the oxidation ponds. Refurbishment is therefore essential to ensure proper treatment of sewerage in Vanwyksvlei.

Some of the challenges that are experienced include the following:

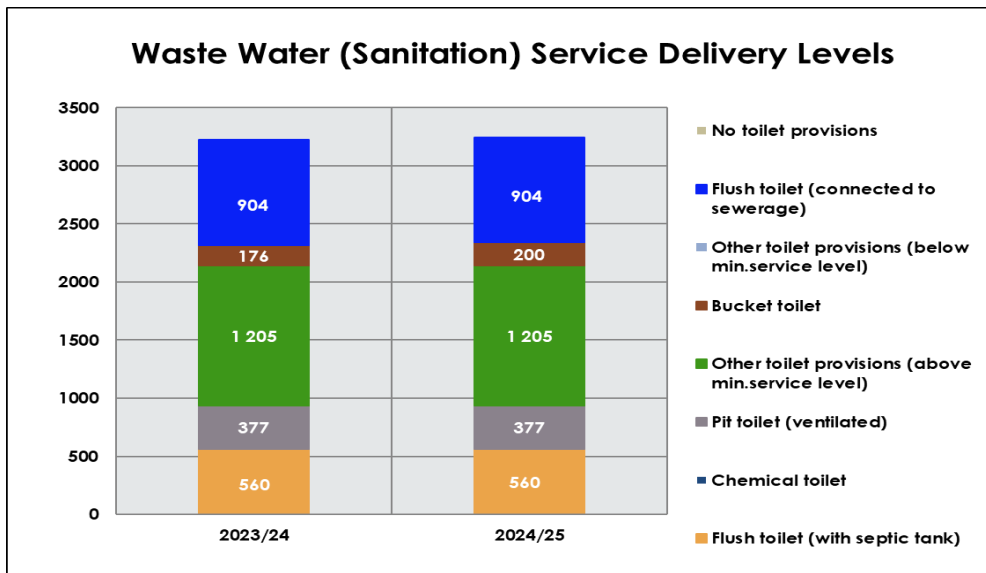
- 🏠 The oxidation ponds in Vanwyksvlei were found to be overflowing during the winter months due to reduced evaporation rates and the decreased demand for irrigating sporting facilities with final chlorinated effluent.
- 🏠 An assessment of the oxidation ponds was conducted in June 2024, and the findings are summarized below:
 - The design capacity of the ponds is 67kl/day.
 - Vanwyksvlei currently does not have a formal Wastewater Treatment Works (WWTW). Wastewater is being discharged at the solid waste site.
 - The community relies on dry pit toilets and septic tanks. Septic tanks are emptied using a honey sucker truck and the wastewater is discharged into an evaporation pond located approximately 2 km outside Vanwyksvlei.
 - While there are no boreholes, streams, or rivers near the site, the current disposal method poses a potential health and hygiene risk for both employees working at the site and nearby children.

Waste Water (Sanitation) Services Service Delivery Levels

The table below specifies the different sanitation service delivery levels per households for the financial years 2023/24 and 2024/25:

Households		
Description	2023/24	2024/25
<u>Sanitation/sewerage: (above minimum level) Households with at least VIP Services</u>		
Flush toilet (connected to sewerage)	904	904
Flush toilet (with septic tank)	560	560
Chemical toilet	0	0
Pit toilet (ventilated)	377	377
Other toilet provisions (above min. service level)	1 205	1 205
Minimum Service Level and Above sub-total	3 046	3 046
Minimum Service Level and Above Percentage	94.5	93.83
<u>Sanitation/sewerage: (below minimum level)</u>		
Bucket toilet (joint informal)	176	200
Other toilet provisions (below min. service level)	0	0
No toilet provisions	0	0
Below Minimum Service Level sub-total	176	200
Below Minimum Service Level Percentage	5.5	6.17
Total households	3 222	3 246

Table 43: Waste Water (sanitation) Services Service Delivery Levels



Graph 3: Waste Water (Sanitation) Service Delivery Levels

Total Employees – Waste Water (Sanitation) Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0
4 - 6	3	3	3	0
7 - 9	0	0	0	0
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	3	3	3	0
<i>As at 30 June 2025</i>				

Table 44: Total Employees Waste Water (Sanitation) Services

Capital Expenditure – Waste Water (sanitation) Services

Capital Projects	Budget	Adjustment Budget	Actual Expenditure
Upgrading of the Carnarvon WWTW that will be constructed in three phases: Phase I (2025/26 financial year)	9 314 960.47	9 314 960	1 290 679.64
Total	9 314 960.47	9 314 960	1 290 679.64

Table 45: Capital Expenditure: Waste Water (Sanitation) Services

3.7 Electricity Services

All the households in the formal towns of Carnarvon, Vosburg and Vanwyksvlei have electricity within their houses. This aspect is positive and will contribute largely to the social development of the residents.

All the households in Vanwyksvlei have electricity in their homes except 26 squatters. In Carnarvon, 60 squatters do not have electricity supply and 92 squatters in Vosburg do not have electricity in their homes. However, the Municipality supply these residents with four bags of wood per month. The situation in the rural farming areas is still a problem and it is estimated that most of the households are without electricity.

Some of the highlights include the following:

- 🏠 Upgrading of the Electrical Substation in Carnarvon with a new building and switchgear.
- 🏠 A three-year maintenance contract has been established to support electricity losses reduction and the replacement of all electricity meters.

Some of the challenges experienced include the following:

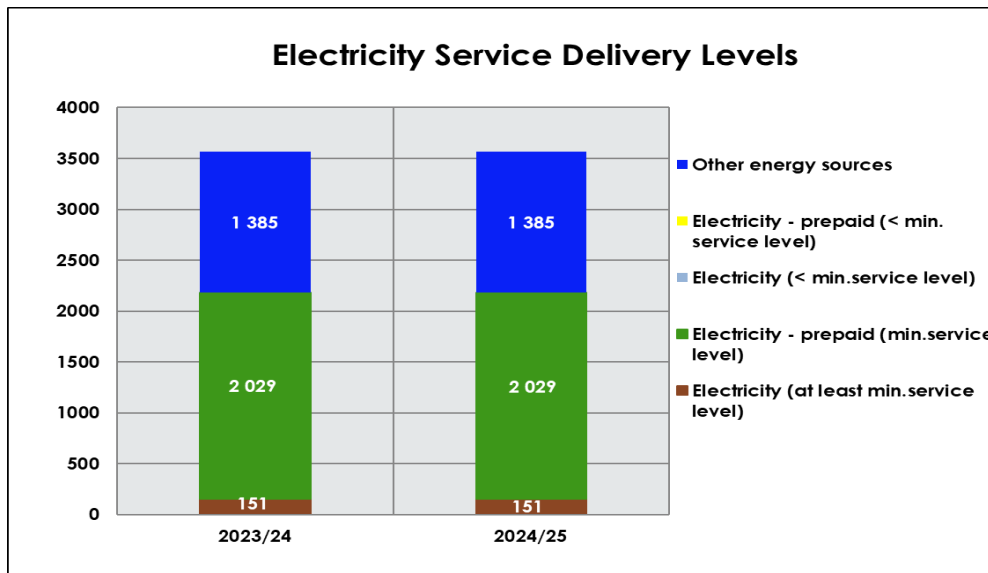
- 🏠 No funds available yet to upgrade the Cherry picker.
- 🏠 Purchasing of stock.

Electricity Services Service Delivery Levels

The table below specifies the different service delivery level standards for electricity within the municipal area:

Households		
Description	2023/24	2024/25
Energy: (above minimum level)		
Electricity (at least min. service level)	151	151
Electricity - prepaid (min. service level)	2 029	2 029
Minimum Service Level and Above sub-total	2 180	2 180
Minimum Service Level and Above Percentage	61.15	61.15
Energy: (below minimum level)		
Electricity (< min. service level)	0	0
Electricity - prepaid (< min. service level)	0	0
Other energy sources	1 385	1 385
Below Minimum Service Level sub-total	1 385	1 385
Below Minimum Service Level Percentage	38.85	38.85
Total number of households	3 565	3 565

Table 46: Electricity Services Service Delivery Levels



Graph 4: Electricity Service Delivery Levels

Total Employees – Electricity Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0
4 - 6	1	1	0	0
7 - 9	1	1	0	0
10 - 12	1	1	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	0	3	0	0
<i>As at 30 June 2025</i>				

Table 47: Total Employees Electricity Services

3.8 Waste Management Services (Refuse collections, waste disposal, street cleaning and recycling)

Solid waste can be defined as any garbage, refuse, sludge or other discarded material resulting from industrial, commercial, institutional and residential activity. Kareeberg Municipality provides solid waste removal services in Carnarvon, Vosburg and Vanwyksvlei. The service includes collection, removal and final disposal of waste at municipal waste disposal sites.

The following waste is received at the municipal solid waste disposal sites.

Residential waste

Residential waste includes waste from households and consists mostly of paper, glass, plastics, food waste and yard waste. Up to 90 % of waste received at the municipal dumping sites is residential waste.

Commercial and industrial waste

Commercial and industrial waste includes waste from offices, shops, clinics and schools in the area and includes mostly cardboard, paper, plastic bags, food waste and yard waste.




Building rubble

This type of waste is occasionally received at solid waste disposal sites and is mainly comprised of waste construction material from private contractors which includes left over bricks, wires, plaster board, and metal sheets.


Dumping sites

All three dumping sites in the municipal area are licensed. The sites do not fully comply with the minimum requirements for waste disposal at sites. At present there exists insufficient enclosure of sites, uncontrolled access, inappropriate waste disposal methods etc.


Refuse removal

-  Weekly refuse removal in Kareeberg Municipal area is about 100%
-  Only the households in informal settlements are not provided with a refuse removal service by municipality but well on bulk removal.
-  No refuse removal in the rural area.

The highlight experienced include the following:

-  The Municipality employs workers who are responsible for cleaning the town from Monday to Friday. A black bag collection truck collects all filled waste bags on a weekly basis and transports them to the designated dumping site.

The challenges experienced include the following:

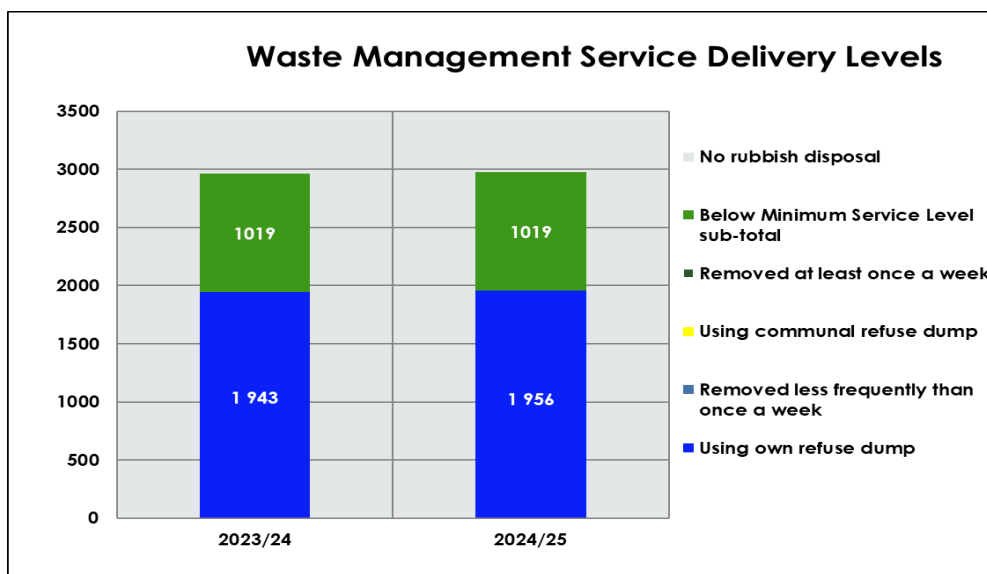
-  Illegal dumping of waste is widespread in several outlying areas and townships. This practice forces the Municipality to collect and dispose of the waste at an unnecessary additional cost. The Municipality has acknowledged the need to educate communities on the negative impacts of illegal dumping. However, no formal education or awareness programmes have yet been implemented. Furthermore, the Municipality is experiencing dumping of waste in non-designated areas within the landfill sites, creating further management and compliance challenges.

Waste Management Services Service Delivery Levels

The table below indicates the different refuse removal service delivery level standards within the urban edge area of the Municipality:

Description	Households	
	2023/24	2024/25
<u>Solid Waste Removal: (Minimum level) – Kerbside collection once a week</u>		
Removed at least once a week	1 943	1 956
Minimum Service Level and Above sub-total	1 943	1 956
Minimum Service Level and Above percentage	63.62	60
<u>Solid Waste Removal: (Below minimum level)</u>		
Removed less frequently than once a week	0	0
Using communal refuse dump	0	0
Using own refuse dump	0	0
Other rubbish disposal	0	0
No rubbish disposal	0	0
Below Minimum Service Level sub-total	1 111	1 311
Below Minimum Service Level percentage	36.38	40
Total number of households	3 054	3 260

Table 48: Waste Management Services Delivery Levels



Graph 5: Waste Management Service Delivery Levels

Total Employees – Waste Management Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0
4 - 6	10	10	0	0
7 - 9	6	6	0	0
10 - 12	0	0	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	16	16	0	0
<i>As at 30 June 2025</i>				

Table 49: Total Employees Waste Management Services

3.9 Housing

Housing is not a function of the Kareeberg Municipality and therefore no municipal resources are allocated towards Housing. Housing is managed by the Northern Cape Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA) and the municipality signed a service level agreement with the Pixley ka Seme District Municipality for the delivery of houses.

The table below indicates the housing waiting list per town:

Town	2023/24	2024/25
Vanwyksvlei	130	260
Carnarvon	650	1 000
Vosburg	150	350
Total	930	1 610

Table 50: Housing Waiting List per Town

3.10 Free Basic Services and Indigent Support

The tables below indicate the total number of households that received free basic services in the 2024/25 financial year:

Access to Free Basic Services

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No. Access	%	No. Access	%	No. Access	%	No. Access	%
2023/24	3 088	968	31.35	960	31.09	756	24.48	960	31.09
2024/25	3 088	1 110	35.95	1 130	36.59	781	25.29	1 081	35.01

Table 51: Access to Free Basic Services

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The access to free basic services is summarised into the different services as specified in the following tables:

Electricity									
Financial year	Indigent Households			Non-indigent households			Households in Eskom areas		
	No of HH	Unit per HH (kwh)	Value	No of HH	Unit per HH (kwh)	Value	No of HH	Unit per HH (kwh)	Value
			(R'000)			(R'000)			(R'000)
2023/24	273	50	258	2120	0	0	652	50	614
	43	50 + basic	129						
2024/25	305	50	271	1 978	0	0	776	50	689
	29	50 + basic	106						

Table 52: Free Basic Electricity Services to Indigent Households

Water						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Unit per HH (kl)	Value	No of HH	Unit per HH (kl)	Value
			(R'000)			(R'000)
2023/24	960	6 + basic fee	3 461	2 128	0	0
2024/25	1 130	6 + basic fee	3 057	1 958	0	0

Table 53: Free Basic Water Services to Indigent Households

Sanitation						
Financial year	Indigent Households			Non-indigent households		
	No of HH	R value per HH	Value	No of HH	Unit per HH per month	Value
			(R'000)			(R'000)
2023/24	756	332	3 335	2 332	0	0
2024/25	781	373.39	3 499	2 307	198.57	0

Table 54: Free Basic Sanitation Services to Indigent Households

Refuse Removal						
Financial year	Indigent Households			Non-indigent households		
	No of HH	Service per HH per week	Value	No of HH	Unit per HH per month	Value
			(R'000)			(R'000)
2023/24	960	1	2 919	2 128	0	0
2024/25	1 081	1	3 130	2 007	0	0

Table 55: Free Basic Refuse Removal Services to Indigent Households

COMPONENT B: ROAD TRANSPORT

This component includes Roads and Waste Water (storm water drainage).

3.11 Roads and Stormwater

The road network in Kareeberg Municipality comprises the following: trunk roads (6 km), main roads (60 km), district roads (68 km) and municipal streets (70 km). The municipality is responsible for maintaining the streets in Carnarvon, Vosburg and Vanwyksvlei. These streets are comprised of approximately 10 km paved and 60 km unpaved streets.

The maintenance done is insufficient and unpaved streets are almost totally neglected. Inadequate drainage systems in unpaved areas accelerate decay of unpaved road surfaces.

The unpaved district roads in the municipality are in poor condition. After average rainstorms, most of the unpaved district roads become inaccessible to traffic. Road users are not informed or warned about the condition and accessibility of district roads after these rainstorms.

Carnarvon

The town has 6.818 km of paved streets; 8.664 km are gravel and 9.527 are tarred. Tarred streets are found only in the older town centre. The streets require overall maintenance, but funding for maintenance remains a challenge. All the streets in the previously disadvantaged areas are paved.







Vosburg

The town has 2.438 km of paved streets, 4.937 km gravel and 2.382 tarred streets. The tarred and unpaved streets in the town centre are not in good condition. All the streets in the previously disadvantage areas are paved.

Vanwyksvlei

The town has 8.765 km of paved streets, 8.865 gravel and 1.114 km tarred streets. The unpaved streets in the town centre are in good condition. We are busy to pave all the streets in the previous disadvantaged areas that will be finished in the next three years.

The highlights for the year under review were as follow:

-  The Municipality has developed a systematic inspection process, including unscheduled inspections in response to the community's advice. Inspections are carried out routinely after heavy or consistent rainfall, on request following calls from the public and during emergencies.
-  These inspections aim to identify defects and key maintenance requirements, such as issues affecting stormwater infrastructure. Any defects requiring attention are assessed in line with the defects table timeframes, following a risk assessment, to ensure that maintenance is prioritised appropriately.
-  Complaints and Reporting: All complaints and reports received from the community will be recorded in the Complaints Register.
-  Inspection Process: The technical team will be assigned to conduct a visual inspection within 48 hours using a Road Inspection Form to determine the extent of damage or defects.
-  Prioritisation: The findings and required maintenance will be prioritised based on severity and the level of hazard posed to road users and incorporated into the Responsive Maintenance Schedule.
-  The decline in the quality of the road network infrastructure can be attributed to several factors, including:

- Population growth, resulting in higher traffic volumes;
- Increased economic activity;
- General lifestyle improvements, leading to greater demand on infrastructure; and
- Changing climatic conditions, which further accelerate deterioration.

🏠 These factors place additional strain on the already stretched, ageing, and overworked plant and equipment responsible for maintaining the road network, thereby reducing its overall lifespan and performance

Some of the challenges that were experienced include the following:

- 🏠 Substantial capital investment, phased in gradually over time, is urgently required to replace or upgrade the ageing road network infrastructure. Without such investment, the municipality will face serious challenges in the near future.
- 🏠 Climate change, through rising mean surface temperatures, is already having a negative impact on road maintenance cycles. The mean return periods for road maintenance intervals are becoming shorter, reducing the effective life cycle of road surfaces and increasing surface run-off challenges.
- 🏠 The increased frequency of droughts and floods, combined with greater volatility in weather patterns, accelerates the erosion of wearing courses. In addition, stormwater facilities require more frequent unblocking and maintenance due to heavier and more unpredictable rainfall events.

Total Employees – Roads and Stormwater

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	12	11	1	8.33
4 - 6	0	0	0	0
7 - 9	0	0	0	0
10 - 12	1	1	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	13	12	1	7.69
As at 30 June 2025				

Table 56: Total Employees – Roads and Stormwater

COMPONENT C: PLANNING AND DEVELOPMENT

3.12 Town Planning & Spatial planning

All planning applications are processed by the Pixley ka Seme District Municipality in terms of an agreement. A tribunal at the district consider and process the applications.

3.13 Local Economic Development

Although temporary job opportunities are created annually with labour intensive capital projects where possible, the Municipality urgently needs funding to review the Local Economic Development Strategy with a practical and realistic implementation plan for the next 5 years. The position of LED Officer is currently vacant.

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.14 Libraries

There are two libraries in Carnarvon and one each in Vanwyksvlei and Vosburg. Council strives to give the best services possible to the community through its libraries. All libraries have internet services, copy facilities and daily newspaper and magazines.

The highlight for the year under review were as follows:

- 🏠 The children's programmes we held at the Early Childhood Development (ECD) centre

The challenge experienced was the following:

- 🏠 Network problems for public users

Libraries Service Statistics

Service Statistics for Library Services

The table below indicates the service statics for the division:

Type of service	2023/24	2024/25
Number of libraries	4	4
Library members	2 612	4 020
Books circulated	15 612	17 354
Internet users	400	0
Children programmes	1	2
Visits by school groups	1	2
Book group meetings	0	0

Table 57: Libraries Service Statistics

Total Employees – Libraries

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	6	5	1	16.67
4 - 6	2	2	0	0
7 - 9	2	2	0	0
10 - 12	1	1	0	0
13 - 15	0	0	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	11	10	1	10
<i>As at 30 June 2025</i>				

Table 58: Total Employees: Libraries




Capital Expenditure – Libraries

Capital Projects	Budget	Adjustment Budget	Actual Expenditure
R'000			
Camera	15 000	15 000	0
Replacement of Aircon	30 000	30 000	30 000
Aircon Maintenance	10 000	10 000	2 472
Maintenance of building (Paint & Roof repairs)	51 000	51 000	29 540
Total	106 000	106 000	62 012

Table 59: Capital Expenditure: Libraries

COMPONENT E: SECURITY AND SAFETY

This component includes:

-  Traffic, law enforcement and licensing;
-  Fire; and
-  Disaster management.

The Municipality do not have a full-time dedicated fire service. It does, however, offer firefighting services with municipal staff trained in firefighting skills. All towns do have firefighting equipment available. A Water truck in Carnarvon is used solely for this purpose.

Disaster management is handled by the Pixley ka Seme District Municipality.


Traffic services in the municipal area are rendered by the Northern Cape Provincial Government.

COMPONENT F: SPORT AND RECREATION




3.15 Sport and Recreation

Formal sport and recreation facilities, that are properly equipped and maintained, are only in Carnarvon and Vosburg. There are no formal facilities in Vanwyksvlei.

The highlights for the year under review were as follow:

-  The construction of the Kareeberg Sports Facility will provide the community with a sporting venue that complies with the specifications of all relevant sporting bodies. This project will not only create opportunities for local talent development but will also promote community participation in sport and recreation. The main objectives of the project are the following
 - To provide adequate and accessible sports facilities for the residents of Vanwyksvlei;
 - To provide sport facilities to schools in the neighbourhood;
 - To create job opportunities;
 - To build capacity in sport clubs that will empower them to manage the facility; and
 - To promote a culture of reconstruction and development through community participation in the planning and implementation of the project, as well as in the eventual utilization and management of the facilities.

Some of the challenges that were experienced include the following:

-  The existing facility in Vanwyksvlei is in a very poor condition, with only the soccer field currently in use due to the dilapidated infrastructure. It is anticipated that the upgraded facility will not only serve the immediate community of Vanwyksvlei but will also be accessible to the surrounding communities and occasionally host events of district significance.
-  The upgrade project will contribute significantly to the empowerment of the community. The main purpose of this application is therefore to upgrade the facility further, ensuring it becomes a fully functional and sustainable sports hub.
-  Given that the town has limited employment opportunities and that a large portion of the previously disadvantaged community is poor and unemployed, the project carries additional social and economic importance. The upgraded facility will be the main sports venue for Vanwyksvlei, easily accessible to the entire community, and a key driver of local development.

COMPONENT G: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes Executive and Council, Corporate Services and Financial services

3.16 Executive and Council

This division includes the office of the mayor, municipal manager and senior managers.

Total Employees – Executive and Council

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	0	0	0	0
4 - 6	0	0	0	0
7 - 9	0	0	0	0
10 - 12	0	0	0	0
13 - 15	9	2	7	77.78
16 - 18	2	2	0	0
19 - 20	4	2	2	50
Total	15	12	9	60
As at 30 June 2025				

Table 60: Total Employees – Executive and Council

3.17 Financial Services

Financial Services is responsible for budgeting, revenue, expenditure and supply chain management.

Service Statistics: Supply Chain Management (SCM)

The table below indicates the service statics for the division:

Description	Total No	Total Cost	Total No	Total Cost
	2023/24		2024/25	
Requests processed	270	4 122 125.13	276	4 575 559
Orders processed	216	3 955 375.13	199	4 132 099
Requests cancelled or referred back	52	166 750	33	77 021
Extensions	0	0	0	0
Bids received (number of documents)	0	0	127	12 905 209
Bids awarded	0	0	6	33 789 721.90
Bids awarded ≤ R200 000	0	0	12	1 191 424
Appeals registered	0	0	0	0
Successful Appeals	0	0	0	0

Table 61: Statistics SCM

Total Employees – Financial Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	1	1	0	0
4 - 6	1	1	0	0
7 - 9	6	6	0	0
10 - 12	1	1	0	0
13 - 15	0	0	0	0
16 - 18	1	0	1	100
19 - 20	0	0	0	0
Total	10	9	1	10
<i>As at 30 June 2025</i>				

Table 62: Total Employees – Financial Services

3.18 Corporate Services

This division includes Administration, Human Resources and Performance Management, IDP, LED and Special Programmes.

The highlights for the year under review were as follow:

- 🏠 The Municipality's final IDP 2025/26 content on Environment increased. The current scoring on the IDP is 95.9%. Because of it, the Municipality is now one of the Top 2 municipalities within the Pixley Ka Seme District.

Some of the challenges that were experienced include the following:

- 🏠 The Manager Corporate Services position was vacant for the past 6 months. The post was advertised on 9 January 2025 and the closing date was 31 January 2025.
- 🏠 The Municipality has a shortage of staff in the Corporate Services Department.
- 🏠 The new organogram was adopted by Council on 3 July 2024 and the Municipality is awaiting the approval of the Member of Executive Council (MEC) of Cooperative Governance, Human Settlements, and Traditional Affairs (COGHSTA) for the implementation of the organogram.
- 🏠 The Municipality does not have the means to fund Local Economic Development (LED) or Special Programmes and projects.
- 🏠 A skills need analysis must be done in order to capacitate staff with the necessary skills through short -or formal training courses

Total Employees – Corporate Services

The following table indicates the staff composition for this division:

Job Level	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Number			%
0 - 3	3	3	0	0
4 - 6	1	1	0	0
7 - 9	2	2	0	0
10 - 12	1	0	1	100
13 - 15	0	0	0	0
16 - 18	1	1	0	0
19 - 20	0	0	0	0
Total	8	7	1	12.50
As at 30 June 2025				

Table 63: Total Employees – Corporate Services

COMPONENT H: ORGANISATIONAL PERFORMANCE SCORECARD AND INDIVIDUAL PERFORMANCE

This component includes the Annual Performance Scorecard Report for the current year.

3.19 Development and Service Delivery Priorities for 2025/26

The main development and service delivery priorities for 2025/26 are included in the Municipality's Top Layer SDBIP for 2025/26 and the Key Performance Indicators to achieve the service delivery priorities:

Compliance with the principles of good governance

Internal Ref	KPI	Unit of Measurement	Wards	Target
TL2	Compile and submit the Risk Based Audit Plan (RBAP) for the 2026/27 financial year to the Audit committee by 30 June 2026	Risk Based Audit Plan (RBAP) for the 2026/27 financial year submitted to the Audit committee by 30 June 2026	All	1
TL3	Review and submit the Risk Register to Council by 31 May 2026	Risk Register reviewed and submitted to the Council by 31 May 2026	All	1
TL5	Submit the Draft IDP review to Council by 31 March 2026	Draft IDP review submitted to Council by 31 March 2026	All	1
TL6	Distribute bi-annual external newspaper "Korbeeltjie"	Number of external newsletters distributed	All	2
TL16	Review the delegations and submit to Council by 30 June 2026	Delegations reviewed and submitted to Council by 30 June 2026	All	1
TL34	Review the Municipal Finance Management Act (Act 56 of 2003) delegations and submit to Council by 30 June 2026	Delegations reviewed and submitted to Council by 30 June 2026	All	1

Table 64: Service Delivery Priorities for 2025/26 – Compliance with the Principles of Good Governance

Deliver basic services with available resources

Internal Ref	KPI	Unit of Measurement	Wards	Target
TL4	Revise the Indigent Policy and submit to Council by 30 June 2026	Revised Indigent Policy submitted to Council by 30 June 2026	All	1
TL7	Spend 90% of the library grant by 30 June 2026 ((Actual expenditure divided by the approved budget)x100)	% of the library grant spent by 30 June 2026 ((Actual expenditure divided by the approved budget)x100)	All	90%
TL17	Number of formal residential properties that receive piped water (credit) that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2026	Number of residential properties which are billed for water as at 30 June 2026	All	1 800
TL18	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2026	Number of residential properties which are billed for electricity or have pre-paid meters (Excluding Eskom areas) as at 30 June 2026	All	1 029
TL19	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2026	Number of residential properties which are billed for sewerage as at 30 June 2026	All	858
TL20	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2026	Number of residential properties which are billed for refuse removal as at 30 June 2026	All	1 910
TL21	Provide free basic water to indigent households as at 30 June 2026	Number of indigent households receiving free basic water	All	1000
TL22	Provide free basic electricity to indigent households as at 30 June 2026	Number of indigent households receiving free basic electricity	All	1000
TL23	Provide free basic sanitation to indigent households as at 30 June 2026	Number of indigent households receiving free basic sanitation services	All	1000
TL24	Provide free basic refuse removal to indigent households as at 30 June 2026	Number of indigent households receiving free basic refuse removal services	All	1000
TL25	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2026 [(Amount actually spent on capital projects/ Amount budgeted for capital projects)x100]	% of capital budget spent on capital projects by 30 June 2026	All	80%
TL35	Limit % electricity unaccounted for to 20% by 30 June 2026 [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) × 100]	% Electricity unaccounted for (Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) × 100	All	20%

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Internal Ref	KPI	Unit of Measurement	Wards	Target
TL36	Limit % water unaccounted for to 20% by 30 June 2026 [(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified) × 100]	% Water unaccounted for (Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified) × 100	All	20%
TL38	Facilitate the establishment of a Sport Committee per town by 30 June 2026	Number of sport committees establishment facilitated by 30 June 2026	All	3
TL39	Spend 80% of the total amount budgeted by 30 June 2026 for the upgrading of oxidation ponds in Carnarvon {(Total actual expenditure for the project/Total amount budgeted for the project)×100}	% of budget spent by 30 June 2026 {(Total actual expenditure for the project/Total amount budgeted for the project)×100}	1,2,3,4	80%
TL40	Spend 80% of the total amount budgeted by 30 June 2026 for the upgrading of the 22kV substation {(Total actual expenditure for the project/Total amount budgeted for the project)×100}	% of budget spent by 30 June 2026 {(Total actual expenditure for the project/Total amount budgeted for the project)×100}	3	80%
TL41	Spend 80% of the total amount budgeted by 30 June 2026 for the procurement of Yellow Fleet Service Delivery Vehicles {(Total actual expenditure for the project/Total amount budgeted for the project)×100}	% of budget spent by 30 June 2026 {(Total actual expenditure for the project/Total amount budgeted for the project)×100}	All	80%

Table 65: Services Delivery Priorities for 2025/26- Deliver Basic Services with Available Resources

Enhance community participation

Internal Ref	KPI	Unit of Measurement	Wards	Target
TL1	Facilitate 2 Council Meets the People meetings by 30 June 2026	Number of meetings facilitated	All	2

Table 66: Services Delivery Priorities for 2025/26- Enhance Community Participation

Promote economic development, tourism and growth opportunities

Internal Ref	KPI	Unit of Measurement	Wards	Target
TL15	Review a Tuck Shop Policy and submit to Council by 30 June 2026	Tuck Shop Policy reviewed and submitted to Council by 30 June 2026	All	1
TL37	Create temporary jobs opportunities in terms of EPWP by 30 June 2026	Number of job opportunities created by 30 June 2026	All	24

Table 67: Services Delivery Priorities for 2025/26- Promote Economic Development, Tourism and Growth Opportunities

Sound administrative and financial services to achieve and maintain sustainability and viability

Internal Ref	KPI	Unit of Measurement	Wards	Target
TL8	The number of people from employment equity target groups employed (to be appointed) in the three highest levels of management in compliance with the equity plan as at 30 June 2026	Number of people employed (to be appointed)	All	I
TL9	The percentage of the municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2026 [(Actual amount spent on training/total operational budget)x100]	% of the municipality's personnel budget on training by 30 June 2026 (Actual amount spent on training/total personnel budget)x100	All	0.01%
TL10	Limit the vacancy rate to less than 10% of budgeted posts on approved organogram by 30 June 2026 ((Number of posts filled/Total number of budgeted posts)x100)	% vacancy rate of budgeted posts on approved organogram by 30 June 2026 (Number of posts filled/Total number of budgeted posts)x100	All	10%
TL11	Submit the Annual Performance Report for 2024/25 to the AG by 31 August 2025	Annual Performance Report submitted to the AG by 31 August 2025	All	I
TL12	Submit the Draft Annual Report for the 2024/25 financial year to Council by 31 January 2026	Draft Annual Report for the 2024/25 financial year submitted to Council by 31 January 2026	All	I
TL13	Submit the draft Top layer SDBIP 2026/27 for approval by the Mayor within 14 days after the budget has been approved	Draft Top Layer SDBIP 2026/27 submitted 4 to Mayor within 14 days after the budget has been approved	All	I
TL14	Submit the Work Skills Plan to Local Government SETA by 30 April 2026	Work Skills Plan submitted to LGSETA by 30 April 2026	All	I
TL26	80% of the total municipal operational budget spent by 30 June 2026 ((Actual amount spent on total operational budget/Total operational budget)X100)	% of the total municipal operational budget spent by 30 June 2026	All	80%
TL27	Financial viability measured in terms of the municipality's ability to meet its service debt obligations as at 30 June 2026 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% debt coverage	All	45%
TL28	Financial viability measured in terms of the outstanding service debtors as at 30 June 2026 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors to revenue received for services	All	97%
TL29	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2026 ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	All	I
TL30	Submit the annual financial statements for the 2024/25 financial year to AGSA by 31 August 2025	Annual financial statements for the 2024/25 financial year submitted to AGSA by 31 August 2025	All	I

Internal Ref	KPI	Unit of Measurement	Wards	Target
TL31	Submit the draft main budget for the 2026/27 financial year to Council by 31 March 2026	Draft main budget for the 2026/27 financial year submitted to Council by 31 March 2026	All	I
TL32	Achieve a debtor payment percentage of 80% by 30 June 2026 {(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100}	% debtor payment achieved	All	80%
TL33	Purchase and install a Document Storage Server by 30 June 2026	Server purchased and installed by 30 June 2026	All	I

Table 68: Service Delivery Priorities for 2025/26- Sound Administrative and Financial Services to Achieve and Maintain Sustainability and Viability

3.20 Municipal Manager and Managers Directly Accountable to the Municipal Manager

The Municipal Systems Act, 2000 (Act 32 of 2000) prescribes that the municipality must enter into performance-based agreements with the all s56-employees and that performance agreements must be reviewed annually. This process and the format are further regulated by Regulation 805 (August 2006). The performance agreements of the senior managers for the 2024/25 financial year were signed as prescribed.

Chapter 4: Organisational Development Performance

PERFORMANCE REPORT PART II

4.1 National Key Performance Indicators – Municipal Transformation and Organisational Development

The following table indicates the municipality's performance in terms of the 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 Area – Municipal Transformation and Organisational Development.

KPA& Indicators	2023/24	2024/25
The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	0	0
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.01	0

Table 69: National KPIs– Municipal Transformation and Organisational Development

4.2 Introduction to the Municipal Workforce

The Municipality currently employs **64** permanent officials, who individually and collectively contribute to the achievement of Municipality's objectives. The primary objective of Human Resource Management is to render an innovative HR service that addresses both skills development and an administrative function.

4.3 Employment Equity

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

Employment Equity vs Population

Description	African	Coloured	Indian	White	Total
Number for positions filled	1	62	0	1	64
% For Positions filled	1	62	0	1	64

Table 70: Employment Equity vs Population

Occupational Levels - Race

The table below categories the number of employees by race within the occupational levels:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top Management	0	1	0	0	0	0	0	0	1
Senior management	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid- management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	2	2	0	1	0	0	0	0	5
Semi-skilled and discretionary decision making	0	0	0	0	0	4	0	0	4
Unskilled and defined decision making	0	27	0	0	0	26	0	0	53
Total permanent	2	31	0	1	0	30	0	0	64
Non- permanent employees	0	0	0	0	0	0	0	0	0
Grand total	2	31	0	1	0	30	0	0	64

Table 71: Occupational Levels - Race

Departments - Race

The following table categories the number of employees by race within the different departments:

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Office of the Municipal Manager	0	1	0	0	0	0	0	0	1
Corporate Services	0	0	0	0	0	3	0	0	3
Financial Services	0	5	0	0	0	8	0	0	13
Community and Infrastructure Services	1	23	0	1	0	22	0	0	47
Total permanent	1	29	0	1	0	33	0	0	64
Non- permanent employees	0	0	0	0	0	0	0	0	0
Grand total	1	29	0	1	0	33	0	0	64

Table 72: Departments – Race

4.4 Vacancy Rate

The approved organogram for the municipality has **76** posts. The actual positions filled are indicated in the tables below by post level and by functional level. The organogram is not implemented yet, and the vacancies has not been advertised. **7** posts were vacant at the end of 2024/25, resulting in a vacancy rate of **9.21%** for the permanent posts.

Below is a table that indicates the vacancies within the municipality:

PER POST LEVEL		
Post level	Filled	Vacant
MM & MSA section 57 & 56	2	2
Senior management	0	0
Professionals and Middle management	1	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	4	2
Semi - skilled	1	0
Unskilled and defined decision making	56	0
Total	69	7
PER FUNCTIONAL LEVEL		
Per Department	Filled	Vacant
Office of the Municipal Manager	1	0
Corporate Services	5	2
Financial Services	12	2
Infrastructure and Community Services	51	3
Total	1	7

Table 73: Vacancy Rate per Post and Functional Level

4.5 Turnover rate

A high turnover may be costly to a municipality and might negatively affect productivity, service delivery and institutional memory/organizational knowledge. Below is a table that shows the turnover rate within the municipality.

The table below indicates the turn-over rate over the last two years:

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2023/24	66	5	8	12.12
2024/25	64	5	0	0

Table 74: Turnover Rate

4.6 Managing the Municipal Workforce

Managing the municipal workforce refers to analysing and coordinating employee behaviour.

Injuries

An occupational injury is a personal injury, disease or death resulting from an occupational accident. Compensation claims for such occupational injuries are calculated according to the seriousness of the injury/disease and can be costly to a municipality. Occupational injury will influence the loss of man hours and therefore financial and productivity performance.

The table below indicates the total number of injuries within the different departments:

Department	2023/24	2024/25
Office of the Municipal Manager	0	0
Corporate Services	0	0
Financial Services	0	0
Infrastructure and Community Services	0	0
Total	0	0

Table 75: Injuries

Sick Leave

The number of day's sick leave taken by employees has service delivery and cost implications. The monitoring of sick leave identifies certain patterns or trends. Once these patterns are identified, corrective action can be taken.

The table below indicates the total number sick leave days taken within the different salary bands:

Salary band	Total sick leave	Employees using sick leave	Average sick leave per employee	Total sick leave	Employees using sick leave	Average sick leave per employee
	Days	No	Days	Days	No	Days
	2023/24			2024/25		
Lower skilled (Levels 1-2)	4	1	4	0	0	26
Skilled (Levels 3-5)	180	14	12.58	47	8	2.625
Highly skilled production (levels 6-8)	5	3	1.66	34	7	2.375
Highly skilled supervision (levels 9-12)	26	3	8.66	7	4	2.75
Senior management (Levels 13-15)	0	0	0	0	0	0
MM and S56	0	0	0	0	0	0
Total	215	21	N/A	88	88	N/A

Table 76: Sick Leave

HR Policies and Plans

Policies and plans provide guidance for fair and consistent staff treatment and a consistent approach to the managing of staff.

The table below shows the HR policies and plans that are approved:

Name of policy	Yes/No
Affirmative Action	Yes
Code of Conduct for employees	Yes
Delegations, Authorisation & Responsibility	Yes
Disciplinary Code and Procedures	Yes
Employment Equity	Yes
Grievance Procedures	Yes
HIV/Aids	Yes
Human Resource and Development	Yes
Information Technology	Yes
Job Evaluation	Yes
Leave	Yes
Occupational Health and Safety	Yes
Official Housing	Yes
Official Journeys	Yes
Official Working Hours and Overtime	Yes
Organisational Rights	Yes
Payroll Deductions	Yes
Performance Management and Development	Yes
Remuneration Scales and Allowances	Yes
Skills Development	Yes
Smoking	Yes
Uniforms and Protective Clothing	Yes

Table 77: HR Policies and Plans

4.7 Capacitating the Municipal Workforce

The Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training to develop its human resource capacity. Section 55(1)(f) states that as head of administration the Municipal Manager is responsible for the management, utilization and training of staff.

Skills Matrix

The table below indicates the number of employees that received training in the year under review:

Occupational categories		Training provided within the reporting period						
		Learnerships		Skills programmes & other short courses		Total		
		Actual	Target	Actual	Target	Actual	Target	% Achieved
MM and S57	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Legislators, senior officials and managers	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Professionals	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Technicians and associate professionals	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Clerks	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Sub total	Female	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0
Total		0		0	0	0	0	0

Table 78: Skills Development: Training Provided

MFMA Competencies

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non-financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. National Treasury has prescribed such financial management competencies in Government Notice 493 dated 15 June 2007.

To assist the above-mentioned officials to acquire the prescribed financial competencies, National Treasury, with the collaboration of various stakeholders and role players in the local government sphere, developed an outcomes based NQF Level 6 qualification in municipal finance management. In terms of the Government Notice 493 of 15 June 2007, "(1) No municipality or municipal

entity may, with effect 1 January 2013 (exempted until 30 September 2015 as per Government Notice 179 of 14 March 2014), employ a person as a financial official if that person does not meet the competency levels prescribed for the relevant position in terms of these Regulations.”

The table below provides details of the financial competency development progress as required by the regulation:

Description	Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	Competency assessments completed (Regulation 14(4)(b) and (d))	Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials				
Accounting officer	1	1	1	1
Chief Financial Officer	1	1	1	1
Senior Managers	0	1	1	1
Any other financial officials	9	4	N/A	0
Supply Chain Management Officials				
Heads of supply chain management units	0	N/A	N/A	N/A
Supply chain management senior managers	0	N/A	N/A	N/A
Total	11	7	3	3

Table 79: Financial Competency Development: Progress Report

Skills Development - Budget allocation

The table below indicates the amounts budgeted and spent on training in the past two financial years:

Year	Total personnel budget	Total Allocated	Total Spend	% Spent
	R			
2023/24	24 147 635	138 565	69 575	50
2024/25	29 207 000	158 000	0	0

Table 80: Budget Allocated and Spent for Skills Development

4.8 Managing the Municipal Workforce Expenditure

Section 66 of the MSA states that the accounting officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations, (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

Personnel Expenditure

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance for the past two financial years and that the municipality is within the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage
	R'000		%
2023/24	23 134	83 936	27.56
2024/25	21 172 474	100 194	21.13

Table 81: Personnel Expenditure

Below is a summary of Councillor and staff benefits for the year under review:

Financial year	2023/24	2023/24
Description	R	
<u>Councillors (Political Office Bearers plus Other)</u>		
Mayor	912 418	956 846
Speaker	738 772	774 879
Exco committee	758 017	855 370
Councillors	2 399 035	2 424 880
Sub Total - Councillors	4 808 242	5 011 995
<u>Senior Managers of the Municipality</u>		
Annual Remuneration	2 383 179	1 730 296
Acting Allowance	696 443	0
Car Allowance	455 814	294 040
Settlement Payment	134 000	0
Bonus & Long Service Bonus	131 471	0
Performance Bonus	367 028	0
Contribution to UIF, Medical & Pension	388 034	4 074
Housing Subsidy	0	88 021
Telephone Allowance	77 500	99 500
Leave Pay-Out	437 308	218 048
Other	0	17 556
Sub Total - Senior Managers of Municipality	5 070 777	2 451 535
<u>Other Municipal Staff</u>		
Basic Salaries and Wages	15 502 283	13 065 195
Pension Contributions	2 113 251	2 039 970
Medical Aid Contributions	285 492	242 132

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Financial year	2023/24	2023/24
Description	R	
Motor vehicle allowance	194 442	5 746
Cell phone allowance	33 650	339 433
Housing allowance	99 968	98 547
Overtime	1 480 171	1 487 465
Other benefits or allowances	410 532	1 266 451
Sub Total - Other Municipal Staff	20 119 789	18 544 939

Table 82: Personnel Expenditure

Chapter 5: Financial Performance

Component A: Statements of Financial Performance

The Statement of financial performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 Financial Summary

The table below indicates the summary of the financial performance for the 2024/25 financial year:

Description	2023/24	2024/25			2024/25 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Financial Performance						
Property rates	10 834	10 049	10 049	10 724	6.29	6.29
Service charges	24 230	22 916	22 916	32 428	29.33	29.33
Investment revenue	5 082	2 540	2 540	2 900	12.42	12.42
Transfers recognised - operational	59 588	42 808	42 808	46 013	6.97	6.97
Other own revenue	501	17 148	17 148	897	(1 812.63)	(1 812.63)
Total Revenue (excluding capital transfers and contributions)	100 235	95 461	95 461	92 962	(2.69)	(2.69)
Employee costs	23 391	29 199	29 207	21 625	(35.03)	(35.06)
Remuneration of councillors	5 126	5 159	5 159	5 237	1.48	1.48
Depreciation & asset impairment	6 090	13 828	13 838	7 060	(95.85)	(95.99)
Finance charges	1 275	901	901	1 690	46.68	46.68
Materials and bulk purchases	21 949	20 936	20 936	18 504	(13.14)	(13.14)
Transfers and grants	457	1 093	1 093	0	N/A	N/A
Other expenditure	29 102	29 359	29 059	21 795	(34.70)	(33.33)
Total Expenditure	87 392	100 475	100 193	75 911	(32.36)	(31.99)
Surplus/(Deficit)	12 843	(5 014)	(4 732)	17 051	2 414.00	127.75
Transfers recognised - capital	15 933	16 368	18 968	0	N/A	N/A
Contributed assets	28	450	450	0	N/A	N/A
Loss on foreign exchange	0	0	0	0	N/A	N/A
Fair value adjustment	200	0	0	0	N/A	N/A
Actuarial gains / (losses)	390	0	0	568	100.00	100.00
Surplus/(Deficit)	29 395	11 804	14 686	17 619	33.00	16.65
Capital expenditure & funds sources						
Transfers recognised - capital (incl Housing Development Fund)	15 933	13 408	13 418	0	N/A	N/A
Public contributions & donations	0	0	0	0	N/A	N/A
Borrowing	0	0	0	0	N/A	N/A
Internally generated funds	28	440	350	0	N/A	N/A
Total sources of capital funds	15 961	13 848	13 768	0	N/A	N/A
Financial position						

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Description	2023/24	2024/25			2024/25 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Total current assets	69 991	78 936	74 473	107 067	26.27	30.44
Total non-current assets	259 949	255 431	252 797	251 539	(1.55)	(0.50)
Total current liabilities	22 004	60 659	30 441	25 326	(139.51)	(20.20)
Total non-current liabilities	16 866	16 914	17 570	15 598	(8.44)	(12.64)
Community wealth/Equity	291 069	0	0	317 683	100.00	100.00
Cash flows						
Cash/cash equivalents at the year begin	85 545	61 425	37 650	41 721	(47.23)	(37.37)
Net cash from (used) operating	(27 478)	27 374	26 128	(10 347)	364.57	(37.42)
Net cash from (used) investing	(16 140)	(13 408)	(14 218)	(2 322)	(477.53)	(512.42)
Net cash from (used) financing	0	0	0	(4 263)	100.00	100.00
Cash/cash equivalents at the year end	41 926	75 391	49 560	24 790	(204.12)	(99.92)
Cash backing/surplus reconciliation						
Cash and investments available	37 650	72 335	46 504	47 204	(53.24)	1.48
Application of cash and investments	(31 898)	(42 340)	(15 664)	(17 129)	(147.18)	8.55
Balance - surplus (shortfall)	5 752	29 995	30 840	30 075	0.27	(2.54)
Asset management						
Asset register summary (WDV)	221 929	220 376	214 327	234 761	6.13	8.70
Depreciation & asset impairment	6 090	6 338	6 338	7 060	10.23	10.23
Renewal of Existing Assets	6 284	12 968	12 968	271	(4 692.14)	(4 692.14)
Contracted Services	166	7 024	6 724	4 841	(45.08)	(38.88)
Free Services						
Cost of Free Basic Services provided	(6 102)	1 881	12 187	1 615	(16.44)	(654.41)
Revenue cost of free services provided	4 396	0	0	0	N/A	N/A

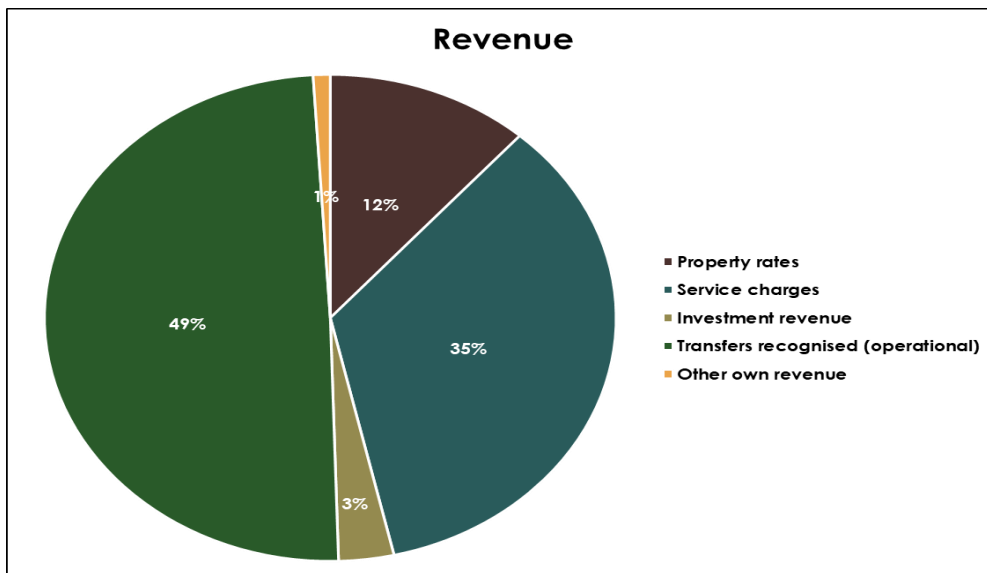
Table 83: Financial Performance

The table below shows a summary of performance against budgets

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	(R'000)				(R'000)			
2023/24	96 120	100 235	(4 115)	(4.28)	91 192	87 392	3 800	4.17
2024/25	94 994	92 962	2 032	2.14	101 493	75 911	25 582	25.21

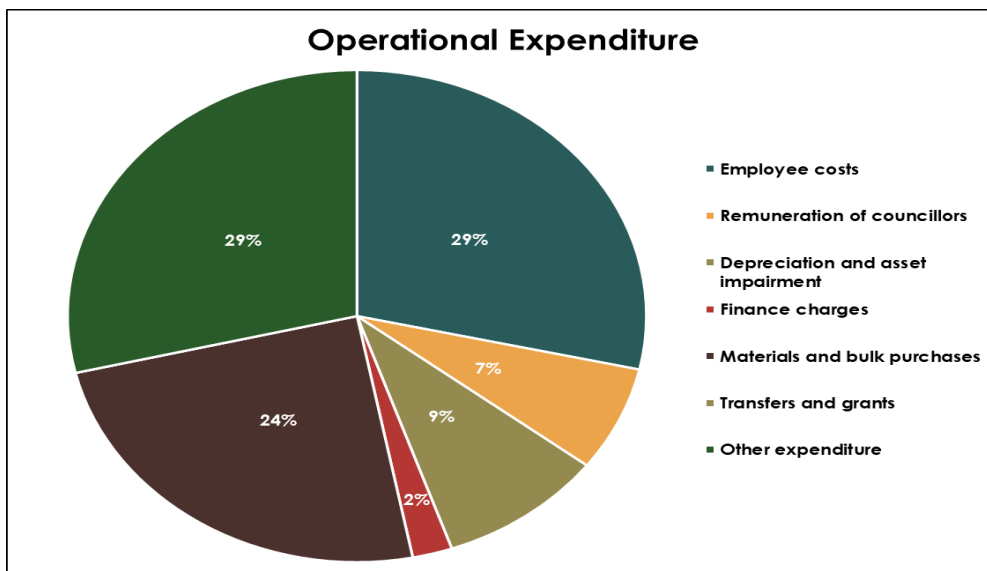
Table 84: Performance against Budgets

The following graph indicates the various types of revenue received in 2024/25:



Graph 6: *Revenue*

The following graph indicates the various types of expenditure items in 2024/25:



Graph 7: *Operating Expenditure*

5.1.1 Revenue Collection by Vote

The table below indicates the Revenue collection performance by vote

Vote Description	2023/24	2024/25			2024/25 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000			%		
Vote 1 – Executive and Council	0	20 083	20 083	0	N/A	N/A
Vote 2 – Budget and Treasury	65 081	49 457	49 457	84 189	41.25	41.25
Vote 3 – Corporate Services	57	1 407	1 407	19	(7 130.96)	(7 130.96)
Vote 4 – Technical Services	35 097	42 619	42 619	8 751	(387.00)	(387.00)
Total Revenue by Vote (Including capital transfers and contributions)	100 235	113 566	113 566	92 960	(22.17)	(22.17)

Table 85: Revenue Collection by Vote

5.1.2 Revenue Collection by Source

The table below indicates the Revenue collection performance by source for the 2024/25 financial year:

Description	2023/24	2024/25			2024/25 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
	R'000			%		
Property rates	10 834	10 049	10 049	10 724	6.29	6.29
Property rates - penalties & collection charges	0	0	0	0	N/A	N/A
Service Charges	24 230	22 916	22 916	32 428	29.33	29.33
Rentals of facilities and equipment	160	202	202	135	(49.63)	(49.63)
Interest earned - external investments	5 082	2 540	2 540	2 900	12.42	12.42
Interest earned - outstanding debtors	0	0	0	0	N/A	N/A
Dividends received	0	0	0	0	N/A	N/A
Fines	47	1	1	2	50.88	50.88
Actuarial Gains	(391)	0	0	568	100.00	100.00
Licences and permits	31	10	10	5	(104.25)	(104.25)
VAT portion on DORA Grants	0	0	0	0	N/A	N/A
Agency services	128	35	35	0	N/A	N/A
Transfers recognised - operational	43 655	42 808	42 808	43 156	0.81	0.81
Other revenue	203 144	20 201	20 201	266 399	92.42	92.42
Unamortised Discount - Interest	0	0	0	0	N/A	N/A
Contributed PPE	0	0	0	0	N/A	N/A
Fair value adjustment	200	173	173	0	N/A	N/A
Gains on disposal of PPE	3	0	0	0	N/A	N/A
Gains on water inventory	0	0	0	0	N/A	N/A
Total Revenue (excluding capital transfers and contributions)	287 123	98 935	98 935	356 317	72.23	72.23

Table 86: Revenue Collection by Source

5.2 Financial Performance per Municipal Function

5.2.1 Water Services

Description	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	5 092	5 860	5 860	6 069	3.45
Expenditure:					
Employees	(672)	(892)	(892)	(554)	(60.97)
Repairs and Maintenance	(1 163)	(1 194)	(894)	(242)	(394.15)
Other	(779)	(3 543)	(3 543)	(170)	(1 978.27)
Total Operational Expenditure	(2 614)	(5 628)	(5 328)	(966)	(482.70)
Net Operational (Service)	7 706	11 488	11 188	7 035	(63.29)

Table 87: Financial Performance: Water Services

5.2.2 Sanitation Services

Description	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	2 852	2 094	5 494	3 157	33.67
Expenditure:					
Employees	(2 574)	(2 904)	(2 904)	(2 527)	(14.89)
Repairs and Maintenance	(193)	(629)	(629)	(310)	(103.05)
Other	(454)	(6 379)	(4 379)	(394)	(1 517.98)
Total Operational Expenditure	(3 221)	(9 912)	(7 912)	(3 232)	(206.72)
Net Operational (Service)	6 073	12 006	13 406	6 388	(87.94)

Table 88: Financial Performance: Sanitation Services

5.2.3 Electricity Services

Description	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	13 039	14 818	14 818	19 827	25.26
Expenditure:					
Employees	4 427	1 253	1 253	1 112	(12.69)
Repairs and Maintenance	1 218	1 042	1 042	385	(170.28)
Other	2 015	25 571	25 571	21 661	(18.05)
Total Operational Expenditure	7 660	27 866	27 866	23 158	(20.33)
Net Operational (Service)	5 379	(13 047)	(13 047)	(3 331)	(291.73)

Table 89: Financial Performance: Electricity Services

5.2.4 Waste Management Services (Refuse collections, Waste disposal, Street cleaning, etc)

Description	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	3 251	3 975	3 975	3 348	(18.73)
Expenditure:					
Employees	2 084	2 056	2 056	2 044	(0.58)
Repairs and Maintenance	7	101	101	3	(3 330.51)
Other	2 159	4 624	4 624	362	(1 176.97)
Total Operational Expenditure	2 159	6 780	6 780	2 409	(181.45)
Net Operational (Service)	1 092	(2 805)	(2 805)	939	398.88

Table 90: Financial Performance: Waste Management Services

5.2.5 Executive and Council

Description	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	44 743	19 483	19 483	3 390	(474.64)
Expenditure:					
Employees	1 492	8 634	8 634	7 032	(22.77)
Repairs and Maintenance	52	163	163	371	56.11
Other	6 373	9 788	9 788	3 603	(171.68)
Total Operational Expenditure	7 917	18 585	18 585	11 007	(68.85)
Net Operational (Service)	36 826	898	898	(7 616)	111.79

Table 91: Financial Performance: Executive and Council

5.2.6 Financial Services

Description	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	17 631	11 983	11 983	13 639	12.14
Expenditure:					
Employees	4 683	6 641	6 641	4 270	(55.52)
Repairs and Maintenance	9 292	5 904	5 004	2 972	(98.67)
Other	7 783	8 678	10 678	10 220	15.10
Total Operational Expenditure	21 758	21 223	22 323	17 462	(21.53)
Net Operational (Service)	(4 127)	(9 240)	(10 340)	(3 824)	(141.64)

Table 92: Financial Performance: Financial Services

5.2.7 Corporate Services/Other

Description	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
	R'000				%
Total Operational Revenue	1 249	206	206	135	(52.97)
Expenditure:					
Employees	5 557	6 219	6 219	3 863	(60.97)
Repairs and Maintenance	8	6 219	137	51	(168.12)
Other	413	1 044	1 044	975	(7.04)
Total Operational Expenditure	5 978	7 399	7 399	4 890	(51.33)
Net Operational (Service)	(4 729)	(7 193)	(7 193)	(4 755)	(51.28)

Table 93: Financial Performance: Corporate Services/Other

5.3 Grants

5.3.1 Grant Performance

The table below indicates the Grant performance for the 2024/25 financial year. All the grants received are conditional grants.

The Municipality had a total amount of **R40.5 million** available that was received in the form of grants from the National and Provincial Governments during the financial year. The performance in the spending of these grants is summarised as follows:

Description	2023/24	2024/25				
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Operating Transfers and Grants						
National Government	40 343	17 945	17 945	40 472	125.53	125.53
Equitable Share	35 728	14 431	14 431	37 608	160.61	160.61
Finance Management Grant	2 478	2 767	2 767	2 435	(12.01)	(12.01)
Municipal Infrastructure Grant	1 469	0	0	429	N/A	N/A
Water System Infrastructure Grant	668	0	0	0	N/A	N/A
Expanded Public Works Programme	0	747	747	0	N/A	N/A
Total Operating Transfers and Grants	40 343	17 945	17 945	40 472	125.53	125.53

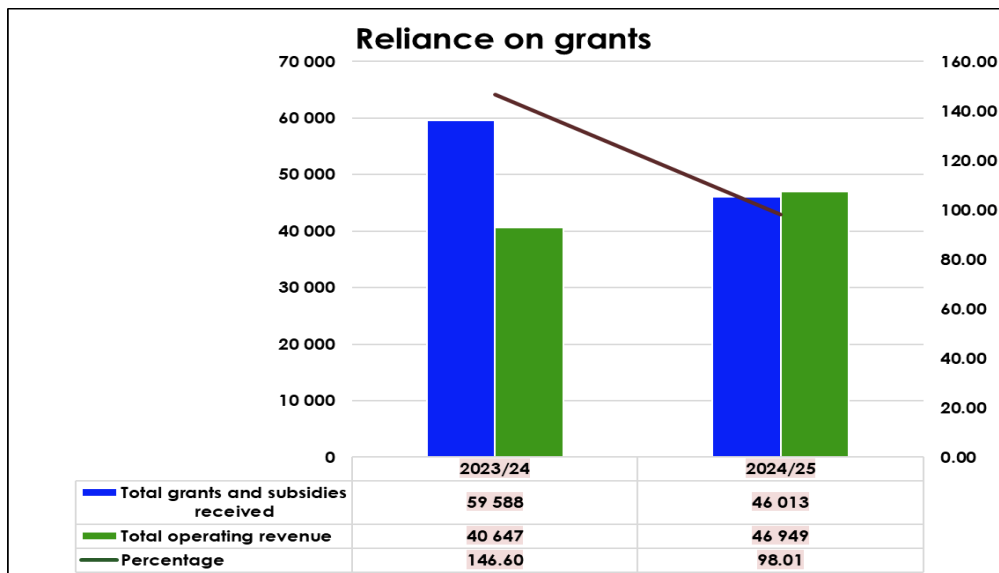
Table 94: Grant Performance

5.3.2 Level of Reliance on Grants & Subsidies

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000		%
2023/24	59 588	40 647	146.60
2024/25	46 013	46 949	98.01

Table 95: Level of Reliance on Grants

The following graph indicates the municipality's reliance on grants for the past two financial years:



Graph 8: *Reliance on Grants as %*

5.3.3 Conditional Grants

Details	2023/24	2024/25			2024/25 Variance	
	Actual (Audited Outcome)	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
	R'000				%	
Department of Human Settlements	0	0	0	0	N/A	N/A
Municipal Systems Improvement Grant	0	0	0	0	N/A	N/A
Finance Management Support Grant	0	0	0	0	N/A	N/A
Municipal Infrastructure Grant	12 948	8 582	8 582	2 244	(73.85)	(73.85)
Expanded Public Works Programme	666	1 200	1 200	1 200	0.00	0.00
Department of Transport	0	0	0	0	N/A	N/A
Department of Culture	1 252	1 306	1 306	1 306	0.00	0.00
Finance Management Grant	2 850	2 800	2 800	2 800	0.00	0.00
Department of Minerals and Energy	0	0	0	0	N/A	N/A
Department of Sport and Recreation	0	0	0	0	0.00	N/A
Equitable share: Councillors Remuneration	0	0	0	0	N/A	N/A
Equitable share	35 728	37 608	37 608	37 608	0.00	0.00
Department of Water Affairs and Forestry (RBIG)	0	0	0	0	N/A	N/A
Drought relief	0	0	0	0	N/A	N/A
Department of Water Affairs and Forestry (WSIG)	0	0	0	0	100.00	N/A
Sanitation	0	0	0	0	N/A	N/A
Other grants Covid 19	6 144	0	0	854	N/A	N/A
Total	59 588	51 496	51 496	46 013	(10.65)	(10.65)

Table 96: *Conditional Grants*

5.4 Repairs and Maintenance

Description	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Budget variance
	R'000				%
Repairs and Maintenance	1 66	7 024	6 724	4 841	(28.00)

Table 97: Repairs & Maintenance Expenditure

5.5 Financial Ratios

5.5.1 Liquidity Ratio

Description	Basis of calculation	2023/24	2024/25
Current Ratio	Current assets/current liabilities	2.41	4.23
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.54	1.84
Liquidity Ratio	Monetary Assets/Current Liabilities	0.89	1.48

Table 98: Liquidity Ratio

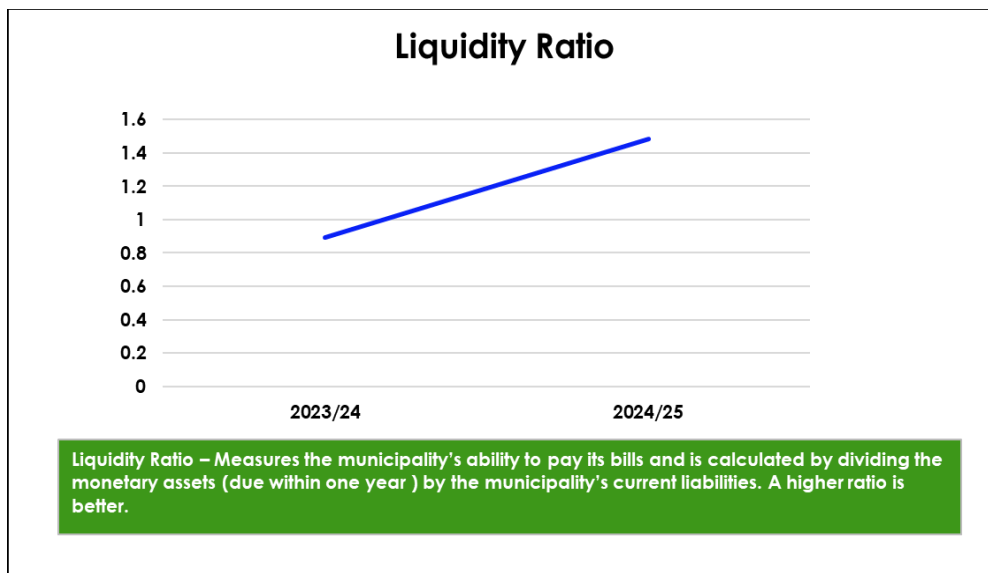
5.5.2 Performance Management Regulation Financial Viability Indicators

Description	Basis of calculation	Unit of Measurement	2023/24	2024/25
Debt coverage	((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% debt coverage	45%	0%
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/ revenue received for services)	% of outstanding service debtors to revenue received for services	155%	147%
Cost Coverage	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets))	Number of months it takes to cover fix operating expenditure with available cash	4.65	(4.45)

Table 99: National Financial Viability Indictors

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The following graphs indicates the liquidity ratio for 2024/25:



Graph 9: *Service Debtors to Revenue*

5.5.3 Borrowing Management

Description	Basis of calculation	2023/24	2024/25
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.00%	0.00%

Table 100: *Borrowing Management*

5.5.4 Employee costs

Description	Basis of calculation	2023/24	2024/25
Employee costs	Employee costs/(Total Revenue - capital revenue)	27.75%	24.00%

Table 101: *Employee Costs*

5.5.5 Repairs & Maintenance

Description	Basis of calculation	2023/24	2024/25
Repairs & Maintenance	Expenditure on Repairs & Maintenance /(Total Revenue excluding capital revenue)	0.20%	5.37%

Table 102: *Repairs and Maintenance*

Component B: Spending Against Capital Budget

5.6 Capital Expenditure

Capital Expenditure by new assets programme

Description	2023/24	2024/25			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	2025/26	2026/27	2027/28
R'000							
<u>Capital expenditure by Asset Class</u>							
<u>Infrastructure - Total</u>	7 389	0	0	0	4 080	0	0
<u>Infrastructure: Road transport - Total</u>	1 153	0	0	0	4 080	0	0
Roads, Pavements & Bridges	1 153	0	0	0	4 080	0	0
Storm water	0	0	0	0	0	0	0
<u>Infrastructure: Sanitation - Total</u>	6 236	0	0	0	0	0	0
Reticulation	0	0	0	0	0	0	0
Sewerage purification	6 236	0	0	0	0	0	0
<u>Capital expenditure by Asset Class</u>	28	440	450	0	4 080	0	0
<u>Other assets</u>	28	440	450	0	4 080	0	0
General vehicles	0	0	0	0	2 800	0	0
Specialised vehicles	0	0	0	0	0	0	0
Plant & equipment	0	0	0	0	600	0	0
Computers - hardware/equipment	21	440	50	0	400	0	0
Furniture and other office equipment	5	0	0	0	280	0	0
Other	2	0	0	0	0	0	0
<u>Intangibles</u>	0	0	400	0	0	0	0
Computers - software & programming	0	0	400	0	0	0	0
Total Capital Expenditure on new assets	7 417	440	450	0	8 160	0	0

Table 103: Capital Expenditure – New Assets Programme

5.7 Sources of Finance

The table below indicates the capital expenditure by funding source for the 2024/25 financial year:

Details	2023/24	2024/25				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance	Actual to OB Variance
Source of finance						
Description	R'000				%	
External loans	0	0	0	0	N/A	N/A
Public contributions and donations	0	0	0	0	N/A	N/A
Grants and subsidies	15 933	12 968	18 968	3 457	46.27	(119.61)
Own funding	28	440	450	0	2.27	(102.27)
Total	15 961	13 408	19 418	3 457	44.82	(119.04)
Percentage of finance						
External loans	0	0	0	0	N/A	N/A
Public contributions and donations	0	0	0	0	N/A	N/A
Grants and subsidies	99.82	96.72	97.68	100.00	1.00	2.40
Own funding	0.18	3.28	2.32	0.00	(29.38)	(70.62)
Capital expenditure						
Description	R'000				%	
Water and sanitation	6 236	8 582	8 582	0	0.00	(100.00)
Electricity	0	4 386	4 386	743	0.00	(83.06)
Housing	0	0	0	0	N/A	N/A
Roads and storm water	1 153	9 782	15 782	3	61.34	(161.31)
Other	8 572	440	450	271	2.27	(40.77)
Total	15 961	23 190	29 200	1 017	25.92	(121.53)
Percentage of expenditure						
Water and sanitation	39.07	37.01	29.39	0.00	(20.58)	(79.42)
Electricity	0.00	18.91	15.02	73.09	(20.58)	307.01
Housing	0	0	0	0	N/A	N/A
Roads and storm water	7.22	42.18	54.05	0.30	28.13	(127.43)
Other	53.71	1.90	1.54	26.62	(18.78)	1 321.71

Table 104: Capital Expenditure by Funding Source

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.8 Cash Flow

Description	2023/24	2024/25		
	Actual	Original Budget	Adjusted Budget	Actual
	R'000			
Cash flow from operating activities				
Receipts				
Ratepayers	0	9 701	9 701	0
Service charges	13 599	24 104	24 104	13 626
Grants	58 254	20 274	20 274	52 857
Interest	10 098	2 540	2 540	2 900
Other	157	18 379	18 379	0
Payments				
Employee cost and suppliers	(54 629)	(82 774)	(82 774)	(79 730)
Finance charges	0	0	0	0
Transfers and grants	0	0	0	0
Net cash from/(used) operating activities	27 478	(7 776)	(7 776)	(10 347)
Cash flows from investing activities				
Receipts				
Proceeds on disposal of PPE	203	0	0	0
Decrease (Increase) in non-current debtors	0	0	0	0
Decrease (increase) other non-current receivables	0	0	0	0
Decrease (increase) in non-current investments	0	0	0	0
Payment				
Capital assets	(16 344)	(13 408)	(13 408)	(2 322)
Net cash from/(used) investing activities	(16 140)	(13 408)	(13 408)	(2 322)
Cash flows from financing activities				
Receipts				
Short term loans	0	0	0	0
Borrowing long term/refinancing	0	0	0	0
Increase (decrease) in consumer deposits	0	0	0	0
Payments				
Repayment of borrowing	0	0	0	0
Net cash from/(used) financing activities	0	0	0	0
Net increase/ (decrease) in cash held	11 338	(21 184)	(21 184)	(12 668)
Cash/cash equivalents at the year begin:	122 969	61 425	61 425	41 721
Cash/cash equivalents at the year-end:	85 545	75 391	75 391	37 458

Table 105: Cash Flow

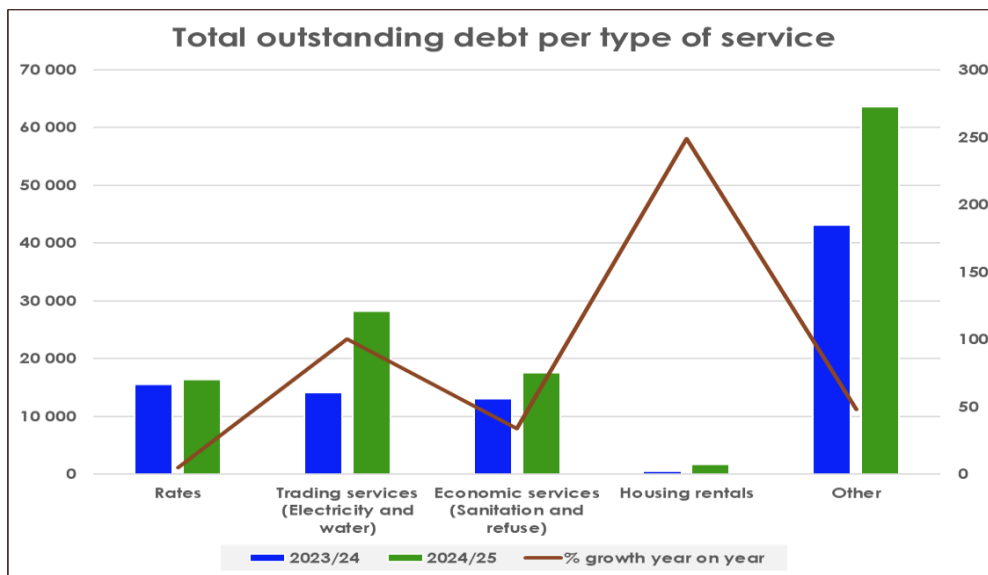
5.9 Gross Outstanding Debtors per Service

Financial year	Rates	Trading services	Economic services	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)		
	(R'000)				
2023/24	15 550	14 053	13 046	459	43 108
2024/25	16 352	28 172	17 466	1 602	63 592
Difference	803	14 119	4 420	1 142	20 484
% growth year on year	5	100	34	249	48

Table 106: Gross Outstanding Debtors per Service

Note: Figures exclude provision for bad debt.

The following graph indicates the total outstanding debt per type of service:



Graph 10: Debt per Type of Service

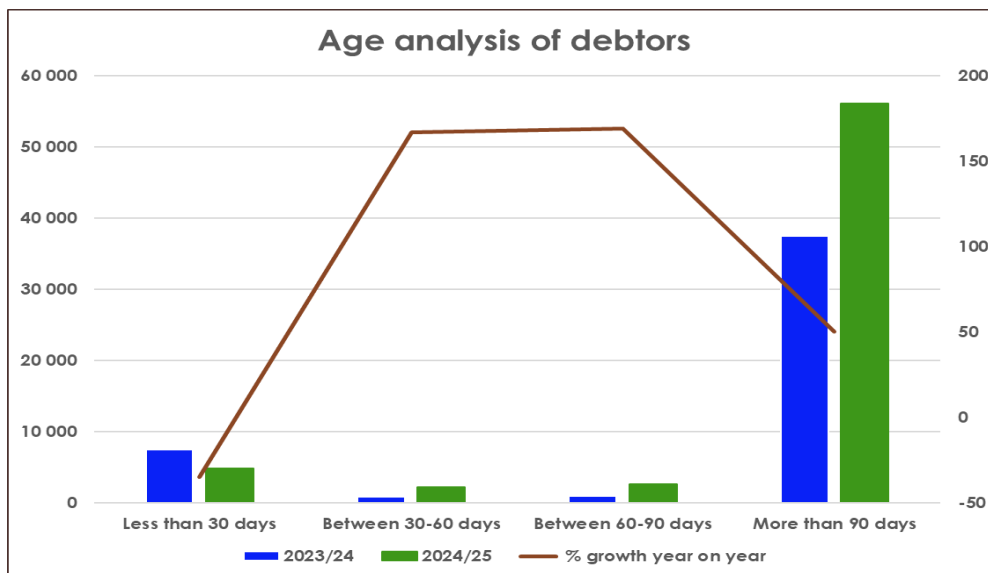
5.10 Total Debtors Age Analysis

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	(R'000)				
2023/24	7 483	824	973	37 515	46 796
2024/25	4 855	2 198	2 620	56 097	65 771
Difference	(2 628)	1 374	1 647	18 582	18 975
% growth year on year	(35)	167	169	50	41

Table 107: Service Debtor Age Analysis

Note: Figures exclude provision for bad debt

The following graph indicates the age analysis of debtors:



Graph 11: Age Analysis of Debtors

5.11 Borrowing, Investments and Grants Made

5.11.1 Actual Borrowings

Instrument	2023/24	2024/25
	R'000	
Other	0	0
Total	0	0

Table 108: Actual Borrowings

5.11.2 Municipal Investments

The municipality's cash position is monitored on a daily basis and any cash not required immediately to meet cash flow requirements, are invested on a monthly basis at approved institutions, strictly in accordance with Council's approved Cash and Investment Policy.







Investment type	2023/24	2024/25
	R'000	
Other - Cashbook	41 721	37 458
Total	41 721	37 458

Table 109: Municipal Investments

CHAPTER 6: AUDITOR-GENERAL AUDIT FINDINGS

Component A: Auditor-General Findings 2023/24

6.1 Auditor-General Findings 2023/24

Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
Emphasis of Matter	
Receivables from exchange transactions <p> The AG was unable to obtain sufficient appropriate audit evidence that management had properly accounted for receivables from exchange transactions, due to non-submission of calculations and assumptions used by management to calculate the provision for debt impairment. The AG was unable to confirm the impairment by alternative means. Consequently, the AG was unable to determine whether any adjustments were necessary to provision for debt impairment stated at R15 913 735 in note 9 to the financial services</p> <p> The AG was unable to obtain sufficient appropriate audit evidence that management had properly accounted for receivables from exchange transactions due to journals that could not be supported. The AG was unable to confirm the receivables from exchange transactions by alternative means. Consequently, the AG was unable to determine whether any adjustments were necessary to receivables from exchange transactions stated at R13 631 493 in note 9 to the financial statements</p> <p> The Municipality did not properly disclose receivables from exchange transactions in accordance with GRAP 104, Financial Instruments. The Municipality did not disclose the current year figure amounts for summary of debtors as required. Consequently, receivables from exchange transaction were not fairly presented in note 9 to the financial statements.</p> <p> The Municipality did not correctly account for service charges in accordance with GRAP 104, Financial instruments. The Municipality did not charge interest on overdue accounts. Consequently, the AG was unable to determine the full extent of the understatement of receivables from exchange transactions as disclosed in note 9 to the financial statements and related interest from outstanding debtors as it is impracticable to do so</p>	<p>Management has developed an Audit Action Plan which will address each Communication of Finding. The municipality intends to invite the Office of the Auditor General during March and April 2026 to perform an interim audit on all prior year's Control Objectives for Management and Financial Reporting (COMAFS).</p>
Unpaid transfers and subsidies <p> The Municipality did not correctly account for unpaid transfers and subsidies in accordance with GRAP 108, Statutory receivables. The Municipality incorrectly recognized overspending on a grant as a current asset. Consequently, unpaid transfers and subsidies and government grants and subsidies – capital included in note 21 to the financial statements were overstated by R1 245 124</p>	
Unspent transfers and subsidies <p> The AG was unable to obtain sufficient appropriate audit evidence that Management had properly accounted for payables from non-exchange transactions, due to non-submission of a creditors listing and reconciliation. The AG was unable to confirm the unspent conditional grants by alternative means. Consequently, the AG was unable to determine whether any adjustments were necessary to unspent conditional grants stated at R837 933 in note 17 to the financial statements</p>	
Irregular expenditure	











Main issues raised under emphasis of matter	Corrective steps implemented/ to be implemented
<p> The irregular expenditure incurred during the current financial year under audit and related information on irregular expenditure was not included in the notes to the financial statements, as required by Section 125(2)(d) of the MFMA. Expenditure was incurred in contravention of the SCM requirements, resulting in irregular expenditure. The AG was unable to determine the full extent of the irregular expenditure that occurred during the financial year as it was impracticable to do so.</p> <p> The AG was unable to obtain sufficient appropriate audit evidence was not provided. The AG was unable to confirm this by alternative means. Consequently, the AG was unable to determine whether any further adjustments were necessary to the irregular expenditure stated at R8 272 775 (2023: R8 272 775) in the financial statements</p>	
<p>Fruitless and wasteful expenditure</p> <p> The fruitless and wasteful expenditure incurred during the current financial year under audit and related information on fruitless and wasteful expenditure was not included in the notes to the financial statements, as required by Section 125(2)(d) of the MFMA. Expenditure was made in vain and would have been avoided had reasonable care been exercised, resulting in fruitless and wasteful expenditure. The AG was unable to determine the full extent of the fruitless and wasteful expenditure that occurred during the financial year as it was impracticable to do so</p>	
<p>Unauthorised expenditure</p> <p> The AG was unable to obtain sufficient appropriate audit evidence that Management had properly accounted for unauthorized expenditure incurred due to non-submission of information in support of this expenditure. The AG could not confirm the expenditure by alternative means. Consequently, the AG was unable to determine whether any further adjustments were necessary to unauthorized expenditure stated at R16 028 123 (2023: 1 427 999) in note 42.1 to the financial statements</p>	







Table 110: AG Findings 2023/24

Component B: Auditor-General Findings 2024/25

6.2 Auditor-General Findings 2024/25

Main issues raised under disclaimer of opinion	Corrective steps implemented/ to be implemented
Qualified	
<p>Receivables from exchange transactions</p> <p> The AG was unable to obtain sufficient appropriate audit evidence that management had properly accounted for receivables from exchange transactions due to journals that could not be supported. The AG was unable to confirm the receivables from exchange transactions by alternative means. Consequently, the AG was unable to determine whether any adjustments were necessary to receivables from exchange transactions stated at R37 206 n025 (2024: R15 445 679) in note 13 to the financial statements</p> <p> The AG was unable to obtain sufficient appropriate audit evidence that management had properly accounted for impairment on receivables from exchange transactions, due to non-submission of calculations and assumptions used by management to calculate the provision for debt impairment. The AG was unable to confirm the impairment by alternative means. Consequently, the AG was unable to determine whether any adjustments were necessary to</p>	<p>Management has developed an Audit Action Plan which will address each Communication of Finding. The municipality intends to invite the Office of the Auditor General during March and April 2026 to perform an interim audit on all prior year's COMAFS.</p>

Main issues raised under disclaimer of opinion	Corrective steps implemented/ to be implemented
<p>provision for debt impairment stated at R11 010 352 (2024: R15 800 609) in note 13 to the financial statements</p>	
<p>Statutory receivables from non-exchange</p> <p> The AG was unable to obtain sufficient appropriate audit evidence that management had properly accounted for receivables from non-exchange transactions, due to non-submission of calculations and assumptions used by management to calculate the provision for debt impairment. The AG was unable to confirm the impairment by alternative means. Consequently, The AG was included in payables from exchange transactions by alternative means. Consequently, The AG was unable to determine whether any adjustments were necessary to sundry creditors included in payables from exchange transactions stated at R1 689 898 (2024: R987 196) in note 19 to the financial statements were necessary..</p>	
<p>Unallocated deposits</p> <p> The AG was unable to obtain sufficient appropriate audit evidence that management had properly accounted for unallocated deposits included in payables from exchange transactions due to non-submission of a list of unallocated deposits supporting the amounts reported in the financial statements. Differences between the financial statements and general ledger were also noted. was unable to confirm these unallocated deposits included in payables from exchange transactions by alternative means. Consequently, The AG was unable to determine whether any adjustments were necessary to unallocated deposits included in payables from exchange transactions stated at R13 140 496 in note 19 to the financial statements.</p>	
<p>Trade and other payables from non-exchange transactions</p> <p> During 2024, The AG was unable to obtain sufficient appropriate audit evidence that management had properly accounted for payables from non-exchange transactions, due to non-submission of a creditors listing and reconciliation. The AG was unable to confirm trade and other payables from non-exchange transactions by alternative means. Consequently, The AG was unable to determine whether any adjustments were necessary to trade and other payables from non-exchange transactions stated at R2 088 528 in note 20 to the financial statements. My audit opinion on the financial statements for the period ending 2024 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effects of this matter on the comparability of trade and other payables from non-exchange transactions for the current period.</p>	
<p>Unspent conditional grants and receipts</p> <p> The municipality did not correctly account for unspent conditional grants and receipts in accordance with GRAP 1, Presentation of financial statements. The municipality incorrectly recognised overspending on a grant as a current asset. Consequently, unspent conditional grants and receipts included in note 19 to the financial statements was understated by R1 635 215, government grants was overstated by R1 635 215. My opinion on the current year financial statements is also modified because of the possible effects of this matter on the comparability of unspent conditional grants and receipts for the current period..</p>	

Main issues raised under disclaimer of opinion	Corrective steps implemented/ to be implemented
<p>Service charges</p> <p> The municipality did not recognise service charges as required by GRAP 9, Revenue from exchange transactions. The municipality did not bill some customers for service charges, excluding waste management throughout the year and differences were identified between auditor's recalculation and what the municipality had billed customers. The AG was unable to determine the full extent of the understatement of service charges, receivables from exchange transactions and VAT output accrual as it was impracticable to do so for the current and prior year. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.</p>	
<p>Government grants and subsidies</p> <p> During 2024, The AG was unable to obtain sufficient appropriate audit evidence that management had properly accounted for government grants and subsidies - capital and government grants and subsidies - operating due to journals and supporting information that could not be provided. The AG was unable to confirm the government grants and subsidies by alternative means.</p> <p> Consequently, The AG was unable to determine whether any adjustments were necessary to government grants and subsidies - capital and government grants and subsidies - operating stated at R59 587 980 stated in note 29 to the financial statements. My audit opinion on the financial statements for the period ending 2024 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effects of this matter on the comparability of government grants and subsidies for the current period</p>	
<p>Revenue foregone</p> <p> The municipality did not account for revenue foregone in accordance with GRAP 9, Revenue from exchange transactions, as the indigents recognised did not relate to the financial year under audit, resulting in revenue forgone not being measured appropriately as required by the standard. In addition, properties were identified for which revenue foregone was not billed and recorded. The AG was unable to determine the full extent of the misstatement of revenue foregone and the receivable from exchange transactions as it was impracticable to do so. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.</p> <p> The AG was unable to obtain sufficient appropriate audit evidence that management had properly accounted for revenue foregone, due to non-submission of information used by management to account for revenue foregone. The AG was unable to confirm the revenue foregone by alternative means. Consequently, The AG was unable to determine whether any adjustments were necessary to revenue foregone stated at R9 022 954 in note 22 to the financial statements.</p>	
<p>Contracted services</p> <p> During 2024, The AG was unable to obtain sufficient appropriate audit evidence for contracted services due to status of the accounting records. The expenditure could not be substantiated by supporting audit evidence. The AG was unable to confirm the expenditure by alternative means.</p>	






Main issues raised under disclaimer of opinion	Corrective steps implemented/ to be implemented
<p> Consequently, The AG was unable to determine whether any adjustments were necessary to contracted services stated at R 12 383 987 in note 31 to the financial statements. My audit opinion on the financial statements for the period ending 2024 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effects of this matter on the comparability of contracted services for the current period.</p>	
<p>General expenses</p> <p> During 2024, The AG was unable to obtain sufficient appropriate audit evidence to confirm whether all items included in general expenses, excluding insurance underwriting were recorded appropriately due to insufficient controls to recognise and account for invoices in the general ledger. Consequently, The AG was unable to determine whether any adjustments were necessary to all items included in general expenses, excluding insurance underwriting, stated at R16 113 619 in note 32 to the financial statements. My audit opinion on the financial statements for the period ending 2024 was modified accordingly.</p>	
<p>Distribution losses</p> <p> The AG was unable to obtain sufficient appropriate audit evidence to confirm the electricity distribution losses included in note 44 to the financial statements as sufficient appropriate audit evidence was not provided. The AG was unable to confirm this by alternative means. Consequently, The AG was unable to determine whether any further adjustments were necessary to the distribution losses related to electricity stated at R2 061 475 in the financial statements. My opinion on the current year financial statements is also modified because of the possible effects of this matter on the comparability of the distribution losses for the current period.</p>	
<p>Statement of comparison of budget and actual amounts</p> <p> The municipality did not disclose the statement of comparison of budget and actual amounts in accordance with GRAP 24, Presentation of budget information in financial statements as material differences were identified. The municipality did not have adequate systems for the disclosure of statement of comparison of budget and actual amounts. I have not included the omitted information in this auditor's report as it was impracticable to do so.</p>	
<p>Prior period error</p> <p> The AG was unable to obtain sufficient appropriate audit evidence to confirm the prior period error included in note 51.19 to the financial statements as sufficient appropriate audit evidence was not provided. The AG was unable to confirm this by alternative means. Consequently, The AG was unable to determine whether any further adjustments were necessary to the note in the financial statements.</p>	

Table 111: AG Findings 2024/25

LIST OF ABBREVIATIONS

AG	Auditor-General
CAPEX	Capital Expenditure
CFO	Chief Financial Officer
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
EE	Employment Equity
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IMFO	Institute for Municipal Finance Officers
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MAYCO	Executive Mayoral Committee
MFMA	Municipal Finance Management Act (Act No. 56 of 2003)
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MSA	Municipal Systems Act No. 32 of 2000
NGO	Non-governmental organisation
NT	National Treasury
OPEX	Operating expenditure
PMS	Performance Management System
PT	Provincial Treasury
SALGA	South African Local Government Organisation
SAMDI	South African Management Development Institute
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework

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ANNEXURE A:

ANNUAL

FINANCIAL

STATEMENTS



Kareeberg Municipality
(Registration Number NC074)
Annual Financial Statements
for the year ended 30 June 2025

Kareeberg Municipality

(Registration Number NC074)

Annual Financial Statements for the year ended 30 June 2025

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Abbreviations

Kareeberg Municipality

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COVID	Compensation for Occupational Injuries and Diseases
DoRA	Division of Revenue Act
DBSA	Development Bank of South Africa
EPWP	Expanded Public Works Programme
GRAP	Generally Recognised Accounting Practice
FMG	Finance Management Grant
CIGFARO	Chattered Institute of Government Finance, Audit & Risk Officers
INEP	Integrated National Electrification Programme
IPSAS	International Public Sector Accounting Standards
PAYE	Pay As You Earn
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSIG	Municipal System Improvement Grant
SALGA	South African Local Government Association
SARS	South African Revenue Services

Kareeberg Municipality

(Registration Number NC074)

Annual Financial Statements for the year ended 30 June 2025

General Information

Country of Incorporation and Domicile	South Africa
Registration Number	NC074
Nature of Business and Principal Activities	Kareeberg Municipality is a local municipality performing the function as set out in the Constitution (Act no 108 of 1996)
Legal form	Local municipality as defined in the Municipal Structures Act (Act no. 117 of 1998)
Jurisdiction	The Kareeberg Municipality includes the following areas: Carnavon Vosburg Van Wyksvlei
Registered Office	Hanau Street Carnarvon 8925
Business Address	Hanau Street Carnarvon 8925
Bankers	ABSA
Auditors	The Auditor General of South Africa
Attorneys	Kramer Welhmann Attorneys Van Niekerk Coetzee

Kareeberg Municipality

(Registration Number NC074)

Annual Financial Statements for the year ended 30 June 2025

General Information

Enabling Legislation

Municipal Finance Management Act (Act no. 56 of 2003)
Division Revenue Act
The Income Tax (Act no. 58 of 1962)
Value Added Tax (Act no. 89 of 1991)
Municipal Structure Act (Act no. 117 of 1998)
Municipal System Act (Act no. 32 of 2000)
Municipal Planning and Performance Management Regulations
Housing Act (Act no. 107 1997)
Skills Development Levies Act (Act no. 9 of 1999)
Employment Equity Act (Act no. 30 of 1966)
Unemployment Equity Act (Act no. 30 of 1966)
Supply Chain Management Regulations Act, 2005
Disaster Management Act of 2016
Water Services Act (Act no. 108 of 1997)
Basic Conditions of Employment Act (Act no 75 of 1997)
Municipality Property Rates (Act no 6 of 2004)
Constitution (Act no. 108 of 1998)
Electricity Act (Act no. 41 of 1987)
Remuneration of Public Office Bearers Act (Act no. 20 1998)

Councillors

R.C.G Jikella (Mayor)
M.J MacZali (Speaker)
E. Hoorn
W.F Links
W.D Hoorn
T.R van Tonder
J. Nyl
A.J Kamies
J.H. Vermeulen
P. Charlies
S Newath

Chief Finance Officer

Mr W. de Bruin

Kareeberg Municipality

(Registration Number NC074)

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act no. 56 of 2003) to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and cash flows of the entity, and explain the transactions and financial position of the operations of the entity at the end of the financial year.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the entity and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's operations are conducted in a manner that in all reasonable circumstances are above reproach.

The focus of risk management in the local municipality is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The going concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources for the year up to 30 June 2026, the accounting officer has no reason to believe that the entity will not be a going concern in the foreseeable future. The annual financial statements support the viability of the entity.

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

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

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements as set out on pages 8 to 112 were approved by the accounting officer on 31 August 2025 on their behalf by.

Mr M.F Manuel
Accounting Officer

Kareeberg Municipality

(Registration Number NC074)

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer Report

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

1. Review of financial results and activities

Main business and operations

The principal activity of Kareeberg Local Municipality is performing the function as set out in the constitution (Act no 108 of 1996). There were no major changes herein during the year.

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 306 279 780 and that the municipality's total assets exceed its liabilities by R 306 279 780.

Local Municipality revenue decreased from R100,234,972 in the prior year to R92,961,799 for the year ended 30 June 2025.

2. Going concern

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting Officer continue to procure funding for the ongoing operations for the municipality.

Furthermore management has reviewed the municipality's cash flow forecast for the year ended 30 June 2025 and in the light of this review and the current financial position, management is satisfied that the municipality has, or has access to, adequate resources to continue its operation existing for the foreseeable future.

The municipality still has the ability to levy services, rates and taxes and will continue to receive funding from government as evident from the Equitable Share allocations as published in terms of the Division of Revenue Act (Act 1 of 2016).

3. Subsequent event

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the local municipality.

4. Accounting Officer interest in contracts

To my knowledge I had no interest in any contracts entered into during the year under review.

5. Accounting Officer

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

Kareeberg Municipality

(Registration Number NC074)

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer Report

Mr M.F Manuel

6. Auditors

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

Kareeberg Municipality

(Registration Number NC074)

Financial Statements for the year ended 30 June 2025

Statement of Financial Position

Figures in R

		2025	2024 Restated
Assets			
Non-current assets			
Property, plant and equipment	3	234,761,180	244,026,813
Investment property	4	15,819,750	15,832,697
Intangible assets	5	3,873	7,746
Biological assets	6	46,288	66,422
Heritage assets	7	14,900	14,900
Non-current receivables from exchange transactions	8	893,250	-
Total non-current assets		251,539,241	259,948,578
Current assets			
Inventories	9	358,728	402,615
Operating lease receivable	10	17,999	17,999
Statutory Receivables	15	8,641,411	6,363,858
Statutory Receivables from non exchange	11	21,402,624	4,635,044
Other Receivables from exchange transactions	12	1,982,182	1,404,817
Receivables from exchange transactions	13	37,206,025	15,445,679
Cash and cash equivalents	14	37,457,925	41,720,595
Total current assets		107,066,894	69,990,607
Total assets		358,606,135	329,939,185
Capital Replacement Reserve and liabilities			
Capital Replacement Reserve			
Capital Replacement Reserve		11,347,812	11,347,812
Housing Development Fund		54,998	54,998
Accumulated surplus		306,279,780	279,666,427
Total capital replacement reserve		317,682,590	291,069,237
Liabilities			
Non-current liabilities			
Provisions	17	6,080,702	7,343,179
Defined benefit plan liabilities	16	9,517,000	9,523,000
Total non-current liabilities		15,597,702	16,866,179
Current liabilities			
Consumer Deposits	18	401,175	388,187
Trade and other Payables from Non-Exchange Transactions	20	(161,228)	2,088,528
Payables from exchange transactions	19	17,862,160	19,066,245
Defined benefit Obligations	16	787,000	868,000
Unspent conditional grants and receipts	21	6,436,736	(407,191)
Total current liabilities		25,325,843	22,003,769
Total liabilities		40,923,545	38,869,948
Total capital replacement reserve and liabilities		358,606,135	329,939,185

Kareeberg Municipality

(Registration Number NC074)

Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in R		2025	2024 Restated
Revenue from exchange transactions			
Interest Earned - External Investments	24	2,900,075	5,082,299
Other Income	26	266,399	203,114
Rental from Fixed Assets	23	134,831	160,477
Services Charges	22	32,428,183	24,230,077
Operational Revenue	27	488,404	56,544
Total revenue from exchange transactions		36,217,892	29,732,511
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	28	10,724,026	10,833,868
Transfer revenue			
Fines, Penalties and Forfeits		2,036	47,463
Licences and permits	25	4,896	31,364
Interest Earned - Non-exchange Transactions		-	1,786
Government grants and subsidies	29	46,012,949	59,587,980
Total revenue from non-exchange transactions		56,743,907	70,502,461
Total revenue		92,961,799	100,234,972
Expenditure			
Employee related costs	33	(21,624,820)	(23,391,493)
Remuneration to councillors	30	(5,236,644)	(5,126,307)
Contracted services	31	(8,952,821)	(12,383,987)
Depreciation and amortisation	35	(7,060,471)	(6,090,265)
Bulk Purchases	50	(18,504,147)	(21,949,038)
General Expenses	32	(12,842,533)	(17,175,273)
Finance costs	47	(1,689,674)	(1,275,145)
Total Expenditure		(75,911,110)	(87,391,508)
Operating Surplus for the year		17,050,689	12,843,464
Impairment loss on fixed assets	37	(4,848,812)	3,232
Fair Value Adjustments		-	200,207
Debt Impairment gain/(loss)	34	12,047,909	-
Decrease in landfill asset		2,079,050	-
Actuarial gain/(loss)	38	567,945	390,499
Surplus/(Deficit) for the Year		26,613,353	13,437,402

Kareeberg Municipality

(Registration Number NC074)

Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

Figures in R	Capital Replacement Reserve	Housing Development Fund	Accumulated surplus	Total
Balance at 1 July 2023 as previously reported	11,347,812	54,998	266,229,025	277,576,837
Increase (decrease) due to corrections of prior period errors	-	-	-	-
Balance at 1 July 2023 as restated	11,347,812	54,998	266,229,025	277,631,835
Changes in capital replacement reserve				
Surplus for the year	-	-	13,437,402	13,437,402
Balance at 30 June 2024 as restated	11,347,812	54,998	279,666,427	291,069,237
Balance at 1 July 2024 as previously reported	11,347,812	54,998	270,285,327	281,688,137
Increase (decrease) due to corrections of prior period errors	-	-	9,381,100	9,381,100
Surplus for the period	-	-	26,613,353	26,613,353
Balance at 30 June 2025 as restated	11,347,812	54,998	306,279,780	317,682,590

Kareeberg Municipality

(Registration Number NC074)

Financial Statements for the year ended 30 June 2025

Statement of Cash Flows

Figures in R

	2025	2024 Restated
Receipts		
Cash receipts		
Cash receipt from customers	13,626,266	13,598,653
Government grants	52,856,876	58,253,627
Interest	-	9,350,776
Other receipts	-	156,895
Interest received	2,900,075	747,125
 Gross cash payments	-	
Suppliers and Employees	(79,729,928)	(54,628,954)
Transfer and Subsidies	-	(456,610)
 Net cash flows from operations	(10,346,711)	27,478,082
 Proceeds from sales of property, plant and equipment	-	203,439
Purchase of property, plant and equipment	(2,321,608)	(16,340,478)
Purchase of biological assets	-	(3,232)
	(2,321,608)	(16,140,271)
 Net (decrease) / increase in cash and cash equivalents before effect of exchange rate changes	(12,668,319)	11,337,811
Net decrease in cash and cash equivalents	(4,262,670)	(43,823,914)
 Cash and cash equivalents at beginning of the year	41,720,595	85,544,509
Cash and cash equivalents at end of the year	37,457,925	41,720,595

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Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Figures in R

Statement of financial
performance

	Approved budget	Adjustments		Transfers	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Revenue from exchange transactions								
Interest Earned - External Investments	2,540,000	-	-	-	2,540,000	2,900,075	(360,075)	
Agency Services	35,000	-	-	-	35,000	-	35,000	
Rental from Fixed Assets	202,000	-	-	-	202,000	134,831	67,169	
Services Charges	22,915,000	-	-	-	22,915,000	32,428,183	(9,513,183)	
Licences and permits	10,360	-	-	-	10,360	4,896	5,464	
Sale of goods and rendering of services	20,545	-	-	-	20,545	266,399	(245,854)	
Operational Revenue	16,413,540	-	-	-	16,413,540	488,404	15,925,136	
Total revenue from exchange transactions	42,136,445	-	-	-	42,136,445	36,222,788	5,913,657	
Revenue from non-exchange transactions								
Taxation revenue								
Property Rates	10,048,774	-	-	-	10,048,774	10,724,026	(675,252)	
Transfer revenue								
Fines, Penalties and Forfeits	1,000	-	-	-	1,000	2,036	(1,036)	
Government grants and subsidies	42,808,000	-	-	-	42,808,000	46,012,949	(3,204,949)	
Total revenue from non-exchange transactions	52,857,774	-	-	-	52,857,774	56,739,011	(3,881,237)	
Total revenue	94,994,219	-	-	-	94,994,219	92,961,799	2,032,420	

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Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Figures in R

Expenditure

Employee benefit costs	29,207,000	1,000,000	-	-	30,207,000	21,624,820	8,582,180
Remuneration of councilors	5,159,016	-	-	-	5,159,016	5,236,644	(77,628)
Bulk purchases - Electricity	19,832,000				19,832,000	18,504,147	1,327,853
Water Inventory consumed	-				-	-	-
Depreciation and asset impairment	6,338,000				6,338,000	7,060,471	(722,471)
Finance charges	901,000				901,000	1,689,674	(788,674)
Inventory consumed	1,104,000				1,104,000	1,277,807	(173,807)
Debt impairment	7,500,000				7,500,000	-	7,500,000
Contracted services	13,126,000				13,126,000	8,952,821	4,173,179
Transfers and subsidies	1,093,000				1,093,000	-	1,093,000
Irrecoverable debts written off	-				-	-	-
General expenses/Operational costs	14,729,000				14,729,000	11,367,682	3,361,318
Losses on disposal	4,000				4,000	-	4,000
Other losses	1,500,000				1,500,000	-	1,500,000
Tota Expenditure	100,493,016				101,493,016	75,714,066	25,778,950
					-		-
(Losses) / gains on net monetary position	-	-	-	-	-	(5,091,972)	5,091,972
Loss on disposal of biological assets	-	-	-	-	-	-	-
Gains/(Loss) on Sale of Fixed Assets	-	-	-	-	-	-	-
Decrease in landfill asset	-	-	-	-	-	2,079,050	(2,079,050)
Water Inventory gain	-	-	-	-	-	-	-
Actuarial gain/ (loss)	-	-	-	-	-	567,945	(567,945)
Debt Impairment	-	-	-	-	-	12,047,909	(12,047,909)
(Deficit) / surplus for the year	(5,498,797)	-	-	-	(6,498,797)	26,850,665	26,613,353

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Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Figures in R
Reconciliation

Statement of Financial Position

Current assets

Cash and cash equivalents	72,335,256	(25,131,109)	47,204,147	37,457,925	9,746,222
Trade and other receivables from exchange transactions	7,726,992	7,976,204	15,703,196	37,206,025	(21,502,829)
Receivables from non exchange transactions	(866,411)	4,801,091	3,934,680	21,402,624	(17,467,944)
Inventory	(1,098,735)	-	(1,098,735)	358,728	(1,457,463)
VAT	824,078	8,673,465	9,497,543	8,641,411	856,132
Other current assets	12,591	(80,832)	(68,241)	2,000,181	(2,068,422)
Current portion of non current receivables	2,367	(2,367)	-	-	-
Total current assets	78,936,138	(3,763,548)	75,172,590	107,066,894	(31,894,304)

Non current assets

Investment property	15,845,639	(12,941)	15,832,698	15,819,750	12,948
Property, plant and equipment	239,514,888	15,987,882	255,502,770	234,761,180	20,741,590
Heritage assets	14,900	-	14,900	14,900	-
Biological assets	43,756	12,665	56,421	46,288	10,133
Intangible assets	11,617	(3,870)	7,747	3,873	3,874
Non current receivables	-	-	-	893,250	(893,250)
Total non current assets	255,430,800	15,983,736	271,414,536	251,539,241	19,875,295
Total Assets	334,366,938	12,220,188	346,587,126	358,606,135	(12,019,009)

Liabilities

Current Liabilities

Kareeberg Municipality

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Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Figures in R

Consumer deposits	381,089	7,099	388,188	401,175	(12,987) #
Trade and other payables from exchange transactions	4,785,977	13,839,669	18,625,646	17,862,160	763,486
Trade and other payables from non exchange transactions	50,082,310	(48,400,978)	1,681,332	-	1,681,332
Provisions	2,618,664	683,236	3,301,900		3,301,900
VAT	2,790,971	3,652,489	6,443,460	-	6,443,460
Other current liabilities	-		-	7,223,736	(7,223,736)
Total current liabilities	60,659,011	(30,218,485)	30,440,526	25,487,071	4,953,455

Non current liabilities

Payables from exchange transactions
Long term portion of trade payables
Finance lease obligation

Provisions	7,560,243	517,935	8,078,178	6,080,702	1,997,476
Other non current liabilities	9,353,347	138,753	9,492,100	9,517,000	(24,900)
Total non current liabilities	16,913,590	656,688	17,570,278	15,597,702	1,972,576

Net Assets

Capital Replacement Reserve	-	-	-	11,347,812	(11,347,812)
Accumulated surplus	243,382,939	41,781,913	285,164,852	306,279,780	(21,114,928)
Housing Development Fund	-	-	-	-	-
Funds and reserves	11,402,808	-	11,402,808	54,998	11,347,810
	254,785,747	41,781,913	296,567,660	317,682,590	(21,114,930)
Total net assets and liabilities	332,358,348	12,220,116	344,578,464	358,767,363	(14,188,899)

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Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Figures in R

CASH FLOW FROM OPERATING ACTIVITIES

	Approved budget	Adjustments	Virement	Transfers	Final budget	Actual amount on comparative basis	Difference between final budget and actual
Receipts							
Property rates	9,700,712	-	-	-	9,700,712		9,700,712
Service charges	24,103,977	(4,917,361)	-	-	19,186,616		19,186,616
Other revenue	18,378,994	-	-	-	18,378,994		18,378,994
Cash receipts from customers	-	-	-	-	-	13,626,266	
Transfers and Subsidies	39,055,520	3,371,367	-	-	42,426,887	52,856,876	(10,429,989)
Transfers and Subsidies - Capital	16,368,000	6,000,000	-	-	22,368,000		22,368,000
Interest	2,540,303	-	-	-	2,540,303	2,900,075	(359,772)
Suppliers and employees	(82,773,675)	200,000	-	-	(82,573,675)	(79,729,928)	(2,843,747)
Net cash from/(used) Operating activities	27,373,831	4,654,006	-	-	32,027,837	(10,346,711)	56,000,814
Cash flow from investing activities							
Decrease (increase) non current investments							
Capital assets	(13,408,000)					(2,321,608)	
Net increase/ (decrease) in cash held	(13,408,000)	-	-	-	-	(2,321,608)	12,770,118
Net (decrease) / Increase in cash and cash equivalents							
Cash/ cash equivalent at the year begin	41,720,595	4,654,006	-	-	-	41,720,595	(2,087,263)
Cash/ cash equivalent at the year end	28,312,595	4,654,006	-	-	32,027,837	39,398,987	11,467,203

Kareeberg Municipality

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Financial Statements for the year ended 30 June 2025

Accounting Policies

1. Presentation of Annual Financial Statements

The financial statements of Kareeberg Municipality have been prepared in accordance with Standards of Generally Recognised Accounting Practice and the Municipal Finance Management Act (Act no. 56 of 2003). The financial statements have been prepared on the accrual basis of accounting under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through surplus or deficit. They are presented in South African Rand.

The preparation of financial statements in conformity with Standards of Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Presentation Currency

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

Going concern

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

Significant judgements and sources of estimations uncertainty

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

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

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

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

Impairment testing

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Financial Statements for the year ended 30 June 2025

Accounting Policies

Presentation of Annual Financial Statements continued...

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

Provisions

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

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 17.

Allowance for doubtful debts

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

Useful lives and residual values

The municipality's management determines the estimated useful lives, residual values and related depreciation charges for assets as noted in accounting policy 1.5. Property Plant and Equipment. These estimates are based on industry norms.

Management will increase the depreciation charge prospectively where useful lives are less than previously estimated useful lives. Management will decrease the depreciation charge prospectively where useful lives are more than previously estimated useful lives.

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Financial Statements for the year ended 30 June 2025

Accounting Policies

Presentation of Annual Financial Statements continued...

Where changes are made to the estimated residual values, management also makes these changes prospectively

1.1 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment is recognised as an asset when:

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

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost, except where the asset is acquired by way of a non-exchange transaction, where it is initially measured at fair value at the date of acquisition.

The cost of an item of property, plant and equipment includes:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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

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

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

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

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Accounting Policies

Presentation of Annual Financial Statements continued...

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

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

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

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

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

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

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

Depreciation of an asset commences when it is available for use, and ceases at the date that the asset is derecognised.

The measurement base, useful life or depreciation rate as well as the depreciation method for all major classes of assets are as follows:

Asset class	Measurement base	Useful life / depreciation rate	Depreciation method
<u>Land Buildings</u>			
Land	Cost	Infinite	Not applicable
Buildings	Cost	2 to 81 years	Straight line
Leasehold property			
Leasehold improvements			
<u>Infrastructure</u>			
Roads and Stormwater Network	Cost	12 - 101 Years	Straight line
Electricity Network	Cost	5 - 61 Years	Straight line
Water Network	Cost	6 - 86 Years	Straight line
Sewerage Network	Cost	13 - 81 Years	Straight line
Refuse Network			Straight line
<u>Community</u>			
Recreation Group	Cost	11 - 102 Years	Straight line
Civil Buildings	Cost	30 - 81 Years	Straight line
Cemetery	Cost	23 - 81 Years	Straight line
Museum	Cost	30 - 81 Years	Straight line
Parks	Cost	30 - 81 Years	Straight line
Public Conveniences/Bathhouses	Cost	30 - 81 Years	Straight line
Libraries	Cost	11 - 81 Years	Straight line
Clinics and Hospital	Cost	30 - 81 Years	Straight line

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Financial Statements for the year ended 30 June 2025

Accounting Policies

Presentation of Annual Financial Statements continued...

Other

Motor Vehicles	Cost	8 - 29 Years	Straight line
Computer Equipment	Cost	3 - 41 Years	Straight line

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

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

Non-living Resources

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Non-living resources, other than land, are not recognised as assets in the financial statements of the Municipality.

Site restoration and dismantling cost

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Accounting Policies

Presentation of Annual Financial Statements continued...

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.2 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

A heritage asset is recognised as an asset when:

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

Dual purpose assets (used for service delivery and preserved and defined as a heritage asset) are only be classified as a heritage asset when a significant portion of the asset meets the definition of a heritage asset.

Initial measurement

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement - Cost model

After initial recognition, a class of heritage assets is measured at cost less any accumulated impairment losses.

Impairment

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

Transfers

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

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

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Financial Statements for the year ended 30 June 2025

Accounting Policies

Presentation of Annual Financial Statements continued...

For a transfer from investment property carried at fair value, on inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount shall be recognised in surplus or deficit

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

Application of deemed cost - Derivative 7

The Municipality opted to take advantage of the transitional provision as contained in the Directive 7 of the Accounting Standards Board, issued in December 2009. The municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

1.3 Investment property

Definition

Investment property is property (land or a building—or part of a building—or both) held by the entity to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes;
- for administrative purposes; or
- sale in the ordinary course of business.

Investment property includes:

- land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
- land held for a currently undetermined future use;
- a building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases on a commercial basis; and
- a building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes is classified as property plant and equipment and not investment property.

Recognition

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 entity; and
- the cost or fair value of the investment property can be measured reliably.

Initial measurement

Investment property is initially measured at cost, with transaction costs and other directly attributable expenditure being included in the initial measurement. 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.

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Accounting Policies

Presentation of Annual Financial Statements continued...

The initial cost of investment property interest held under a lease is recognised at the lower of the fair value of the property and the present value of the minimum lease payments. An equivalent amount is recognised as a liability.

Subsequent measurement - Cost model

Investment property is subsequently carried at cost less accumulated depreciation and any accumulated impairment losses, except for land. Land is not depreciated.

Depreciation of an asset commences when it is available for use, and ceases at the date that the asset is derecognised.

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

Item	Useful life
Property - Land	indefinite
Property - Building	20 - 30 Years

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 the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

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

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 10).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 10).

1.4 Intangible assets

Definition

An intangible asset is an identifiable non-monetary asset without physical substance. The asset is determined to be identifiable if it either is separable, or arises from binding arrangements.

Recognition

An intangible asset is be recognised when:

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

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Initial measurement

Intangible assets are initially measured at cost except where the asset is acquired through a non-exchange transaction, in which case its initial cost at the date of acquisition will be its fair value at that date.

Separately acquired assets are initially measured at their purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any directly attributable cost of preparing the asset for its intended use.

Internally generated goodwill is not recognised as an asset.

Acquisitions as part of a transfer of functions are initially measured at fair value at acquisition date.

The cost of assets acquired through an exchange of assets is measured at fair value at acquisition date unless the fair value of neither the asset received nor the asset given up is reliably measurable. The acquired asset is immediately measured in this way even if the asset given up cannot immediately be derecognised. If the acquired asset is not measured at fair value, its cost is measured using the carrying amount of the asset given up. If the transaction is in substance a non-exchange transaction, it is measured in terms of the accounting policies related to revenue from non-exchange transactions.

Internally generated intangible assets are recognised initially at cost, being the sum of expenditure from the date the recognition criteria for an intangible asset are met, bearing in mind the following additional criteria:

- During the research phase, no intangible asset is recognised. Expenditure on research is recognised as an expense when it is incurred.
- During the development phase, an intangible asset will be recognised only if the following can be demonstrated:
 - it is technically feasible to complete the intangible asset so that it will be available for use or sale;
 - there is an intention to complete the intangible asset and use or sell it;
 - there is an ability to use or sell the intangible asset;
 - it is possible to demonstrate how the asset will generate probable future economic benefits or service potential, including the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
 - there are available financial, technical and other resources to complete the development of the intangible asset as well as to use or sell the intangible asset;
 - the expenditure attributable to the intangible asset during the development phase can be reliably measured.

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

Expenditure on an intangible asset is recognised as an expense when it is incurred unless it is part of the cost of an intangible asset that meets the recognition criteria. Expenditure on an intangible item that was initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

Subsequent measurement - Cost model

After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent measurement - Revaluation model

After initial recognition, intangible assets are carried at a revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses.

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Subsequent measurement - Revaluation and Cost model

After initial recognition, some intangible assets are measured at cost less any accumulated amortisation and any accumulated depreciation, with others carried at a revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses.

Amortisation

An intangible asset is regarded by the entity as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Intangible assets with an indefinite useful life are not amortised, but is tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. The intangible asset's determination as having an indefinite useful life is also reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment. Reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired.

The useful life of an intangible asset that arises from binding arrangements (including rights from contracts) shall not exceed the period of the binding arrangement, but may be shorter depending on the period over which the entity expects to use the asset. If the binding arrangements (including rights from contracts) are conveyed for a limited term that can be renewed, the useful life of the intangible asset shall include the renewal period(s) only if there is evidence to support renewal by the entity without significant cost.

For other intangible assets amortisation is allocated on a systematic basis over its useful life. Where an intangible asset has a residual value, the depreciable amount is determined after deducting its residual value.

Amortisation begins when the asset 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 management.

Amortisation ceases at the date that the asset is derecognised.

The amortisation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight line method is used.

The amortisation charge for each period is recognised in surplus or deficit unless this or another Standard permits or requires it to be included in the carrying amount of another asset.

The residual values of intangibles assets are assumed zero unless:

- there is a commitment by a third party to purchase the asset at the end of its useful life; or
- there is an active market for the asset and:
 - residual value can be determined by reference to that market; and
 - it is probable that such a market will exist at the end of the asset's useful life.

Residual values as well as the useful lives of all assets are reviewed annually. Changes in residual values are treated as a change in estimate and treated in accordance with the relevant accounting policies.

The classification of useful lives and amortisation methods for the various classes of assets are as follows:

Asset class	Internally generated or other	Useful life	Useful life
		classifica- tion	classifica- tion
Computer software	Straight-Line	3 -	11 Years

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Impairments

The entity assesses at each reporting date whether there is any indication that an asset or cash-generating unit (CGU) to which an asset belongs to may be impaired. Only if such an indication exists, the entity estimates the recoverable service amount or recoverable amount of the asset or CGU and compares it to the asset or CGU's carrying amount. Where the carrying amount of an asset or CGU is greater than the estimated recoverable service amount or recoverable amount, it is written down immediately to its recoverable service amount or recoverable amount.

For non-cash generating assets, the recoverable service amount is the higher of the asset's fair value less costs to sell and its value in use. The value in use is determined by using either the depreciated replacement cost, restoration cost or service unit approach, depending on the availability of data and the nature of the impairment.

For cash-generating assets, the recoverable amount is the higher of the asset or CGU's fair value less costs to sell and its value in use. The value in use is determined as the present value of the estimated future cash flows expected to be derived from the continuing use of an asset or CGU and from its disposal at the end of its useful life. The future expected cash flows are discounted at a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the asset or CGU for which the future cash flow estimates have not been adjusted.

For intangible assets with indefinite useful lives or intangible assets that are not yet available for use, the entity tests these assets for impairment annually by comparing their carrying amounts with their recoverable service amounts or recoverable amounts.

The resulting impairment loss is recognised immediately in surplus or deficit, except where the decrease reverses a previously recognised revaluation increase for the same asset or CGU. The decrease is recognised directly in net assets to the extent of any credit balance existing in the revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset or CGU to which it relates, the resulting liability is only recognised if it is required by another standard.

An impairment loss recognised in prior periods for an asset or CGU is only reversed if there is an indication that the impairment may no longer exist or may have decreased. This will occur when there was a change in the estimates used to determine the asset or CGU's recoverable service amount or recoverable amount. An impairment is reversed only to the extent that the asset or CGU's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised.

A reversal of impairment is recognised immediately in surplus or deficit, except where the asset or CGU is carried at a revalued amount. If the asset or CGU is carried at a revalued amount, the reversal of the impairment loss is treated as a revaluation increase, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Retirements and disposals

An asset is derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss on disposal is recognised in surplus or deficit.

The gain or loss arising from the derecognition of an intangible asset shall be included in surplus or deficit when the asset is derecognised (unless GRAP 13 requires otherwise on a sale and leaseback).

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1.5 Biological assets

Definitions

The accounting policy set out below is applied to the following when they relate to agricultural activity:

- biological assets;
- agricultural produce at the point of harvest; and

Agricultural activity is the management by an entity of the biological transformation and harvest of biological assets for sale, distribution at no charge or for a nominal charge, or conversion into agricultural produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

A biological asset is a living animal or plant.

Agricultural produce is the harvested product of the entity's biological assets.

Recognition

Biological assets are recognised when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

Measurement

Biological assets are initially and subsequently measured at fair value less costs to sell except where the fair value cannot be determined reliably. In such cases biological assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Agricultural produce harvested from the biological assets is measured at its fair value less costs to sell at the point of harvest, and this value is transferred to inventory.

Gains or losses arising from the initial recognition of a biological asset at fair value less costs to sell, from a change in fair value less costs to sell of a biological asset, and from the initial recognition of agricultural produce at fair value less costs to sell are included in surplus or deficit for the period in which it arises.

Details of the estimated useful life, depreciation rate and depreciation method for biological assets measured at cost is as follows:

Asset class	Useful life	Depreciation rate	Depreciation method
Biological asset	5 - 15 Years	Market Value	Revaluation Method

Impairments

The entity assesses at each reporting date whether there is any indication that an asset or cash-generating unit (CGU) to which an asset belongs to may be impaired. Only if such an indication exists, the entity estimates the recoverable service amount or recoverable amount of the asset or CGU and compares it to the asset or CGU's carrying amount. Where the carrying amount of an asset or CGU is greater than the estimated recoverable service amount or recoverable amount, it is written down immediately to its recoverable service amount or recoverable amount.

For non-cash generating assets, the recoverable service amount is the higher of the asset's fair value less costs to sell and its value in use. The value in use is determined by using either the depreciated replacement cost, restoration cost or service unit approach, depending on the availability of data and the nature of the impairment.

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For cash-generating assets, the recoverable amount is the higher of the asset or CGU's fair value less costs to sell and its value in use. The value in use is determined as the present value of the estimated future cash flows expected to be derived from the continuing use of an asset or CGU and from its disposal at the end of its useful life. The future expected cash flows are discounted at a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the asset or CGU for which the future cash flow estimates have not been adjusted.

The resulting impairment loss is recognised immediately in surplus or deficit, except where the decrease reverses a previously recognised revaluation increase for the same asset or CGU. The decrease is recognised directly in net assets to the extent of any credit balance existing in the revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset or CGU to which it relates, the resulting liability is only recognised if it is required by another standard.

Compensation from third parties for items of biological assets that were impaired, lost or given up are included in surplus or deficit when the compensation becomes receivable.

An impairment loss recognised in prior periods for an asset or CGU is only reversed if there is an indication that the impairment may no longer exist or may have decreased. This will occur when there was a change in the estimates used to determine the asset or CGU's recoverable service amount or recoverable amount. An impairment is reversed only to the extent that the asset or CGU's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised.

A reversal of impairment is recognised immediately in surplus or deficit, except where the asset or CGU is carried at a revalued amount. If the asset or CGU is carried at a revalued amount, the reversal of the impairment loss is treated as a revaluation increase, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Derecognition

Agricultural produce is derecognised at the point of reclassification to inventory. As the fair value less point-of-sale costs becomes the cost of the inventory, no gain or loss is recognised at the point of reclassification.

Biological assets are derecognised when the entity disposes thereof or when it is no longer probable that future economic benefits or service potential will be generated from the biological asset. Any gain or loss that arises at the point of derecognition is recognised in surplus or deficit at the date of derecognition.

1.6 Financial instruments

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

A financial asset is any asset that is:

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

A financial liability is any liability that is:

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

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

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

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

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

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

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial asset or financial liability is held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial asset or financial liability is held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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

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

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

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Classification and recognition

The local municipality classifies financial assets and financial liabilities into the following categories:

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

Classification of a financial instrument, or its component parts takes place on initial recognition. Each instrument is classified as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity. Financial instruments are not reclassified into the fair value through surplus or deficit category after initial recognition.

Initial measurement

When a financial asset or financial liability is recognised initially, it is measured at its fair value plus transaction costs, 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.

The entity recognises financial assets using trade date accounting.

Subsequent measurement

All financial assets and financial liabilities are measured after initial recognition using the following categories:

- Financial instruments at amortised cost

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement

Fair value is determined based on a quoted price in an active market, or by using a valuation technique if there is no active market.

The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Amortised cost is calculated by using the effective interest rate method

Where fair value cannot be reliably determined, financial instruments are measured at cost

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Reclassifications

The entity does not reclassify a financial instrument while it is issued or held unless it is a combined instrument that is required to be measured at fair value, or an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

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

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

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Offsetting financial instruments

Interest, dividends or similar distributions, losses and gains relating to a financial instrument or a component that is a financial liability are recognised as revenue or expense in surplus or deficit. Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Where a transfer of financial assets do not qualify for derecognition, the transferred asset and the associated liability are not offset.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when it is transferred and the transfer qualifies for derecognition.

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Where, despite having retained some significant risks and rewards of ownership of the financial asset, control of financial assets are transferred and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the entity:

- derecognises the asset; and
- recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

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Impairment of financial assets

At the end of each reporting period an assessment is made to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the extent of the impairment is determined.

Impairment losses in financial assets carried at amortised cost are recognised in surplus or deficit. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account.

Reversals of impairment losses are recognised in surplus or deficit. Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Receivables are classified as debt instruments and loan commitments at amortised cost.

Other financial assets

Other financial assets are recognised initially at fair value plus transaction costs except where the asset will subsequently be measured at fair value.

Where other financial assets relate to shares that are publicly traded, or where fair values can be measured reliably without undue cost or effort, these assets are subsequently measured at fair value with the changes in fair value being recognised in surplus or deficit. Other investments are subsequently measured at cost less impairment.

Debt instruments are subsequently stated at amortised cost. Interest income is recognised on the basis of the effective interest method and is included in finance income.

Commitments to receive a loan that meet the conditions in paragraph 11.8(c) are measured at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently carried at amortised cost.

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

Trade and other payables

Trade payables are initially measured at fair value plus direct transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

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Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities are recognised initially at the transaction price, including transaction costs except where the liability will subsequently be measured at fair value.

Where the fair value of other financial liabilities can be measured reliably without undue cost or effort, these liabilities are subsequently measured at fair value with the changes in fair value being recognised in surplus or deficit.

Debt instruments are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Other financial liabilities are classified as current liabilities unless the local municipality has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

1.7 Inventories

Definition

Inventories are assets:

- in the form of materials or supplies to be consumed in the production process;
- in the form of materials or supplies to be consumed or distributed in the rendering of services;
- held for sale or distribution in the ordinary course of operations; or
- in the process of production for sale or distribution.

Recognition

Inventories are recognised as an asset when

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

Measurement

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

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

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

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

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

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

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

In instances where inventories purchased on deferred settlement terms contain a financing element, that element is recognised as an interest expense over the period of the financing.

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The cost of finished goods and work in progress comprises packaging costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Tax expense (tax income) is the aggregate amount included in the determination of surplus or deficit for the period in respect of current tax and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable surplus (tax deficit) for a period.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:

- deductible temporary differences;
- the carry forward of unused tax losses; and
- the carry forward of unused tax credits.

1.8 Leases

Definition

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

Classification

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

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005, in accordance with the transitional requirements of GRAP 3.

Assets held under a finance lease are recognised in the statements of financial position and presented as a receivable at an amount equal to the net investment in the lease.

The recognition of finance revenue is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

Where assets are manufactured or sold under a dealership the selling surplus or deficit is recognised in the period in accordance with the policy for outright sales. Where low rates of interest are quoted, selling surplus is restricted to that which would apply if a market rate of interest was charged. Costs incurred in connection with negotiating and arranging the lease are recognised as an expense when the selling surplus is recognised.

Operating leases as lessor

Assets subject to operating leases are included in the statements of financial position according to the nature of the asset.

Lease revenue from operating leases is recognised in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

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

The depreciation policy for depreciable leased assets is in accordance with the policy set out for property, plant and equipment and intangible assets (whichever is applicable).

Operating leases as lessee

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern of the benefit obtained.

The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Provisions and contingencies

A provision is a liability of uncertain timing or amount. A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

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 entity; or
- 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 or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset 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 entity.

A provision is recognised when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) shall not reflect risks for which future cash flow estimates have been adjusted.

Future events that may affect the amount required to settle an obligation shall be 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 be taken into account in measuring 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 when the obligation is settled. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision.

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In the statement of financial performance, the expense relating to a provision is presented net of the amount recognised for a reimbursement.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. 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 reversed.

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

Provisions are not recognised for deficits from future operating activities.

The present obligation (net of recoveries) under an onerous contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when:

- there is a detailed formal plan for the restructuring identifying at least the activity/operating unit or part of an activity/operating unit concerned, the principal locations affected, the location, function, and approximate number of employees who will be compensated for terminating their services, the expenditures that will be undertaken and when the plan will be implemented; and
- there has been raised a valid expectation in those affected that the restructuring will be carried out by starting to implement that plan or announcing its main features to those affected by it.

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both necessarily entailed by the restructuring, and not associated with the ongoing activities of the entity.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Where a fee is received by the entity for issuing a financial guarantee, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, the entity recognises the obligation at the higher of:

- the amount determined using the Standard of GRAP on Provisions, Contingent liabilities and Contingent assets.
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Contingent assets and liabilities are not recognised, but details are disclosed in the notes to the annual financial statements.

1.10 Revenue from exchange transactions

Definition

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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Revenue from exchange transactions consists primarily of services charges, rentals, interest received and other services rendered.

When considering the probability of the future economic benefits that will flow to the entity, consideration is given to the requirements as outlined in IGRAP 1.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Rendering of services consist out of solid waste, sanitation, sewerage and water services.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- the amount of the revenue can be measured reliably.

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Rental income

Leases revenue from operating leases shall be recognised as revenue on a straight-line basis over the lease term in accordance with the accounting policy on Leases.

Revenue arising from the use by others of entity assets yielding rental income is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the amount of the revenue can be measured reliably.

1.11 Revenue from Non-Exchange Transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Revenue from non-exchange transactions consists primarily of grants from National - and Provincial Government, Property rates and Fines revenue.

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

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

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Recognition

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

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

When considering the probability of the future economic benefits that will flow to the entity, consideration is given to the requirements as outlined in IGRAP 1.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes

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

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

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

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

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

Transfers

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The entity recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

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Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the entity.

Where the entity collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Concessionary loans received

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

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

Conditional grants and receipts

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

1.12 Employee benefits

Short-term employee benefits

All short-term employee benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset (see, for example, the Standards of GRAP on Inventories, Property, Plant and Equipment, Intangible Assets and Heritage Assets).

Short-term compensated absences

The entity recognises the expected cost of short-term employee benefits in the form of compensated absences as follows:

- in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and
- in the case of non-accumulating compensated absences, when the absences occur.

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

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Bonus, incentive and performance related payments

The expected cost of profit-sharing and bonus payments are recognised when there is a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when there is no realistic alternative but to make the payments.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to an entity during a period, the contribution payable to a defined contribution plan in exchange for that service is recognised:

- as a liability (accrued expense), after deducting any contribution already paid. Where the contribution already paid exceeds the contribution due for service before the end of the reporting period, the excess is recognised as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.
- as an expense, except where the amount is allowed as an inclusion in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly
- plus any liability that may arise as a result of a minimum funding requirement

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

The amount determined above may be negative (an asset). The entity shall measure the resulting asset at the lower of:

- the amount determined above
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits shall be discounted.

Any adjustments arising from the limit is recognised in surplus or deficit.

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The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost
- interest cost
- the expected return on any plan assets and on any reimbursement rights
- actuarial gains and losses
- past service cost
- the effect of any curtailments or settlements
- the effect of applying the limit

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the entity attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations is measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs takes account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

In measuring its defined benefit liability, the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

In measuring its defined benefit liability, the entity, recognises past service cost as an expense in the reporting period in which the plan is amended.

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When, and only when, it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, an entity recognises its right to reimbursement as a separate asset. The entity measures the asset at fair value. In all other respects, the entity treats that asset in the same way as plan assets. In the statement of financial performance, the expense relating to a defined benefit plan is presented net of the amount recognised for a reimbursement.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity remeasures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

The entity offsets an asset relating to one plan against a liability relating to another plan when, and only when, the entity:

- has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and
- intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Other long-term employee benefits

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly

For other long-term employee benefits, the entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost
- interest cost
- the expected return on any plan assets and on any reimbursement right recognised as an asset
- actuarial gains and losses, which is recognised immediately
- past service cost, which is recognised immediately; and
- the effect of any curtailments or settlements

Termination benefits

The entity recognises termination benefits as a liability and an expense when, and only when, the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy

The entity is demonstrably committed to a termination when, and only when, the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes, as a minimum:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented. Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted.

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In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

1.13 Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the local municipality. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the local municipality.

Government grants, including non-monetary grants at fair value, are not recognised until there is reasonable assurance that:

- the entity will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised in surplus or deficit on a systematic basis over the periods in which the related costs for which the grants are intended to compensate are expensed.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the local municipality with no future related costs are recognised in surplus or deficit of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value are presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

1.14 Related parties

A related party is a person or 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. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person:
 - has control or joint control of the reporting entity;
 - has significant influence over the reporting entity; or
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - The entity and the reporting entity are members of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - Both entities are joint ventures of the same third party;
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
 - The entity is controlled or jointly controlled by a person identified as a related party;
 - A person identified as having control or joint control over the reporting entity has significant influence over the entity or is a member of the management of the entity (or its controlling entity).
 - The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the controlling entity of the reporting entity;

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A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

1.15 Impairment of non-financial assets other than inventories

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.16 Events after the 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 financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date.

The entity will not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

If non-adjusting events after the reporting date are material, the entity discloses the nature and an estimate of the financial effect or a statement that such an estimate cannot be made.

1.17 Fruitless and wasteful expenditure

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

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

1.18 Irregular expenditure

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including the Public Finance Management Act, 1999 (Act No. 1 of 1999), the State Tender Board Act, 1968, or any regulations made in terms of that Act, or any provincial legislation providing for procurement procedures in that provincial government. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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Accounting Policies

Presentation of Annual Financial Statements continued...

1.19 Segment reporting

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

The basis for identification and aggregation of reporting segments and relevant financial information per segment is reported in the notes to the financial statements.

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Kareeberg Municipality

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Accounting Policies

Presentation of Annual Financial Statements continued...

1.19 New and revised standards affecting amounts and disclosures reported in the financial statements

GRAP 25 (as revised): Employee Benefits

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time.

However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.

Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016. When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39.

The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The effective date of these revisions have not yet been set.

The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

The adoption of this revisions is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the financial statements.

iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board: Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.

Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised.

The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

The effective date of these revisions have not yet been set.

The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

The adoption of this revisions is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the financial statements.

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Accounting Policies

Presentation of Annual Financial Statements continued...

Guideline: Guideline on the Application of Materiality to Financial Statements

The objective of this guideline: The objective of this Guideline is to provide guidance that will assist entities to apply

The concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was

developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving

Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial

Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for

General Purpose Financial Reporting and the Standards of GRAP & References to pronouncements used in the

Guideline.

The guideline is encouraged to be used by entities.

The entity expects to adopt the guideline for the first time when the Minister sets the effective date for it. The adoption of this guideline is not expected to impact on the results of the entity, but may result in more or less disclosure than is currently provided in the financial statements.

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Accounting Policies

Presentation of Annual Financial Statements continued...

iGRAP 21: The Effect of Past Decisions on Materiality

Background

The Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3) applies to the selection of accounting policies. Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This means that entities could apply alternative accounting treatments to immaterial items, transactions or events (hereafter called "items").

The Board received questions from entities asking whether past decisions to not apply the Standards of GRAP to immaterial items effect future reporting periods. Entities observed that when they applied alternative accounting treatments to items in previous reporting periods, they kept historical records on an ongoing basis of the affected items. This was done so that they could assess whether applying these alternative treatments meant that the financial statements became materially "misstated" over time. If the effect was considered material, retrospective adjustments were often made.

This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

iGRAP 21 addresses the following two issues:

Do past decisions about materiality affect subsequent reporting periods?

Is applying an alternative accounting treatment a departure from the Standards of GRAP or an error?

The effective date of this interpretation is 01 April 2023.

The entity expects to adopt the interpretation for the first time in the 2022/2023 financial statements.

The adoption of this interpretation is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the financial statements.

GRAP 2020: Improvements to the standards of GRAP 2020

Every three years, the Accounting Standards Board undertakes periodic revisions of the Standards of GRAP, in line with best practice internationally among standard setters.

Improvements to Standards of GRAP are aimed at aligning the Standards of GRAP with international best practice, To maintain the quality and to improve the relevance of the Standards of GRAP.

Amendments include,

GRAP 5 – Borrowing Costs

For general borrowings, borrowing costs eligible for capitalisation determined by applying a capitalisation rate.

Clarify that borrowings made specifically for purposes of obtaining a qualifying asset are excluded until substantially all the activities necessary to prepare asset for intended use or sale are complete

GRAP 13 – Leases

Operating leases & Sale and leaseback transactions are currently assessed for impairment in accordance with GRAP 26

Clarify that these arrangements may also be assessed in accordance with GRAP 21

GRAP 16 – Investment Property

Clarify that GRAP 21 may be applied to assess investment property for impairment Include heading

"Classification of property as investment property" (par 6 and 7) & delete existing headings

Investment property under construction (within scope of GRAP 16)

Added heading "Guidance on initially measuring self-constructed investment property at fair value"

Added clarification that investment property is measured at fair value at earliest of: commotion of construction or development; or when fair value becomes reliably measurable

Clarify requirements on transfers to and from Investment property

Change in use involves an assessment on whether:

property meets, or ceases to meet definition of investment property and evidence exists that a change in use has occurred

GRAP 17 – Property, Plant and Equipment

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Financial Statements for the year ended 30 June 2025

Accounting Policies

Presentation of Annual Financial Statements continued...

Land has an unlimited useful life and cannot be consumed through its use

Delete example indicating that quarries and land used for landfill may be depreciated in certain instances

GRAP 20 – Related Party Disclosures

Clarify that entity, or any member of a group of which it is part, providing management services to reporting entity (or controlling entity of reporting entity) is a related party

Disclose amounts incurred by the entity for the provision of management services that are provided by a separate management entity. If an entity obtains management services from another entity ("the management entity") the entity is not required to management entity's employees or those charged with governance of the entity in accordance with legislation, in instances where they are required to perform such functions

Management services are services where employees of management entity perform functions as "management" as defined

GRAP 24 – Presentation of Budget Information in Financial Statements

Terminology amended

Primary financial statements amended to "financial statements" or "face of the financial statements"

GRAP 31 – Intangible Assets

Extend requirement to consider whether reassessing useful life of intangible asset as finite rather as indefinite indicates that asset may be impaired

Both under cost model or revaluation model

GRAP 32 – Service Concession Arrangements: Grantor

Clarify disclosure requirement for service concession assets

Disclose carrying amount of each material service concession asset recognised at the reporting date

GRAP 37 – Joint Arrangements

Application guidance clarified

When party obtains joint control in a joint operation where activity of joint operation constitutes a function (GRAP 105 or GRAP 106), previous held interest in joint operation is not remeasured

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Accounting Policies

Presentation of Annual Financial Statements continued...

GRAP 106 – Transfer of Functions Between Entities Not Under Common Control

When party obtains control of joint operation and entity had rights to assets, or obligations to liabilities before acquisition date, it comprises an acquisition received in stages

Apply the requirements for an acquisition achieved in stages, including remeasuring previously held interest in joint operation:

Directive 7 – The Application of Deemed Cost

Clarify that bearer plants within scope of Directive

The effective date of these improvements is 01 April 2023.

The entity expects to adopt the improvements for the first time in the 2022/2023 financial statements.

The adoption of this improvements is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the financial statements.

GRAP 1 (amended): Presentation of Financial Statements

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Financial Statements for the year ended 30 June 2025

Accounting Policies

Presentation of Annual Financial Statements continued...

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:

information should not be obscured by aggregating or by providing immaterial information; materiality considerations apply to all parts of the financial statements; and even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An entity applies judgement based on past experience and current facts and circumstances

The effective date of this amendment is for years beginning on or after 01 April 2025.

The entity expects to adopt the amendment for the first time in the 2024/2025 financial statements.

The adoption of this amendment is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the financial statements.

It is unlikely that the will have a material impact on the municipality's annual financial statements.

Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2022 or later periods but are not relevant to its operations:

Guideline: Guideline on Accounting for Landfill Sites

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology & References to pronouncements used in the Guideline.

The municipality does not envisage the adoption of the guideline until such time as it becomes applicable to the municipality's operations.

GRAP 110 (as amended 2016): Living and Non-living Resources

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Accounting Policies

Presentation of Annual Financial Statements continued...

The objective of this Standard is to prescribe the:

recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

The subsequent amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related

Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015 and Improvements to IPSASs 2015 issued in March 2016.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.1 Critical accounting estimates and assumptions

The local municipality makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

2.1.1 Fair value of accounts receivable and payable

Add details as required (refer to GRAP 104 on Financial Instruments), e.g. The entity assesses its trade receivables and loans and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

2.1.2 Impairment testing

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

2.1.3 Useful lives and residual values

2.1.4 Estimation of the amount for provisions such as provision for rehabilitation of landfill sites

Add details as required (refer to GRAP 19 on Provisions, Contingent Liabilities and Contingent Assets), e.g. Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note XX - Provisions. Provisions are measured using management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to the present value where the effect is material.

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Notes to the Financial Statements

Figures in R

3. Property, plant and equipment

3.1 Balances at year end and movements for the year

	Land	Buildings	Infrastructure assets	Community assets	Landfill site asset	Other assets	Total
Reconciliation for the year ended 30 June 2025							
Balance at 1 July 2024							
At cost	21,493,760	2,409,871	243,519,755	13,513,025	3,434,997	13,143,268	297,514,676
Accumulated depreciation and impairment	-	(918,709)	(40,213,222)	(3,983,801)	(2,234,293)	(6,137,838)	(53,487,863)
Net book value	21,493,760	1,491,162	203,306,533	9,529,224	1,200,704	7,005,430	244,026,813
Movements for the year ended 30 June 2025							
Additions from acquisitions	-	-	-	-	-	270,610	270,610
Additions through assets under construction	-	-	2,321,609	-	-	-	2,321,609
Depreciation	-	(55,307)	(5,536,495)	(638,883)	(95,589)	(718,101)	(7,044,376)
Impairment loss recognised in surplus or deficit	-	(6,501)	(3,873,388)	(864,154)	(83,089)	(265,244)	(5,092,376)
Other movements	-	-	-	-	-	-	-
Change in landfill closure provision	-	-	-	-	278,899	-	278,899
Property, plant and equipment at end of year	21,493,760	1,429,353	196,218,259	8,026,187	1,300,925	6,292,696	234,761,180
Closing balance at 30 June 2025							
At cost	21,493,760	2,409,871	245,841,768	13,513,025	3,713,896	13,412,745	300,385,065
Accumulated depreciation and impairment	-	(980,518)	(49,744,952)	(5,486,838)	(2,290,396)	(7,121,181)	(65,623,885)
Net book value	21,493,760	1,429,353	196,096,816	8,026,187	1,423,500	6,291,564	234,761,180
Reconciliation for the year ended 30 June 2024							
	Land	Buildings	Infrastructure assets	Community assets	Landfill site asset	Other assets	Total

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

Figures in R

Property, plant and equipment continued...

Reconciliation for the year ended 30 June 2024

Balance at 1 July 2023

At cost	21,493,760	2,409,871	227,586,319	2,363,214	3,387,362	13,115,449	270,355,975
Accumulated depreciation and impairment	-	(854,088)	(35,437,012)	(897,837)	(2,163,646)	(5,383,925)	(44,736,508)
Net book value	21,493,760	1,555,783	192,149,307	1,465,377	1,223,716	7,731,524	225,619,467

Movements for the year ended 30 June 2024

Additions through assets under construction	-	-	15,933,434	8,471,913	47,635	-	24,452,982
Depreciation	-	(64,621)	(4,776,208)	(408,066)	(70,647)	(753,912)	(6,073,454)
Disposals	-	-	-	-	-	-	-
Property, plant and equipment at end of year	21,493,760	1,491,162	203,306,533	9,529,224	1,200,704	7,005,430	244,026,812

Closing balance at 30 June 2024

At cost	21,493,760	2,409,871	243,519,755	13,513,025	3,434,997	13,143,268	297,514,676
Accumulated depreciation and impairment	-	(918,709)	(40,213,222)	(3,983,801)	(2,234,293)	(6,137,838)	(53,487,863)
Net book value	21,493,760	1,491,162	203,306,533	9,529,224	1,200,704	7,005,430	244,026,813

Pledged as security

No items of Property, Plant and Equipment has been pledged as security

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Notes to the Financial Statements

Figures in R

Property, plant and equipment continued...

3.2 Repairs and maintenance

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

	R	R
Equipment	3,661,736	-
Other Assets	919,774	-
Buildings and Facilities	259,944	-
	4,841,453	-

Reconciliation of Work in progress
2025

	Included within Buildings	Included within Community Assets	Included within Infrastructure	Total
Opening balance		-	38,019,912	38,019,912
Additions/capital expenditure	-	-	2,321,609	2,321,609
Transfers to completed projects	-	-	(24,355,461)	(24,355,461)
Other movements	-	-	-	-
	-	-	15,986,060	15,986,060

Maintenance of property, plant and Equipment

Preventative and corrective Maintenance

Equipment	3,661,736	-
Other Structures and Facilities	919,774	-
Building and Facilities	259,944	-
	4,841,453	-

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Notes to the Financial Statements

Figures in R

4. Investment property

Balances at year end and movements for the year

Reconciliation for the year

At cost	16,047,300	16,047,300		
Accumulated depreciation	<u>(214,603)</u>	<u>(201,661)</u>		
Depreciation	(12,947)	(12,941)	-	-
Decrease resulting from a transfer of functions between entities under common control or a merger	-	-		
Investment property at end of year	<u>15,819,750</u>	<u>15,832,698</u>		

Closing balance at end of year

At cost within fair value model	-	-		
At cost	16,047,300	16,047,300		
Accumulated depreciation	<u>(227,550)</u>	<u>(214,603)</u>		
Net book value at 30 June 2025	<u>15,819,750</u>	<u>15,832,697</u>		

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Notes to the Financial Statements

Figures in R

2025

2024 Restated

5. Intangible assets

5.1 Reconciliation of changes in intangible assets

	Computer software	Total
Reconciliation for the year ended 30 June 2025		
Balance at 1 July 2024		
At cost	53,483	53,483
Accumulated amortisation	(45,737)	(45,737)
Net book value	7,746	7,746
Movements for the year ended 30 June 2025		
Amortisation	(3,873)	(3,873)
Intangible assets at 30 June 2025	3,873	3,873
Closing balance at 30 June 2025		
At cost	53,486	53,486
Accumulated amortisation	(49,613)	(49,613)
Net book value	3,873	3,873
Reconciliation for the year ended 30 June 2024		
Balance at 1 July 2023		
At cost	53,483	53,483
Accumulated amortisation	(41,867)	(41,867)
Net book value	11,616	11,616
Movements for the year ended 30 June 2024		
Amortisation	(3,870)	(3,870)
Intangible assets at 30 June 2024	7,746	7,746
Closing balance at 30 June 2024		
At cost	53,483	53,483
Accumulated amortisation	(45,737)	(45,737)
Net book value	7,746	7,746

5.2 Amortisation and impairment losses

Other expenses

Computer software	3,873	3,870
	3,873	3,870

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

Figures in R

2025

2024 Restated

6. Biological assets

Reconciliation of changes in biological assets

	Bearer - Biological asset	Total
Reconciliation for the year ended 30 June 2025		
Balance at 1 July 2024		
At cost	66,422	66,422
Accumulated depreciation	-	-
Net book value	66,422	66,422
Movements for the year ended 30 June 2025		
Additions	1,396	1,396
Disposals	(21,534)	(21,534)
Biological assets at end of period	46,284	46,284
Closing balance at 30 June 2025		
At cost	46,288	46,288
Accumulated depreciation	-	-
Net book value at 30 June 2025	46,288	46,288
Reconciliation for the year ended 30 June 2024		
Balance at 1 July 2023		
At cost	66,422	66,422
Accumulated depreciation	-	-
Net book value	66,422	66,422
Movements for the year ended 30 June 2024		
Additions	3,232	3,232
Biological assets at end of period	66,422	66,422
Closing balance at 30 June 2024		
At cost	66,422	66,422
Accumulated depreciation	-	-
Net book value at 30 June 2024	66,422	66,422
Immature	66,422	66,422

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Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

Figures in R

2025

2024 Restated

7. Heritage assets

Balances at year end and movements for the year

Reconciliation for the year ended 30 June 2025

Balance at 1 July 2024

Gross carrying amount

14,900

14,900

Net carrying amount

14,900

14,900

Closing balance at 30 June 2025

Gross carrying amount

14,900

14,900

Net carrying amount

14,900

14,900

Pledged as security

No intangible assets are pledged as security for any financial liability at year end.

Deemed cost

Deemed cost was determined using depreciated replacement cost

8. Non current receivable from exchange

Eskom Deposit

893,250

-

893,250

-

9. Inventories

Inventories comprise:

Consumables and material

333,227

378,552

Water

25,501

24,063

358,728

402,615

The municipality recognised only purification costs in respect to non-purchased purified water inventory

No inventories were pledged as security for liabilities

Water Inventory

Balance as previously reported

25,500

24,062

Tarrif adjustment -gain on water inventory

24,062

22,713

Gain on water inventory

1,438

1,350

Water department direct expenditure on water inventory

3,301,120

1,456,963

Water consumed from water inventory

965,939

2,617,682

Total Inventory

(4,267,059)

(4,074,646)

358,727

402,614

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Notes to the Financial Statements

Figures in R	2025	2024 Restated
10. Operating lease asset		
Operating lease asset	17,999	17,999
	17,999	17,999

The municipality recognises rental income on the straight-line basis over the lease term. This results in an equal impact in the financial performance in the reporting period regardless of the cashflows. Differences between the straight-line amounts and the cash flow amounts are recognised in the financial position as lease assets or lease liabilities.

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Notes to the Financial Statements

Figures in R

2025

2024 Restated

11. Receivables from non Exchange Transactions

Gross balance	25,332,537	15,549,520
Impairment	(3,929,913)	(10,914,476)
	21,402,624	4,635,044

Age Analysis

Rates

Current (0 - 30 days)	1,060,000	1,060,815
31 - 60 days	635,000	61,170
61 - 90 days	99,000	74,099
91 days+	15,743,129	14,353,437
	17,537,129	15,549,521

Less Impairment

	(3,929,913)	(10,914,476)
	13,607,216	4,635,045

Consumer

Current (0 - 30 days)	319,477	710,844
31 - 60 days	303,714	41,116
61 - 90 days	267,739	53,857
91 days+	6,754,836	10,214,278
	7,645,766	11,020,095

Less Impairment

	(2,887,458)	(7,845,563)
	4,758,308	3,174,532

Industrial /Commercial

Current (0 - 30 days)	125,085	330,176
31 - 60 days	68,133	17,776
61 - 90 days	67,820	18,042
91 days+	1,765,023	2,275,271
	2,026,061	2,641,265

Less Impairment

	(474,385)	(1,789,590)
	1,551,676	851,675

National and provincial government

Current (0 - 30 days)	221,331	19,795
31 - 60 days	62,416	2,278
61 - 90 days	98,154	2,200
91 days+	1,671,592	1,863,887
	2,053,494	1,888,160

Less Impairment

	(568,070)	(1,279,323)
	1,485,424	608,837

Kareeberg Municipality

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Notes to the Financial Statements

Figures in R	2025	2024 Restated
12. Other Receivables from exchange transactions		
Over Under Banking	(926,411)	1,404,817
Interest earned receivable	2,871,148	-
Prepaid electricity	37,445	-
	<u>1,982,182</u>	<u>1,404,817</u>
13. Receivables from Exchange Transactions		

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Receivables from Exchange Transactions continued...

Gross Balances

Electricity	14,282,884	4,010,229
Water	13,889,425	11,515,485
Sundry	2,577,691	2,311,649
Waste Management	9,321,234	7,387,176
Waste Water Management	8,145,143	6,021,749
	48,216,377	31,246,288

Less : Allowance for Impairment

Electricity	(1,015,635)	(2,179,562)
Water	(4,328,047)	(5,466,861)
Sundry	(787,328)	(1,650,012)
Waste Management	(2,933,186)	(3,929,216)
Waste Water Management	(1,946,156)	(2,574,958)
	(11,010,352)	(15,800,609)

Net Balance

Electricity	13,267,249	1,830,667
Water	9,561,378	6,048,624
Sundry	1,790,363	661,637
Waste Management	6,388,048	3,457,960
Waste Water Management	6,198,987	3,446,791
	37,206,025	15,445,679

Electricity

Current (0 - 30 days)	2,122,247	1,137,561
31 - 60 days	359,061	113,685
61 - 90 days	1,528,532	169,343
91 days+	10,290,545	2,589,640
	14,300,385	4,010,229

Less Impairment

	(1,015,635)	(2,179,562)
	13,284,750	1,830,667

Water

Current (0 - 30 days)	1,964,704	1,389,931
31 - 60 days	256,518	308,248
61 - 90 days	433,010	339,145
91 days+	11,235,193	9,478,162
	13,889,425	11,515,486

Less Impairment

	(4,328,047)	(5,466,861)
	9,561,378	6,048,625

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Receivables from Exchange Transactions continued...

Sewerage

Current (0 - 30 days)	425,046	761,406
31 - 60 days	160,987	160,641
61 - 90 days	246,529	169,174
91 days+	7,312,581	4,930,528
	<u>8,145,143</u>	<u>6,021,749</u>
Less Impairment	<u>(1,946,156)</u>	<u>(2,574,958)</u>
	<u>6,198,987</u>	<u>3,446,791</u>

Refuse

Current (0 - 30 days)	323,887	888,214
31 - 60 days	279,129	177,283
61 - 90 days	271,232	195,644
91 days+	8,446,985	6,126,034
	<u>9,321,233</u>	<u>7,387,175</u>
Less Impairment	<u>(2,933,186)</u>	<u>(3,929,216)</u>
	<u>6,388,047</u>	<u>3,457,959</u>

Sundry

Current (0 - 30 days)	393,066	2,111,199
31 - 60 days	66,948	3,276
61 - 90 days	41,841	25,848
91 days+	2,075,836	171,326
	<u>2,577,691</u>	<u>2,311,649</u>
Less Impairment	<u>(787,328)</u>	<u>(1,650,012)</u>
	<u>1,790,363</u>	<u>661,637</u>

Summary of debtors by customer classification

Consumers

Current (0 - 30 days)	3,029,147	6,061,448
31 - 60 days	754,973	719,210
61 - 90 days	2,162,932	850,113
91 days+	37,085,650	20,850,618
	<u>43,032,702</u>	<u>28,481,389</u>
Less Impairment	<u>(9,823,120)</u>	<u>(14,402,289)</u>
	<u>33,209,582</u>	<u>14,079,100</u>

Industrial/ Commercial

Current (0 - 30 days)	443,099	258,431
31 - 60 days	573,396	28,681
61 - 90 days	145,699	32,057
91 days+	1,680,506	2,020,262
	<u>2,842,700</u>	<u>2,339,431</u>
Less Impairment	<u>(648,948)</u>	<u>(1,183,174)</u>
	<u>2,193,752</u>	<u>1,156,258</u>

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Receivables from Exchange Transactions continued...

National and Provincial Government

Current (0 - 30 days)	323,196	102,425
31 - 60 days	235,049	15,067
61 - 90 days	212,465	16,817
91 days+	1,587,189	291,159
	<u>2,357,899</u>	<u>425,468</u>
Less Impairment	<u>(538,284)</u>	<u>(215,146)</u>
	<u>1,819,615</u>	<u>210,321</u>

Total

Current (0 - 30 days)	3,795,442	6,422,495
31 - 60 days	1,563,419	763,149
61 - 90 days	2,521,096	899,178
91 days+	40,353,919	23,162,038
	<u>48,233,876</u>	<u>31,246,860</u>
Less Impairment	<u>(11,010,352)</u>	<u>(15,800,609)</u>
	<u>37,223,524</u>	<u>15,446,251</u>

Reconciliation of allowance for impairment

Balance at beginning of the year	(15,800,609)	(15,596,923)
Contributions to allowance		(363,650)
Debt impairment written off against allowance	4,790,257	159,964
	<u>(11,010,352)</u>	<u>(15,800,609)</u>

14. Cash and Cash Equivalents

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Cash and Cash Equivalents continued...

Cash and cash equivalents	37,457,925	41,720,595
Total cash	37,457,925	41,720,595
Total cash and cash equivalents included in current assets	37,457,925	41,720,595

Call investment deposits consist out of the following accounts:

Account number / description	Bank statement balances		Cashbook balance	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
ABSA Primary Bank Account - 4050 475 166	927,663	807,664	927,663	807,664
Standard Ban- Investment Account - 32 Day Notice 088 705 536-003	11,347,812	11,347,812	11,347,812	11,347,812
Standard Bank - Investment Account - 32 Day Notice 088 705 536-002	184,441	184,411	184,441	184,441
ABSA Bank - Call Accounts 20-7477-9380	-	627,245	-	627,245
ABSA Bank- Call Accounts 92-1221 -8064	4,235,463	18,894,365	4,235,463	18,894,572
ABSA Bank - Call Accounts 92-8504-7305	283,629	1,403,492	283,629	1,403,492
ABSA Bank - Call Accounts 92-8617-3395	19,813,805	8,455,370	19,813,805	8,455,370
ABSA Bank - Call Accounts 93-9133-1688	664,905	-	664,905	-
	37,457,719	41,720,358	37,457,719	41,720,595

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Cash and Cash Equivalents continued...

Detail of cash and cash equivalent balances

Bank balances

Current Accounts

Total

37,457,925

41,720,595

37,457,925

41,720,595

15. Statutory Receivables

Statutory VAT consist of the following:

Statutory Receivables VAT

8,641,411

6,363,858

VAT is payable on the cash basis. VAT is paid over to SARS only once payment is received from debtor

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16. Defined benefit plan assets and liabilities

16.1 Defined benefit plan - Retirement benefit obligation

Post Retirement Health Care Benefits

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

LA Health

Hosmed

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service Members	7	7
In-service non-members	52	-
Continuation members	12	12
	<u>71</u>	<u>19</u>

The liability in respect of past services has been estimated to be as follows:

In-service members	262,000	331,000
In-service non-members	946,000	-
Continuation members (e.g Retirees, Widows, Orphans)	8,154,000	9,184,000
	<u>9,362,000</u>	<u>9,515,000</u>

The Current-service Cost for the ensuring year is estimated at R93 000 and the Interest Cost for the year is estimated to the R967 000

Key financial assumption used:

Discount rate	10.70%	11.60%
CPI (Consumer Price Inflation)	4.70%	5.70%
Medical aid contribution inflation rate	6.50%	7.27%
Net Effective Discount Rate	3.90%	4.10%

Discount Rate

GRAP25 stipulates that the choice of this rate should be derived from government bond yield consistent with the estimated term of the post-employment DBO. However, where there is no deep market in government bonds with sufficiently long maturity to match the estimated term of the benefit payments, current market rates of appropriate term should be used to discount shorter term payments, and the discount rate for long maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 11.6% per annum has been used. The corresponding index-linked yield at this term is 4.7%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 30 June 2025.

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Defined benefit plan assets and liabilities continued...

Yields were determined by looking at the duration of the DBO and finding the fixed-interest and index-linked yields at the relevant duration using an iterative process (because the yields depend on the DBO, which in turn depends on the yields). The DBO's duration has been estimated to be 7.25 years.

This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A medical aid contribution inflation rate of 6.5% per annum has been assumed. This is 1.8% in excess of expected consumer price index (CPI) inflation over the expected term of the DBO, namely 4.7% per annum. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 3.9% per annum which derives from $((1+9.5\%)/(1+5.3\%))-1$. The CPI inflation assumption of 4.7% per annum was obtained from the differential between market yields on index linked bonds consistent with the estimated term of the DBO (5.3%) and those of fixed interest bonds (9.5%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.5%).

The next contribution increase was assumed to occur with effect from 1 January 2026

Demographic Assumptions

Demographic assumptions are required to estimate the changing profile of retirees who are eligible for the post employment medical aid subsidy.

Post-Employment Mortality:

PA(90) ultimate table, adjusted down by one year of age, and a 1% annual compound mortality improvement from 2010. This means that we expect 1% fewer people to die next year. In the year thereafter, we expect 1.99% fewer people to die, i.e. 1.99% is derived from $[1 - (1 - 1\%)^2]$, and so on.

Family Profile

It has been assumed that female spouses will be five years younger than their male counterparts. Actual subsidised spouse dependants were used and the potential for remarriage was ignored.

SENSITIVITY ANALYSIS

Introduction

The results presented in Section 6 are based on a number of assumptions. The extent to which the actual DBO 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.

Sensitivity Analysis Results

The DBO at this valuation was recalculated to show the effect of

- a one percentage point increase and decrease in the assumed rate of health care cost inflation;
- a one percentage point increase and decrease in the discount rate;
- a one-year age increase and decrease in the assumed rates of post-employment mortality;
- a one-year decrease in the assumed average retirement age; and
- a decrease of ten percentage points in the assumed proportion of in-service members that remains members at retirement.

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Defined benefit plan assets and liabilities continued...

Assumption	Change	Eligible Employee	Continuation	Total DBO	% Change
Central assumptions		1.208	8.154	9.362	0
Medical aid contribution	+1%	1.466	8.958	10.451	12%
inflation rate	-1%	1.004	7.438	8.442	-10%
Discount rate	+1%	1.013	7.469	8.482	-9%
	-1%	1.457	8.959	10.416	11%
Post-employment	+1 yr	1.178	7.922	9.100	-3%
mortality	-1 yr	1.239	8.385	9.624	3%
Average retirement age	-1 yr	1.339	8.154	9.493	1%
Membership	10%	1.047	8.154	9.201	-2%
continuation					

Net expense recognised in the statement of financial performance.

Services cost	42,000	56,000
Finance cost	1,063,000	991,000
Actuarial (gains) losses	(584,730)	488,988
Benefit Vesting	(673,270)	(624,988)
	(153,000)	911,000

Long Services Award

The Municipality offers employees LSA for every five years of service completed, from ten years of service to 45 years of service, inclusive

As at year end the following number of employees were eligible for Long Service Bonuses	52	59
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The Current-service for the ensuring year is estimated to be R90 000 whereas the Interest Cost for the next year is estimated to be 83 000

Number of eligible employees	59	59
Average annual earnings	205,765	205,765
Average age	46.4	46.4
Average past service	4,435	4,435

Key financial assumption used:

Discount rate	9.70%	10.97%
General Salary Inflation	3.80%	6.14%
CPI (Consumer Price Inflation)	4.80%	5.14%
Net Effective Discount Rate applied to salary-related Long Services Bonuses	4.70%	4.55%

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Defined benefit plan assets and liabilities continued...

Financial Assumptions

It is difficult to predict future investment returns and inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at this valuation for the period over which the DBO is to be settled

Discount Rate

GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the DBO. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 9.70% per annum has been used. The corresponding index-linked yield is 5.03%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 28 June 2025.

Earnings Inflation Rate

This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the LSA are based on an employee's earnings at the date of the award.

The assumption is traditionally split into two components, namely general earnings inflation and promotional earnings escalation. The latter is considered under demographic assumptions.

General Earnings Inflation Rate

This assumption is more stable relative to the growth in consumer price index (CPI) than in absolute terms. In most industries, experience has shown that over the long term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

The CPI inflation assumption of 4.80% per annum was obtained from the differential between market yields on index-linked bonds (5.03%) consistent with the estimated term of the DBO and those of nominal bonds (10.68%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected CPI inflation is determined as $((1+10.68\%-0.50\%)/(1+5.03\%))-1$.

Thus, a general earnings inflation rate of 3.8% per annum over the expected term of the DBO has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 4.51%.

It was assumed that the next general earnings increase will take place on 1 July 2025.

Current service cost	87,000	87,000
Interest cost	89,000	97,000
Actuarial (gains) losses	16,785	(98,428)
Benefits Vesting	(126,785)	(90,571)
	66,000	(4,999)

16.1.1 The amounts recognised in the balance sheet are determined as follows:

Present value of funded obligations	10,304,000	10,391,000
Liability in the balance sheet	10,304,000	10,391,000
Included in current assets	-	-
Included in non-current liabilities	(9,517,000)	(9,523,000)
included in current liabilities	(787,000)	(868,000)
	(10,304,000)	(10,391,000)

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17. Provisions

Details of other provisions

Provisions, Decommissioning, Restorations and Similar Liabilities

Landfill Sites

Balance 1 July	7,343,179	6,718,244
Additions		
Unwinding of discounted interest	537,674	777,475
Reduction		
Due to remeasurement of the provision	(1,800,151)	(152,540)
	<u>6,080,702</u>	<u>7,343,179</u>

Trade payables are initially measured at fair value plus direct transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

18. Consumer Deposits

Water, electricity and other	<u>401,175</u>	<u>388,187</u>
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19. Payables from exchange transactions

Trade payables	1,983,127	13,457,636
Payments Received in advance	1,299,485	559,604
Accrued bonus	1,242,302	1,220,284
Sundry creditors	(1,689,898)	987,196
Accrued leave pay	1,622,587	1,441,617
Agency fees	1,483	1,483
Unallocated deposits	13,140,496	-
Retentions	262,578	1,398,425
Total payables from exchange transactions	<u>17,862,160</u>	<u>19,066,245</u>

20. Trade and other Payables from Non-Exchange Transactions

Trade and other Payables from Non-Exchange Transactions	(161,228)	2,088,528
	<u>(161,228)</u>	<u>2,088,528</u>

21. Unspent conditional grants and receipts

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Unspent conditional grants and receipts continued...

Unspent conditional grants and receipts comprise the following balances

INEP	1,450,774	307,697
Youth development	(93,632)	(93,632)
MIG	(5,797,577)	937,427
Sanitation sewerage	(184,441)	(184,441)
Land development	(87,671)	(87,671)
Transfer fees sub economic	(198,545)	(198,545)
Electricity Shietfontein	(50,130)	(50,130)
Paving Projects	(33,883)	(33,883)
Job Creation De Built	(1,307,330)	(55,330)
Civil Defence	(21,461)	(21,461)
CMIP Kwaggafolk	(868)	(868)
Water services plan	(4,681)	(4,681)
CMIP Saalpoort project 301	(5,139)	(5,139)
Lotto Carnavorn	(2,599)	(2,599)
Lotto Vosburg	(45,900)	(45,900)
Cleaning Project Vosburg	(36,654)	(36,654)
Vat Retention	(16,999)	(16,999)
	(6,436,736)	407,191

22. Service Charges

Electricity	19,894,718	17,726,642
Water	8,927,694	5,988,801
Waste Management	6,330,748	3,996,337
Waste water management	6,297,977	3,505,859
Revenue foregone	(9,022,954)	(6,987,562)
	32,428,183	24,230,077

23. Rental Income

Rental from fixed assets	134,831	160,477
	134,831	160,477

24. Interest Earned Investments

Short Term Investments and Call Accounts	2,900,075	5,082,299
	2,900,075	5,082,299

25. Licences and permits

Licences and permits	-	18,587
Motor vehicle registration	4,896	12,777
	4,896	31,364

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26. Other Income		
Building Plan Approval	-	2,460
Cemetery and burial	19,458	22,681
Clearance certificate	37,262	4,185
Encroachment fee	-	29
Photocopies and fax	10,052	173,579
Valuation services	-	180
Tender Documents	38,609	-
Borrow pit excavation fees	157,638	-
Stone and gravel	2,500	-
Removal of restrictions	880	-
	266,399	203,114
27. Operational Revenue		
Administrative Handling Fees	405	-
Commission of Insurance	-	40,625
Skills Development Levy Refund	-	15,919
Cash surplus - Post retirement funds	251,847	-
Insurance Refund	236,152	-
	488,404	56,544
28. Property Rates		
Residential	5,911,032	6,300,491
Commercial	4,632,292	(861,881)
State	1,621,617	7,184,804
Revenue foregone	(1,440,915)	(1,789,546)
	10,724,026	10,833,868
Valuations		
Residential	304,632,000	237,270,000
Commercial	123,647,000	39,628,000
State	138,529,000	145,206,000
Small holdings and farms	2,342,403,000	2,241,771,000
Municipal	106,187,000	29,161,000
	3,015,398,000	2,693,036,000

Valuations on land and buildings are performed every 5 years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

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29. Government grants and subsidies

Operating grants

Equitable share	37,608,000	35,728,000
Financial Management grant	- 2,612,500	2,850,000
Library	1,306,000	1,252,000
EPWP	1,200,000	666,000
Municipal infrastructure Grant (MIG)	429,100	1,688,823
Water Services Infrastructure Grant	-	768,531
Integrated National Electrification Programme	-	701,192

Capital grants

Municipal Infrastructure Grant (MIG)	1,815,383	11,258,823
Financial Management grant	187,500	-
INEP	854,466	4,674,611
	46,012,949	59,587,980

Included in above are the following grants and subsidies received

Unconditional grants received	37,608,000	35,728,000
Conditional grants received	8,404,950	23,859,980
	46,012,950	59,587,980

Conditional

Expanded Public Works Programme Grant	1,200,000	666,000
Water Services Infrastructure Grant	-	768,531
Local Government Financial Management Grant	2,800,000	2,850,000
Municipal Disaster Recovery - Library	1,306,000	1,252,000
Municipal Infrastructure Grant	2,244,483	12,947,646
Integrated National Electrification Programme	854,466	5,375,803
	8,404,950	23,859,980

Total Government Grants and Subsidies

Government Grants and Subsidies - Capital	2,857,350	15,933,434
Government Grants and Subsidies - Operating	43,155,600	43,654,546
	46,012,950.	59,587,980.

Equitable Share

DoRA Allocation	37,608,000	35,728,000
Grants received	30,691,000	35,728,000
Transfer to equitable share	6,917,000	-
Conditions Met-Transfers to Revenue - Operating	(37,608,000)	(35,728,000)
	-	-

FMG

Kareeberg Municipality

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Notes to the Financial Statements

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	2025	2024 Restated
Government grants and subsidies continued...		
Balance unspent at beginning of the year		
Current year receipt	2,800,000.	2,850,000.
Conditions met - transfer to revenue operating	(2,612,500.)	
Conditions met - transfer to revenue capital	(187,500.)	(2,850,000.)
Surrendered	-	-
MIG		
Balance unspent at beginning of the year	(937,427.)	5,591,219
Current year receipt	14,571,000.	6,419,000
Transferred to accumulated surplus	(763,041.)	-
Conditions met - transfer to revenue-operating	(429,100.)	-
Transferred to revenue	(4,828,472.)	
Conditions met transfer to revenue-Capital	(1,815,383.)	(12,947,646)
	5,797,577	(937,427)
EPWP		
Balance unspent at beginning of the year		
Current year receipt	1,200,000	666,000
Conditions met - transfer to revenue	(1,200,000)	(666,000)
Surrendered	-	-
INEP		
Balance unspent at beginning of the year	(307,695)	5,068,108
Current year receipt	4,386,000	-
Conditions met - transfer to revenue	(854,466)	(5,375,803)
Transferred to Equitable share	(4,674,611)	-
	(1,450,772)	(307,695)
Department of Cultural Affairs & Sport: Library Services - Replacement		
Balance unspent at beginning of the year		
Current year receipt	1,306,000	1,252,000.
Conditions met - transfer to revenue	(1,306,000)	(1,252,000.)
Surrendered	-	-

The grant will be used for water infrastructure development in the Kareeberg area.

Job Creation De Bult

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	2025	2024 Restated
Government grants and subsidies continued...		
Balance unspent at beginning of the year	55,330.	55,330
Current year receipt	-	-
Conditions met - transfer to revenue	-	-
Surrendered	-	-
	55,330	55,330

The grant will be used for job creation in the Kareeberg area. (Carnarvon)

Regional Bulk Infrastructure Grant - RBIG (DWAF)

Opening balance	-	16,234,528
Interest received	-	-
Grants received	-	-
Conditions met Inventory	-	-
Transfer to/from equitable share	-	(16,234,528)
	-	-

Land Development

Balance unspent at beginning of the year	87,671.	87,671.
Current year receipt	-	-
Conditions met - transfer to revenue	-	-
Surrendered	-	-
	87,671	87,671

The grant will be used for a land development plan in the Kareeberg area.

Civil Defence

Balance unspent at beginning of the year	21,461.	21,461.
Current year receipt	-	-
Conditions met - transfer to revenue	-	-
Surrendered	-	-
	21,461	21,461

The grant will be used for civil defence in the Kareeberg area.

CMIP Kwaggakolk (VAT)

Balance unspent at beginning of the year	868.	868.
Current year receipt	-	-
Conditions met - transfer to revenue	-	-
Surrendered	-	-
	868	868

Sanitation - sewerage

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Government grants and subsidies continued...		
Balance unspent at beginning of the year	184,441.	184,441.
Current year receipt	-	-
Conditions met - transfer to revenue	-	-
Surrendered	-	-
	184,441	184,441

Electricity Schietfontein

Balance unspent at beginning of the year	50,130.	50,130.
Current year receipt	-	-
Conditions met - transfer to revenue	-	-
Surrendered	-	-
	50,130	50,130

The grant will be used for electricity infrastructure development in the Kareeberg area. (Schietfontein)

Water Service Plan

Balance unspent at beginning of the year	4,681.	4,681.
Current year receipt	-	-
Conditions met - transfer to revenue	-	-
Surrendered	-	-
	4,681	4,681

The grant will be used for a water service plan in the Kareeberg area.

CMIP - Saaipoort project 301

Balance unspent at beginning of the year	5,139.	5,139.
Current year receipt	-	-
Conditions met - transfer to revenue	-	-
Surrendered	-	-
	5,139	5,139

The grant will be used for a bore hole water project in the Kareeberg area. (Carnarvon)

Paving projects

Balance unspent at beginning of the year	33,833.	33,833.
Current year receipt	-	-
Conditions met - transfer to revenue	-	-
Surrendered	-	-
	33,833	33,833

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Government grants and subsidies continued...

Lotto Carnarvon

Balance unspent at beginning of the year	2,599.	2,599.
Current year receipt	-	-
Conditions met - transfer to revenue	-	-
Surrendered	-	-
	2,599	2,599

The grant will be used for Lotto projects in the Kareeberg area. (Sport equipment)

Lotto Vosburg

Balance unspent at beginning of the year	45,900.	45,900.
Current year receipt	-	-
Conditions met - transfer to revenue	-	-
Surrendered	-	-
	45,900	45,900

Transfer Fees Sub-Economic

Balance unspent at beginning of the year	198,545.	198,545.
Current year receipt	-	-
Conditions met - transfer to revenue	-	-
Surrendered	-	-
	198,545	198,545

The grant will be used for Lotto projects in the Kareeberg area. (Equipment)

Cleaning Project Vosburg

Balance unspent at beginning of the year	36,654.	36,654.
Current year receipt	-	-
Conditions met - transfer to revenue	-	-
Surrendered	-	-
	36,654	36,654

The grant will be used for a cleaning project in the Kareeberg area.

VAT - Retention

Opening balance	16,999	16,999
Current year receipt	-	-
Conditions met - transfer to revenue	-	-
	16,999	16,999

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Government grants and subsidies continued...

Youth Development

Balance unspent at beginning of the year	93,632.	93,632.
Current year receipt	-	-
Conditions met - transfer to revenue	-	-
Surrendered	-	-
	93,632	93,632

The grant will be used for maintenance in the Kareeberg area.

TOTAL GRANTS

Opening Balance	(407,189)	28,500,319
Grants Received	61,871,000	46,915,000
Transfer to accumulated surplus	(5,437,652)	-
Transfer to/ from equitable shares	(4,828,471)	(16,234,528)
Conditions met - Operating	(43,155,600)	(43,654,546)
Conditions met - Capital	(2,857,350)	(15,933,434)
	5,184,738	(407,189)
Receivables for government grants	1,450,775	1,245,122
Conditions still to be met	6,635,513	837,933

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30. Remuneration of Councilors

Remuneration of councillors	5,236,644	5,126,307
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2025

Remuneration paid to Councilors can be summarised as follows:

	Annual Remunerations	Telephone Allowance	Travel Allowances	Total
Mayor R.C.G. Jikella	945,181	47,004	8,094	1,000,280
Speaker M.J. MacZali	732,858	47,004	8,858	788,720
Mpac P. Charlies	312,662	47,004	63,921	423,587
Chief whip J.S. Newath	323,787	47,004	63,962	434,753
Exco Member T. Van Tonder	379,203	47,004	2,042	428,249
Exco Member E. Hoorn	393,624	47,004	4,085	444,712
Councillor Mr J. Nyl	232,977	47,004	62,520	342,501
Councillor - A.J. Kamies	292,602	47,004	1,200	340,806
Councillor W.F. Links	231,282	47,004	62,250	340,536
Councillor J.H. Vermeulen	292,602	47,004	1,200	340,806
Councillor W.D. Horne	301,369	47,004	3,322	351,695
	4,438,146.	517,044.	281,454.	5,236,644.

2024

	Annual Remunerations	Telephone Allowance	Travel Allowances	Total
Mayor/ councillor /Speaker M.J. MacZali	453,229	44,719	76,295	574,243
Speaker-Replaced S.D. Malgas	169,867	29,651	40,880	240,398
Councillor/ Mayor/ Exco member E. Hoorn	579,107	44,719	18,819	642,645
Councillor/Speaker W.D. Horne	477,211	44,719	106,667	628,596
Exco Member/Mayor R.C.G. Jikella	651,467	44,719	22,464	718,650
Councillor/MPAC Chair P. Charlies	249,999	44,719	61,320	356,038
Councillor A.J. Kamies	286,401	44,719	-	331,120
Councillor/Exco Councillor J.S. Newath	255,222	44,719	65,949	365,890
Mpac chair/Councillor J. Nyl	356,506	44,719	61,320	462,545
Councillor W.F. Links	225,081	44,719	61,320	331,120
Councillor J.H. Vermeulen	286,401	44,719	-	331,120
Exco member T. Van Tonder	128,873	15,068	-	143,941
	4,119,363.	491,909.	515,034.	5,126,306.

Included in the current year remuneration of councillors is backpay for previous 2 years approved and gazetted in the current year as follows:

Cell Phone allowance Back pay	34,302
Travel Allowances backpay	122,381
Total	<u>156,683</u>

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31. Contracted Services

Consultant and Professional Services	3,955,447	2,470,540
Contractors	4,560,876	9,715,065
Outsourced Services	436,498	198,382
	8,952,821	12,383,987
Less: Contracted services allocated to water inventory	(402,597)	(1,163,285)
	8,550,224	11,220,702

Consultant and Professional Services

Accounting and Auditing	2,600,992	1,792,943
Business and Financial Management	118,723	-
Medical examinations	-	1,252
Research and Advisory	-	2,720

Laboratory

Water	160,978	265,302
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Legal Costs

Legal advice and litigation	1,074,754	408,323
	3,955,447	2,470,540

Contractors

Maintenance of Buildings and facilities	259,944	711,010
Maintenance of Equipment	2,979,923	7,014,027
Maintenance of Unspecified assets	918,412	826,743
	4,158,279	8,551,780

Outsourced Services

Catering services	85,027	100,518
Post mortem	13,882	2,228
Internal Auditors	337,589	95,636
	436,498	198,382

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32. General Expenses

Advertising	74,798	66,993
Bank Charges	70,903	80,896
Communication	775,285	879,043
External Audit Fees	4,048,327	5,158,833
Indigent relief	1,615,442	1,842,246
Insurance Underwriting	911,598	1,061,654
Licences	245,658	170,451
Municipal Services	1,401,499	2,406,057
Uniform and protective clothing	24,648	268,012
Travel and Subsistence	1,613,022	1,378,354
Inventory Consumed - Materials and supplies	1,277,807	2,411,994
Levies paid - Water resources management	-	69,961
Professional bodies, membership and subscription	480,545	475,000
Ward Committees	215,102	91,500
Workmen's Compensation fund	-	640,540
Fines and penalties	-	164,488
Other expenses	87,899	9,251
	12,842,533	17,175,273
Less: General Expenses allocated to water inventory	(4,921)	(782,454)
	12,837,612	16,392,819

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33. Employee related Costs

Basic	14,708,044	15,381,602
Bonus	994,581	382,262
Medical aid - company contributions	242,132	302,349
UIF	156,556	570,088
SDL	181,514	403,707
Leave pay provision	385,190	680,746
Bargaining council contributions	8,592	7,944
Pension	2,039,970	1,694,077
Travel and motor car and other allowances	432,409	350,439
Cellphone allowances	413,745	206,464
Overtime payments	1,487,465	1,741,654
Long service awards	33,841	915,132
Housing benefits and allowances	198,047	104,600
Standby allowances	410,416	381,479
	21,692,503	23,122,544
Less: Employee Cost allocated to water inventory	(558,421)	(671,949)
Total Employee Related Cost	21,134,082	22,450,595

Remuneration of Municipal manager - Municipal Manager Mr M.F. Manuel

Annual remuneration	871,200	1,135,671
Travel Allowances	197,808	131,872
Cellphone Allowance	72,000	48,000
Annual Bonus	72,600	-
Medical Aid	-	3,966
Contributions to UIF and Other Benefits	11,646	21,182
	1,225,254	1,340,691

Remuneration of Chief Financial officer - Mr W. de Bruin

Annual Remuneration	786,496	789,087
Travel Allowance	93,732	87,661
Rural Allowance	88,023	88,026
Cellphone Allowance	30,000	30,000
Leave Pay	-	47,718
Contributions to UIF and Other Benefits	10,366	57,731
	1,008,616	1,100,224

Remuneration of technical services director -Mr. N.J. van Zyl

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Employee related Costs continued...

Annual Remuneration	-	1,135,671
Travel Allowance	-	247,511
Cellphone allowance	-	30,000
Annual Bonus	-	94,639
Pension Fund	-	204,421
Medical Aid	-	60,084
Leave Encashment	218,049	95,396
Contributions to UIF, Medical and Pension Funds and Other Benefits	-	19,398
	218,049	1,887,120

Remuneration of Acting Municipal Manager - Mongwe

Annual Remuneration	-	232,460
Contributions to UIF and Other Benefits	-	2,856
	-	235,316

34. Debt Impairment

Debt impairment reversal	12,047,909	-
	12,047,909	-

35. Depreciation

Property Plant and Equipment	7,043,656	6,073,454
Investment Property	12,941	12,941
Intangible assets	3,873	3,870
	7,060,471	6,090,265

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36. Cash flows from operating activities

Surplus for the year	26,613,353	13,437,402
Adjustments for:		
Depreciation	7,060,471	6,090,265
Actuarial gain	567,945	390,560
Landfill assets	(2,079,050)	(200,207)
Impairment of PPE	4,848,812	(3,232)
Debt Impairment gain	12,047,909	-
Movement in provisions	(1,262,477)	624,935
Opening balance	7,343,179	6,718,244
Closing balance	6,080,702	7,343,179
Movement in trade and other receivables (including vat receivable):	(29,608,024)	(6,893,372)
Opening balance	54,564,483	29,889,344
Closing balance	84,172,507	36,782,716
Movement in inventory	43,887	(1,350)
Opening balance	402,615	401,265
	358,728	402,615
Movement in trade and other payables (including vat and income tax payable):	(4,193,722)	14,427,768
Opening balance	20,595,169	6,167,402
Closing balance	16,401,447	20,595,170
Movement in prepayments	(739,881)	(345,022)
Opening balance	559,604	214,582
Closing balance	1,299,485	559,604
	(10,346,711)	27,478,082

37. Impairment gain/(loss) on fixed assets

Property, Plant and Equipment	(4,848,812)	3,232
	(4,848,812)	3,232

38. Actuarial Gains/Loss

Actuarial gain / (loss)	(567,945)	390,499
	(567,945)	390,499

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39. Commitments

Authorised capital expenditure

Already contracted for but not contracted for

Property plant and equipment

3,955,983

1,734,591

Total Commitment

3,955,983

1,734,591

40. Fruitless and Wasteful Expenditure

Opening balance as previously reported

3,914,720

1,629,564

Opening balance as restated

3,914,720

1,629,564

Add: Expenditure identified - current

154,752

2,285,156

Less: Approved/condoned/authorised by council

(1,629,564)

Closing balance

2,439,908

3,914,720

Details of fruitless and wasteful expenditure

Additional costs- AFS

-

588,800

Additional costs- AFS- Planning AG

-

333,051

AG additional cost due to not reply to findings

-

935,754

Food for accident victims

-

5,674

Grocery

-

1,999

Settlement manager

-

134,000

Travel cost

-

71,743

SARS Fines

-

214,135

Penalty and interest

33,610

-

Payroll and Human resources

12,174

-

SARS Penalty

46,946

-

SARS Interest

16,226

-

Interest charges

3,390

-

Eskom Interest

38,558

Travel and subsistence allowance

3,848

154,752

2,285,156

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41. Deviations

Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005.

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b) Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in accounting officer and includes a note to the annual financial statements.

2025

	Less than R30 000	Between 30 000 and 100 000	100 000 upwards	Total
Sole Provider	2,669	-	145,480	148,149
Emergency	15,599	78,092	-	93,691
Other	16,440	60,954	-	77,394
	<u>34,708</u>	<u>139,046</u>	<u>145,480</u>	<u>319,234</u>

2024

	Less than R30 000	Between 30 000 and 100 000	100 000 upwards	Total
Sole Provider	16,966	400,428	274,284	691,678
Emergency	2,620	33,051	-	35,671
Other	88,788	213,755	406,413	708,956
	<u>108,373</u>	<u>647,234</u>	<u>680,697</u>	<u>1,436,304</u>

42. Irregular Expenditure

Opening balance as previously reported	22,335,914	8,273,777
Opening balance as restated	<u>22,335,914</u>	<u>8,273,777</u>
Add: Expenditure identified - current	2,359,903	14,062,137
Less: Approved/condoned/authorised by council	<u>(8,273,777)</u>	<u>-</u>
Closing Balance	<u>16,422,040</u>	<u>22,335,914</u>

43. Contingent liability

The following guarantees qualify as contingent liabilities :

BM Infrastructure developement for outstanding consultancy fees - R919 383

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44. Distribution losses

Electricity	8,114,797	7,227,281
KWh purchased (units)	(7,239,379)	(5,199,660)
	875,418	2,027,621
Loss in %	11%	28%
Average cost per unit	2.35	2.53
Losses in rand	2,061,475	5,139,756

Electricity losses for the financial year is 11 % (2024: 28 %). The electricity losses for the current year is 875 418. KWh (2024: 2 027 620,78 KWh). The rand value of electricity losses for the current financial year is R2 061475,43 (2024: R5 139 755,61)

Water

Water (m3) purchased/from borehole	491,031	496,908
Water (m3) sold to customers	(448,408)	(351,304)
	42,623	145,604
Loss in %	9%	29%
Average cost per unit	8.69	8.2
Losses in rand	373,105	1,193,953

Water losses for the financial year is 9% (2024: 29%). The water losses for the current year is 42 623m3 (2024: 145 604 m3). The rand value of water losses for the current financial year is R373 105 (2024: R1 193 953)

45. Agency Services

Agent in arrangement with Provincial Department of Transport

Kareeberg Municipality is the Agent in the Principal-Agent arrangement with the Provincial Department of Transport, and collects licencing fees on behalf of the Provincial Department of Transport.

The amount retained is recorded as Income from Agency Services in the Statement of Financial Performance.

The municipality can retain a portion of the fees collected and the net amount is due to the Provincial Department

The amounts due to the Provincial Department at year end is included in the balances reported as Payables from Exchange Transactions in the Statement of Financial Position.

Total agency funds received	304,664	-
	(70,001)	-
Agency services recognised	(57,521)	-
Vehicle registration fees recognised	(5,564)	-
licences and permits recognised	(1,534)	-
Output VAT recognised	(5,381)	-
	234,663	-

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46. Unauthorised Expenditure

Opening balance as previously reported	17,456,122	1,427,999
	<u>17,456,122</u>	<u>1,427,999</u>
Add : Expenditure identified current	-	16,028,123
Less: Approved/condoned/authorised by council	(1,427,999)	-
	<u><u>16,028,123</u></u>	<u><u>17,456,122</u></u>

Unauthorised Expenditure Current Year- Operational:

Expenditure by Vote	Budgeted Amount	Actual Expenditure as per GL	Variance	2025 Unauthorised
Vote 1 - Executive and Council	13,426,000	12,907,040	12,907,040	-
Vote 2 - Budget and Treasury	21,999,000	18,167,059	18,167,059	-
Vote 3 - Corporate Services	7,475,000	3,552,533	3,552,533	-
Vote 4 - TECHNICAL SERVICES	57,103,000	41,284,478	41,284,478	-
	<u><u>100,003,000.00</u></u>	<u><u>75,911,110.00</u></u>	<u><u>75,911,110.00</u></u>	<u><u>-</u></u>

Unauthorised Expenditure Current Year- Capital:

Expenditure by Vote	Budgeted Amount	Actual Expenditure as per GL	Variance	2025 Unauthorised
Vote 2 - Budget and Treasury	450,000	277,265	277,265	-
Vote 4 - TECHNICAL SERVICES	18,968,000	2,669,849	2,669,849	-
	<u><u>19,418,000.00</u></u>	<u><u>2,947,114.00</u></u>	<u><u>2,947,114.00</u></u>	<u><u>-</u></u>

47. Finance Cost

Landfill rehabilitation	537,674	777,475
Employee benefits	1,152,000	497,630
Trade and other payables	-	40
	<u><u>1,689,674</u></u>	<u><u>1,275,145</u></u>

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48. Budget variances

Revenue

Interest Earned

Management of the municipality did not take into account the fluctuation in the interest rates for the 2024/2025 financial year end made by the Reserve Bank.

Agency Services

The projection was made on the basis that, for the preceding financial period, the municipality had witnessed an increase in the number of occasions held which meant that revenue would have to be increased. The municipality, encountered a decline in terms of hall rentals for the 2022 financial period, thus decrease in the income from rental of facilities.

Rental from Fixed Assets

The municipality's projection for Rental were optimistic in nature. The municipality did not collect as much revenue as anticipated from rental for the 2024/2025 financial year end, the municipality, encountered a decline in terms of rentals for the 2024/25 financial period, thus decrease in the income from rental of facilities.

Service Charges

The municipality had seen an increase in the service charges, as a result of increases of tariffs and an improved collections in the 2024-25 financial period

Licenses and Permits

The municipality made an overprojection on licences and permits. There was a decrease for a need of licence and permits from the community.

Sale of goods and services

Municipality projections were relatively low for sales of goods and services, which resulted in a vast variance between the actual vs the budgeted amounts for sales of goods and services.

Operational Revenue

Municipality projections were not aligned with the needs of the municipality, resulting in the sharp variance. The budgeting of operational revenue will be aligned in a more realistic manner in 2025/2026.

Property Rates

There was a slight variance from actual vs budgeted due to the improved revenue collection by the municipality.

Fines, Penalties and Forfeits

Municipality projections were relatively low for fines and penalties, which resulted in a vast variance between the actual vs the budgeted amounts for fines and penalties. The municipality had seen an increase as a result of increased fines collected.

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Budget variances continued...

Government grants & Subsidies

The variance is as a result of the municipality receiving additional funding that the municipality obtained from equitable shares.

Expenditure

Employee Benefit costs

The following reasons attributed mainly to the decrease in personnel costs:

- the projections on the budget had accounted for vacant positions which were not filled during the financial year.
- the calculation was also based on possible determination of Section 56 remuneration which did not materialise.
- Resignations, retirement of employees, end of contracts of employees

Remuneration of Councillors

The budget was based on an inflation increase in the remuneration of councillors, however, no increase was received by means of determination of upper limits, thus a saving in the actual remuneration of councillors.

Bulk Purchases

The line item was over budgeted. There was an decrease in bulk purchases from ESKOM for 2024/25.

Depreciation

The depreciation was underbudgeted as the projections from the budget did not take into account the additions from PPE for the 2024/25 period.

Finance Charges

The budget was underfunded, and the did not take into account the increases of finance costs from provisions.

Inventory consumed

The budget for bulk purchases was not in line with the actual spent. The budget was not correctly accounted for as it was under budgeted. This was due to weak budgeting processes which will be rectified in the next financial year.

General Expenses

The underspending is as a result of a portion of equitable which was withheld as the municipality used conditional grants to defray operating expenses, thus the municipality had less money to spend. Furthermore, the municipality implemented cost cutting measures during the year as the cash flow position of the municipality is still in a dire situation which resulted in an underspending for the year.

Statement of Financial Position

Current Assets

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Budget variances continued...

Inventories

There were less stock on hand in comparison with the budgeted figure as more stock items used and water stock were appropriately accounted for.

Call investment deposits

The line was incorrectly budget for. The budget figure is a negative balance, thus the material difference noted with the actual balance as per AFS. This was due to weak budgeting processes which will be rectified in the next financial year.

VAT receivable

No provision was made in the budget for this line item. This was due to weak budgeting processes which will be rectified in the next financial year.

Cash and cash equivalents

The budget was not accurately set. Incorrect base for the budget was used, thus the material difference identified. This was due to weak budgeting processes which will be rectified in the next financial year.

Non-Current Assets

Investment Property

The budget was not accurately set. Incorrect base for the budget was used, thus the material difference identified. This was due to weak budgeting processes which will be rectified in the next financial year.

Property, plant and equipment

The increase can be attributed to the following factors:

- when the budget was set, the municipality did not project accurately the changes to the PPE which include additions to PPE.
- the changes to the PPE were identified by the AFS consultants, thus the changes identified by the consultants were not factored in during the budget process.

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49. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 306 279 780 and that the municipality's total assets exceed total liabilities by R 306 279 780.

- 1 Third party deductions were overdue.
- 2 Capital expenditure is less than 10% of operating and capital expenditure.
- 3 Consumer debtors' days outstanding increased to 214 days (2024: 162 days), indicating a continued challenge in revenue collection. Includes date like this point it's for going concern.
- 4 Existing assets renewal and rehabilitation expenditure is less than 100% of total depreciation and impairment (%).
- 5 Electricity distribution losses electricity (technical and non-technical) have decreased to 11% (2024: 28%) and the water distribution losses has decreased to 9% from (2024: 11%).
- 6 The municipality's current liabilities exceed its current assets by (81 741 051) (2024: 47 986 838), indicating a current ratio that remains below the required norm of 1.5–2.
- 7 The municipality realised a surplus for the year of R26 613 353 2024: R13 437 402, indicating an improvement in financial performance and supporting a positive going-concern assessment.

Even though the above uncertainties exist regarding the municipality's ability to continue as a going concern, the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that f

The ability of the municipality to continue as a going concern is dependant on a number of factors. The most significant of these is that the Accounting Officer continues to procure funding for the ongoing operations of the municipality.

Furthermore the municipality has embarked on implementing strategies which will strengthen its ability to continue as a going concern. The most significant of these is that the municipality is currently implementing a system to enhance revenue collection

The municipality still has the ability to levy rates and taxes and will continue to receive funding from government as evident from the Equitable Share allocation in terms of the Division of Revenue Act.

50. Bulk Purchases

Electricity

Total Bulk Purchases

18,504,147.

21,949,038.

18,504,147.

21,949,038.

51. Prior period errors

The municipality corrected the following prior period errors retrospectively and restated the comparative amounts in terms of GRAP 3 - Accounting policies, Changes in Estimates and Errors.

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Prior period errors continued...

51.1 Interest Earned - External Investments

During the 2024/2025 financial year, management realised that interest was not yet received in the 2024 financial year. Interest earned - External investment were overstated by R4 268 746 respectively, which relate to call accounts in the 2024 financial year.

Interest earned - external investments	4,268,476.
Account - interest receivables	(4,268,476.)

51.2 Availability Charges - Services charges

During the 2024/2025 financial year, management realised that services was not classified according to the category of services charges and mSCOA in the 2024 financial year. Availability Charges were overstated by R6 777 881 respectively, which relate to Services charges in the 2024 financial year. Furthermore revenue foregone is now disclosed separately.

The prior period errors were adjusted retrospectively. The effects of the errors on the individual line items in the financial statements are as follows:

Availability Charges	(6,777,881.)
Electricity	6,402,367.
Water	5,963,206.
Waste Management	745,635.
Waste Water Management	654,235.
Revenue Foregone	(6,987,562.)

51.3 Contracted services

During the 2024/2025 financial year, management realised that expenditure was not classified according to the category of contracted services and mSCOA in the 2024 financial year. Contract services were overstated by R1 163 283 respectively, which relate to general expenses in the 2024 financial year.

The prior period errors were adjusted retrospectively. The effects of the errors on the individual line items in the financial statements are as follows:

Contracted services	870,314.
General Expenses	(870,314.)

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Prior period errors continued...

51.4 Biological Assets

During the 2024/2025 financial year, management realised that expenditure was not classified according to the category of contracted services and mSCOA in the 2024 financial year. PPE were overstated by R63 190 respectively, which relate to Sundry Creditors in the 2024 financial year.

The prior period errors were adjusted retrospectively. The effects of the errors on the individual line items in the financial statements are as follows:

Property, Plant and Equipment	(66,422.)
Biological Assets	66,422.

51.5 Water Inventory

During the 2024/2025 financial year, management realised that inventory was not recognised as it occurred and mSCOA in the 2024 financial year. Inventory were understated by R1 350 respectively, which relate to inventory contributions in the 2024 financial year.

The prior period errors were adjusted retrospectively. The effects of the errors on the individual line items in the financial statements are as follows:

Inventory	1,350.
Inventory consumed	(1,350.)

51.6 Employee related costs

During the 2024/2025 financial year, management realised that employee related costs was not classified according to the category of general expenses and mSCOA in the 2024 financial year. Employee related were understated by R163 955 respectively, which relate to Services charges in the 2024 financial year.

The prior period errors were adjusted retrospectively. The effects of the errors on the individual line items in the financial statements are as follows:

Employee related costs	(163,955.)
General expenses	163,955.

51.7 Bulk Purchases

During the 2024/2025 financial year, management realised that expenditure was not classified according to the category of contracted services and mSCOA in the 2024 financial year. Bulk purchases were overstated by R1 163 283 respectively, which relate to general expenses in the 2024 financial year.

The prior period errors were adjusted retrospectively. The effects of the errors on the individual line items in the financial statements are as follows:

Bulk Purchases	1,110,773.
General expenses	(1,110,773.)

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Prior period errors continued...

51.8 General Expenses

During the 2024/2025 financial year, management realised that expenditure was not classified according to the category of expense and mSCOA in the 2024 financial year. General Expenses were overstated by R4 466 424.96 respectively, which relate to Sundry Creditors in the 2024 financial year.

Sundry Creditors	(4,466,425.)
General Expenses	4,466,425.

51.8.1 Transfers and subsidies-Indigent Households

During the 2024/2025 financial year, management realised that expenditure was not classified according to the category of general expenses and mSCOA in the 2024 financial year. Transfers and subsidies were overstated by R456 611 respectively, which relate to general expenses in the 2024 financial year.

The prior period errors were adjusted retrospectively. The effects of the errors on the individual line items in the financial statements are as follows:

Transfers and subsidies-Indigent Households	456,611.
General expenses	(456,611.)

51.9 Inventory consumed

During the 2024/2025 financial year, management realised that inventory consumed was not classified according to the category of general expenses and mSCOA in the 2024 financial year. Inventory consumed were overstated by R2 441 994 respectively, which relate to general expenses in the 2024 financial year.

The prior period errors were adjusted retrospectively. The effects of the errors on the individual line items in the financial statements are as follows:

Inventory consumed	2,441,994.
General expenses	(2,441,994.)

51.10 Water Inventory consumed

During the 2024/2025 financial year, management realised that Water inventory consumed was not classified according to the category of water inventory consumed and mSCOA in the 2024 financial year. General expenses were overstated by R4 074 646 respectively, which relate to general expenses in the 2024 financial year.

The prior period errors were adjusted retrospectively. The effects of the errors on the individual line items in the financial statements are as follows:

Water Inventory consumed	(4,074,646.)
General expenses	4,074,646.

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Prior period errors continued...

51.11 Receivables from Exchange Transactions

During the 2024/2025 financial year, management realised that receivables from exchange transaction was not recognised as it occurred and mSCOA in the 2024 financial year. Receivables from Exchange Transactions was understated by R159 964 respectively. The effect of the errors on the individual line items in the financial statements are as follows:

Receivables from Exchange Transactions	159,964.
Receivables from Non-Exchange Transactions	(159,964.)

51.12 Other Receivables from exchange transactions

During the 2024/2025 financial year, management realised that receivables from exchange transaction was not recognised as it occurred and mSCOA in the 2024 financial year. Receivables from Exchange Transactions was understated by R722 250 respectively. The effect of the errors on the individual line items in the financial statements are as follows:

Increase in other receivables from exchange transactions	722,250.
Receivables from Exchange Transactions	(722,250.)

51.13 Unpaid Transfers and Subsidies

During the 2024/2025 financial year, management realised that receivables from exchange transaction was not recognised as it occurred and mSCOA in the 2024 financial year. Inventory were understated by R87 671 respectively, which relate to unpaid transfers and subsidies contributions in the 2024 financial year.

The prior period errors were adjusted retrospectively. The effects of the errors on the individual line items in the financial statements are as follows:

Land developments	87,671.
Unpaid Transfers and Subsidies	(87,671.)

51.14 VAT

During the 2024/2025 financial year, management realised that VAT receivables from SARS was not recognised as it occurred and mSCOA in the 2024 financial year. VAT receivables were understated by R3 309 000 respectively.

The prior period errors were adjusted retrospectively. The effects of the errors on the individual line items in the financial statements are as follows:

VAT Input	3,309,765.
Unallocated deposits	(3,309,765.)

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Prior period errors continued...

51.15 Defined Benefit Obligation

During the 2024/2025 financial year, management realised that payables for bonuses was not presented and mSCOA in the 2024 financial year. were understated by R2 661 901 respectively.

The prior period errors were adjusted retrospectively. The effects of the errors on the individual line items in the financial statements are as follows:

Current employee benefits	2,661,901.
Payables from exchange transactions	(2,661,901.)

51.16 Cash and cash equivalent

During the 2024/2025 financial year, management realised that bank balance was not agreeing to the bank statement for the year 2024. Bank balances were understated by R4 070 428 respectively, which relate to all accounts in the 2024 financial year.

Differences between the bank statement closing balances and the closing balances for each bank account in the General Ledger were noted and identified. These differences were then corrected against the opening balances to adjust them correctly.

	Previously reported	Correction of error	Restated
ABSA Primary Bank Account - 4050 475 166	5,145,312	(4,337,648)	807,664
ABSA -32 Days	2,000,000	(2,000,000)	-
ABSA Bank - Call Accounts 20-7477-9380	614,858	12,387	627,245
ABSA Bank- Call Accounts 92-1224 -8064	16,865,481	2,028,884	18,894,365
ABSA Bank - Call Accounts 92-8504-7305	1,398,425	5,067	1,403,492
ABSA Bank - Call Accounts 92-8516-3395	93,632	8,361,738	8,455,370
StandardBan-InvestmentAccount-32DayNotice088705536	11,347,812	-	11,347,812
StandardBank-InvestmentAccount-32DayNotice088705536	184,441	-	184,441
	<u>37,649,960</u>	<u>4,070,428</u>	<u>41,720,388</u>

51.17 Trade and other Payables from Non-Exchange Transactions

During the 2024/2025 financial year, management realised that receivables from exchange transaction was not recognised as it occurred and mSCOA in the 2024 financial year. Trade and other payables were understated by R87 963 respectively, which relate to inventory unpaid transfers and subsidies in the 2024 financial year.

During the 2024/2025 financial year, management realised that retention was not recognised as it occurred and in the 2024 financial year. Retention were overstated by R1 201 978 respectively, which relate to retention for the year in the 2024 financial year.

The prior period errors were adjusted retrospectively. The effects of the errors on the individual line items in the financial statements are as follows:

Trade and other Payables from Non-Exchange Transactions	87,963.
Unpaid Transfers and Subsidies	(87,963.)
Payables from exchange transactions	1,201,978.
Trade and other Payables from Non-Exchange Transactions	(1,201,978.)

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Prior period errors continued...

51.18 Payables from exchange transactions

During the 2024/2025 financial year, management realised that receivables from exchange transaction was not recognised as it occurred and mSCOA in the 2024 financial year. Trade and other payables were understated by R1 360 respectively, which relate to inventory contributions in the 2024 financial year.

The prior period errors were adjusted retrospectively. The effects of the errors on the individual line items in the financial statements are as follows:

Payables from exchange transactions	4,836,136.
Receivables from exchange transactions	(4,836,136.)

51.19

	Previously reported	Correction of error	Restated
Property rates	10,833,868	(234,866)	10,599,002
Availability Charges	6,777,881	(6,777,881.00)	-
Services Charges	17,452,196	6,777,881	24,230,077
Interest Earned - External Investments	9,350,775	(4,268,476)	5,082,299
Licences and permits - Exchange transaction	18,587	12,777	31,364
Licences and permits - Non-exchange transactions	12,777	(12,777)	-
Employee related costs	(22,453,589)	(649,429)	-23,103,018
General Expenses	(19,023,795)	5,640,976	-13,382,819
Transfers and subsidies-Indigent Households	(456,611)	456,611	-
Inventory consumed	(2,441,994)	2,441,994	-
Water Inventory consumed	-	(4,074,646)	-4,074,646
Water Inventory gain	-	1,456,958	1,456,958
Finance costs	(1,865,515)	1,490	-1,864,025
	-1,795,420	770,612	-1,024,808

Assets and liabilities

Statutory Receivables from Non-Exchange Transactions	13,631,493	4,268,476	17,899,969
Payables from exchange transactions	18,643,021	158,116	18,801,137
Property. Plant and Equipment	244,093,235	(66,422)	244,026,813
Biological assets	-	66,422	66,422
Inventory	401,265	1,350	402,615
Statutory Receivables from Non-exchange Transactions	5,437,570	234,866	5,672,436
Unpaid Transfers and Subsidies	1,245,124	-	1,245,124
VAT receivable	3,054,093	3,309,765	6,363,858
Cash and Cash	37,649,960	4,070,428	41,720,388
Defined benefit Obligations	3,529,901	(2,661,901)	868,000
Accumulated surplus	(267,629,525)	(9,381,100)	-277,010,625
	60,056,137	-	60,056,137

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52. Related parties

Key management and Councilors and pay for services on the same terms and conditions as other ratepayer / resident

Services rendered to key management personnel occurred within supplier and customer relationships on terms and conditions no more or less favourable from those which the municipality is reasonable to expect to have adopted with the individual persons in the same circumstances. These terms and conditions are within the normal operating parameters established by the municipality

The amounts outstanding are unsecured and will be settled in cash

The rates, service charges and other charges are in accordance with the approved tariffs that were advertised to the public. No bad debt expenses have been recognised with respect of amounts owed by related parties

Accounts in Arrears for the councilors

	2025	2024
	Outstanding more than 90 days	Outstanding more than 90 days
Councillor - W. Hoorn	46,288	42,162
Councillor - P. Charlies	39,238	-
Councillor - W. Links	27,290	6,237
Councillor - JH Vermelen	86,326	10,640
Councillor - R Jikeklla	1,528	13,454
Councillor - S. Newath	9,385	-
Councillor - E Hoom	-937	-
Councillor - MJ Maczali	-	3,374
Councillor - T Van Tonder	-	83,909
Councillor - J Nyl	-	51,901
	209,118.49	211,676.33

Senior managers

W. De Bruin	247,282	269,161
N.J. Van Zyl		6,528
	456,401	487,366

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53. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2025

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transaction	17,862,160	-	-	-

At 30 June 2024

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transaction	19,066,245	-	-	-

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Risk management continued...

Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

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

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors 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.

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

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

Financial instrument	2025	2024
Receivables from exchange transactions	21,402,624	4,635,044
Cash and Cash Equivalents	37,457,925	41,720,595

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

The municipality does not hedge foreign exchange fluctuations.

Price risk

The municipality is not exposed to price risk.

Post-tax surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available-for-sale.

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Financial Instruments disclosure

Categories of financial instruments

Financial Assets Classification

Receivables from exchange transactions

Trade receivables

from exchange

transactions Financial Instruments at amortised cost

-

4,635,044

Other receivables

from exchange

transactions Financial Instruments at amortised cost

37,206,025

15,445,679

Cash and Cash

Equivalent

Bank balances Finanacial Instruments at amortised cost

-

-

Call Investment

Deposits Finanacial Instruments at amortised cost

37,457,719

41,720,358

Summary of

Financial Assets

Finanacial

Instruments at

amortised cost Trade receivables from exchange transcatons

-

4,635,044

Trade receivables

from exchange

transcatons Other receivables from exchange transactions

37,206,025

15,445,679

Other receivables

from exchange

transactions

Bank balances

-

-

Cash and Cash

Equivalent Call Investment Deposits

37,457,719

41,720,358

74,663,744

61,801,081

Total Financial

Assets

Financial Liabilities

Trade and other

payables from

exchange

transactions

Retention Finanacial Instruments at amortised cost

262,578

196,447

Trade payables Finanacial Instruments at amortised cost

1,983,127

13,457,636

Customer deposit

Finanacial Instruments at amortised cost

401,175

388,187

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Summary of Financial Liabilities			
Trade and other payables from exchange transactions	Retention	262,578	196,447
Trade and other payables from exchange transactions	Trade payables	1,983,127	13,457,636
Customer deposit	Customer deposit	401,175	388,187
		2,646,880	14,042,270

54. Additional disclosure in terms of Municipal Finance Management Act

	2025	2024
Audit Fees		
Opening Balance	163,919	-
Current year Audit Fees	4,680,164	5,329,775
Amount paid - current year	-4,659,972	-5,165,856
Amount paid - previous years	-163,919	-
	20,192	163,919

PAYE and UIF

Opening Balance	-	-
Current year Payroll Deductions	3,813,550	4,007,887
Amount paid - current year	-3,813,550	-4,007,887
Amount paid - previous years	-	-
	-	-

Pension and Medical Aid Contributions

Opening Balance		-
Current year Payroll Deductions	3,948,426.45	3,907,543.31
Amount paid - current year	(3,948,426.00)	(3,907,543.00)
Amount paid - previous years		-
	0	0

Contribution to SALGA

Opening Balance	0	
Current year Council subscription	500,000	475,000
Early settlement discount	-25,000	-25,000
Amount paid - current year	-475,000	-475,000
Amount paid - previous years	-	-

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55. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of six major functional segments. The segments are organised around the functions and these are Budget and Treasury, Planning and Development, Executive and Council, Community Services, Corporate Services, Technical Services.. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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.

Description of Segments and Principal activities

Reportable Segment	Principal activities and Operations
Community Services	This segment consists of various departments with aligned objectives. It is responsible for providing residents, business and industry with clean, safe and reliable drinking water, treatment of waste water, distribution of electricity to residential to residential, commercial and industrial customers in Kareeberg and provide the link between Eskom and electricity consumers and also road maintenance.
Executive and Council	This segment consists of various departments with aligned objectives. It is responsible for community and social service, sport and recreation facilitie, crime prevention and traffic enforcement.
Budget and Treasury	This segment is responsible for all aspects of governance of municipality.
Corporate Services	This segment is responsible for all aspects fo financial administration of the municipality. Various transactions are managed and administered centrally.
Financial Services	This segment deals with administration and human resources.
Executive and council	This segment deals with administration and finance services
	This segment deals with administration and operational needs of the community.

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Segment information continued...

	2025					
	Budget and Treasury	Community services	Corporate Services	Executive and council	Planning and Development	Total
Revenue						
Revenue from non-exchange transactions	51,669,621	19,458	1,990	-	5,052,838	56,743,907
Revenue from exchange transactions	32,519,436	-	-	-	3,698,456	36,217,892
Total segment revenue	84,189,057	19,458	1,990	-	8,751,294	92,961,799
Expenditure						
Depreciation and amortisation	(499,111)	-	-	-	(6,561,360)	(7,060,471)
Employee related cost	(6,689,133)	(201,266)	(2,863,298)	(5,236,644)	(11,223,702)	(26,214,043)
Other	(21,223,439)	(114,431)	(373,537)	(4,422,897)	(16,502,291)	(42,636,595)
Total segment expenditure	(28,411,684)	(315,698)	(3,236,835)	(9,659,541)	(34,287,353)	(75,911,110)
Other comprehensive income items	12,332,426	-	-	-	(2,769,762)	9,562,664
Total comprehensive expenditure						(66,348,446)
Total Municipality Segmental surplus						26,613,353

	2024					
	Budget and Treasury	Community services	Corporate Services	Executive and council	Planning and Development	Total
Revenue						
Revenue from exchange transactions	5,427,303	56,544	-	-	24,248,664	29,732,511
Revenue from non-exchange transactions	59,654,030	-	-	-	10,848,431	70,502,461
Total segment revenue	65,081,333	56,544	-	-	35,097,095	100,234,972

Kareeberg Municipality

(Registration Number NC074)

Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

Figures in R

Expenditure

Depreciation and armotisation	(591,536)	-	-	-	(5,498,729)	(6,090,265)
Employee related cost	(8,974,509)	(209,042)	(3,276,661)	(5,126,307)	(10,157,331)	(27,743,851)
Other	(26,644,427)	(284,386)	(1,228,320)	(8,783,371)	(16,616,888)	(53,557,392)
Total segment expenditure	(36,210,473)	(493,428)	(4,504,981)	(13,909,678)	(32,272,948)	(87,391,508)
Other comprehensive income	393,731	-	-	-	200,207	593,938
Total comprehensive expenditure						(86,797,570)
Total Municipality Segmental surplus						<u>13,437,402</u>

Kareeberg Municipality

(Registration Number NC074)

Financial Statements for the year ended 30 June 2025

Notes to the Financial Statements

Figures in R

2025

2024 Restated

56. Subsequent events

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

ANNEXURE B:

AG REPORT



AUDITOR-GENERAL
SOUTH AFRICA

The Accounting Officer
Kareeberg Local Municipality
P.O Box 10
Carnarvon
8925

Date: 30 November 2025

Reference: 21434REG202425

Dear Sir

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

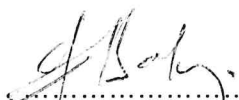
1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act No. 25 of 2004 (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa section 126(3) of the Municipal Finance Management Act 56 of 2003 (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) 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.

5. Please notify the undersigned Business Unit Leader 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

Signed



Business Unit Leader: Northern Cape Business Unit.

Enquiries: Monica Motseki

Telephone: 071 897 1656

Email: MonicaM@agsa.co.za

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Kareeberg Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of Kareeberg 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 the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Kareeberg 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 Practise (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (Dora).

Basis for qualified opinion

Receivables from exchange transactions

3. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for receivables from exchange transactions due to journals that could not be supported. I was unable to confirm the receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to receivables from exchange transactions stated at R37 206 025 (2024: R15 445 679) in note 13 to the financial statements.
4. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for impairment on receivables from exchange transactions, due to non-submission of calculations and assumptions used by management to calculate the provision for debt impairment. I was unable to confirm the impairment by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to provision for debt impairment stated at R11 010 352 (2024: R15 800 609) in note 13 to the financial statements.

Statutory receivables from non-exchange

5. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for receivables from non-exchange transactions, due to non-submission of calculations and assumptions used by management to calculate the provision for debt impairment. I was unable to confirm the impairment by alternative means. Consequently, I was

included in payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to sundry creditors included in payables from exchange transactions stated at R1 689 898 (2024: R987 196) in note 19 to the financial statements were necessary.

Unallocated deposits

12. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for unallocated deposits included in payables from exchange transactions due to non-submission of a list of unallocated deposits supporting the amounts reported in the financial statements. Differences between the financial statements and general ledger were also noted. I was unable to confirm these unallocated deposits included in payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to unallocated deposits included in payables from exchange transactions stated at R13 140 496 in note 19 to the financial statements.

Trade and other payables from non-exchange transactions

13. During 2024, I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for payables from non-exchange transactions, due to non-submission of a creditors listing and reconciliation. I was unable to confirm trade and other payables from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to trade and other payables from non-exchange transactions stated at R2 088 528 in note 20 to the financial statements. My audit opinion on the financial statements for the period ending 2024 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effects of this matter on the comparability of trade and other payables from non-exchange transactions for the current period.

Unspent conditional grants and receipts

14. The municipality did not correctly account for unspent conditional grants and receipts in accordance with GRAP 1, *Presentation of financial statements*. The municipality incorrectly recognised overspending on a grant as a current asset. Consequently, unspent conditional grants and receipts included in note 19 to the financial statements was understated by R1 635 215, government grants was overstated by R1 635 215. My opinion on the current year financial statements is also modified because of the possible effects of this matter on the comparability of unspent conditional grants and receipts for the current period.

Service charges

15. The municipality did not recognise service charges as required by GRAP 9, *Revenue from exchange transactions*. The municipality did not bill some customers for service charges, excluding waste management throughout the year and differences were identified between auditor's recalculation and what the municipality had billed customers. I was unable to determine the full extent of the understatement of service charges, receivables from exchange transactions and VAT output accrual as it was impracticable to do so for the current and prior year. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

Government grants and subsidies

21. During 2024, I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for government grants and subsidies – capital and government grants and subsidies – operating due to journals and supporting information that could not be provided. I was unable to confirm the government grants and subsidies by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to government grants and subsidies – capital and government grants and subsidies – operating stated at R59 587 980 stated in note 29 to the financial statements. My audit opinion on the financial statements for the period ending 2024 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effects of this matter on the comparability of government grants and subsidies for the current period.

Revenue foregone

22. The municipality did not account for revenue foregone in accordance with GRAP 9, *Revenue from exchange transactions*, as the indigents recognised did not relate to the financial year under audit, resulting in revenue foregone not being measured appropriately as required by the standard. In addition, properties were identified for which revenue foregone was not billed and recorded. I was unable to determine the full extent of the misstatement of revenue foregone and the receivable from exchange transactions as it was impracticable to do so. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.
23. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for revenue foregone, due to non-submission of information used by management to account for revenue foregone. I was unable to confirm the revenue foregone by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to revenue foregone stated at R9 022 954 in note 22 to the financial statements.

Contracted services

24. During 2024, I was unable to obtain sufficient appropriate audit evidence for contracted services due to status of the accounting records. The expenditure could not be substantiated by supporting audit evidence. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to contracted services stated at R 12 383 987 in note 31 to the financial statements. My audit opinion on the financial statements for the period ending 2024 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effects of this matter on the comparability of contracted services for the current period.

General expenses

25. During 2024, I was unable to obtain sufficient appropriate audit evidence to confirm whether all items included in general expenses, excluding insurance underwriting were recorded appropriately due to insufficient controls to recognise and account for invoices in the general ledger. Consequently, I was unable to determine whether any adjustments were necessary to all items included in general expenses, excluding insurance underwriting, stated at R16 113 619 in note 32 to the financial statements. My audit opinion on the financial statements for the period ending 2024 was modified accordingly. My opinion on the current

Distribution losses

31. I was unable to obtain sufficient appropriate audit evidence to confirm the electricity distribution losses included in note 44 to the financial statements as sufficient appropriate audit evidence was not provided. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the distribution losses related to electricity stated at R2 061 475 in the financial statements. My opinion on the current year financial statements is also modified because of the possible effects of this matter on the comparability of the distribution losses for the current period.

Statement of comparison of budget and actual amounts

32. The municipality did not disclose the statement of comparison of budget and actual amounts in accordance with GRAP 24, *Presentation of budget information in financial statements* as material differences were identified. The municipality did not have adequate systems for the disclosure of statement of comparison of budget and actual amounts. I have not included the omitted information in this auditor's report as it was impracticable to do so.

Prior period error

33. I was unable to obtain sufficient appropriate audit evidence to confirm the prior period error included in note 51.19 to the financial statements as sufficient appropriate audit evidence was not provided. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the note in the financial statements.

Context for opinion

34. 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.
35. 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.
36. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

37. I draw attention to the matter below. My opinion is not modified in respect of this matter.
38. I draw attention to note 49 in the financial statements, which deals with the possible effects of the future implications of the decline in operational results and deteriorating infrastructure on the municipality's prospects, performance, and cash flows. Management have also described how they plan to deal with these events and circumstances.

2025. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

- Number of formal residential properties that receive piped water (credit) connected to the municipal water infrastructure network and billed for the service as at 30 June 2025
- Number of formal residential properties that is connected to the municipal electrical infrastructure network (credit and prepaid electrical metering, excluding Eskom areas) and billed for the service as at 30 June 2025
- Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2025
- Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2025
- Provide free basic water to indigent households as at 30 June 2025
- Provide free basic electricity to indigent households as at 30 June 2025
- Provide free basic sanitation to indigent households as at 30 June 2025
- Provide free basic refuse removal to indigent households as at 30 June 2025
- The percentage of municipal capital budget actually spent by 30 June 2025
- Limit % electricity unaccounted for to 25% by 30 June 2025
- Spend 60% of the total amount budgeted by 30 June 2025 for the upgrading of the oxidation ponds in Vosburg
- Spend 60% of the total amount budgeted by 30 June 2025 for the upgrading of the oxidation ponds in Carnarvon
- Spend 60% of the total amount budgeted by 30 June 2025 for the upgrading of the 22kV sub station

47. I evaluated the reported performance information for the selected material performance 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.

48. 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

Other matters

53. I draw attention to the matters below.

Achievement of planned targets

54. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

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

Deliver basic service with available resources

<i>Targets achieved: 75%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of formal residential properties that receive piped water (credit) that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2025	2 417	1 985
Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2025	1 648	1 496
Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2025	2 114	1 962
Provide free basic sanitation to indigent households as at 30 June 2025	794	781

Material misstatements

56. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for deliver basic services with available resources. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

57. 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

Expenditure management

68. Reasonable steps were not were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance in the procurement processes.
69. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R154 752, as disclosed in note 40 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused interest and penalties incurred for late payments to suppliers.

Procurement and contract management

70. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of by supply chain management (SCM) Regulation 17(1)(a) and (c).
71. Some of the quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).
72. Some of the contracts were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act and its regulations.
73. The performance of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.
74. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. Similar non-compliance was also reported in the prior year.

Revenue management

75. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.
76. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

Strategic planning and performance management

77. Amendments to the IDP were made without consultation with the district municipality, as required by municipal planning and performance management regulation 3(6)(a).
78. The SDBIP was revised during the year without approval of the council following approval of an adjustments budget, as required by section 54(1)(c) of the MFMA.

Internal control deficiencies

88. 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.
89. There was inadequate or no proper review of the financial statements submitted for audit as at 30 June 2025. Material misstatements were identified in the audit of the annual financial statements and material non-compliances were also identified in which some were repeat findings to prior year. This was due to slow to no implementation of an action plan.
90. Management did not review policies to ensure that the municipality has a sound system of internal control to mitigate any emerging misstatements within the annual financial statements, annual performance report and non-compliance with laws and regulations
91. Preparation of regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information was not performed. Management did not ensure proper record keeping was in place.
92. The municipality did not implement controls over daily and monthly processing and reconciling of transactions.

Auditor General

Kimberley

30 November 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

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.

Legislation	Sections or regulations
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 26(5), 27(4)(a)(i)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)
MSA: Municipal Systems Regulations, 2001	Regulation: 43
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a),

Legislation	Sections or regulations
	122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 26(5), 27(4)(a)(i)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)
MSA: Municipal Systems Regulations, 2001	Regulation: 43

ANNEXURE C:
AUDIT ACTION
PLAN

Kareeberg MUNICIPALITY

**AUDIT REPORT REMEDIAL PLAN
FOR THE YEAR ENDED
30 JUNE 2025**