

RAMOTSHERE MOILOA LOCAL MUNICIPALITY



2024/25

ANNUAL REPORT

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD



Cllr DM Pitso: Mayor RMLM

As we reflect on the 2024/2025 financial year, I am pleased to report significant progress in our municipality’s development. Ramotshere Moiloa Local Municipality managed to retain qualified audit opinion three years consecutively. Key appointments strengthened our capacity, including a Manager for ICT, Records Manager, Internal Audit Manager, MPAC Manager and Senior Manager for Planning and Development.

The Municipality participated in the Eskom debt relief programme and managed to adhere to the agreement of contract and currently the municipality is in the second year of the relief sitting at 95% compliance rate, a major milestone.

Service delivery remains the primary mandate of the municipality. To address issues of youth unemployment, we advertised 46 vacancies for General assistants. We were confronted by a situation last year; there was a partial instability and we could not render service delivery to the fullest to our communities. However, that matter received attention of the National and Provincial government. An ad-hoc committee was established and we are still awaiting the outcomes of the ad-hoc committee.

We are challenged by cable theft and shortage of water around rural wards were by NMMDM is the water service authority. In addressing that

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Ramotshere Moiloa is pulling all the strings to ensure that people do have water. We request reimbursement from NMMDM as we know that this is not our constitutional mandate.

Our community engagement initiatives, including Mayoral Imbizos, IDP sessions and Thuntsha Lerole cleaning campaign were well-received, enabling us to connect with residents.

Infrastructure improvements included purchasing a fleet of 5 cars, refurbishing the municipal parking lot, and renovating council support areas and restrooms. While still under a Financial Recovery Plan (Phase 2-Sustainable Phase), I'm proud of our team's efforts.

I convey my sincerest appreciation to the Municipal Council, our Municipal Manager, CFO, PER, members of the finance steering committee, members of the mayoral committee and all other staff members for their tireless

work.



Cllr DM Pitso

Mayor: RMLM

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COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL GEOGRAPHIC LOCATION

The Ramotshere Moiloa Local Municipality (RMLM) is a Category B municipality located in the North West Province within the Ngaka Modiri Molema District Municipality. The municipality covers a total area of 7,191.6 km² and shares borders with Botswana to the north, Moses Kotane and Kgetlengrivier Local Municipalities to the east, and Ditsobotla and Mahikeng Local Municipalities to the south. The municipality is the largest of the five local municipalities in the district and has the second- largest budget after Mahikeng Local Municipality.

MUNICIPAL POPULATION

The total population of the municipality is estimated at 161,605, with a population density of approximately 21.2 persons per square kilometre. Population growth between 2011 and 2022 averaged 0.68%, indicating slow but steady growth. The population is predominantly youthful, with approximately 51% classified as youth.

MUNICIPAL POWERS AND FUNCTIONS

The municipality is responsible for the following key powers and functions:

- Provision of basic services
- Municipal planning and local economic development
- Community services

URBAN CENTRES

The main urban centre in the municipality is the town of Zeerust, together with formal settlements such as Ikageleng, Henryville, Olienhout Park, Shalimar Park, Welbedacht (Lehurutshe Town), and Groot Marico. Apart from serving as a commercial hub for surrounding villages, Zeerust is also recognised as a regional node located on the Platinum Corridor within the North West Province.

Some of the main villages within the municipal area include Lekgophung, Supingstad, Moshana, Serake, Rietpan, Motswedi, Dinokana, Lekubu, Mosweu, Ntsweletsoku, Mokgola, Borakalalo, and Gopane. The Platinum Highway traverses the municipality and provides impetus for local economic development.

TRADITIONAL COUNCILS

Most villages in the municipality fall under traditional authorities and are led by Dikgosi (traditional leaders). Most of the municipality's population belongs to the Batswana tribe and predominantly speaks Setswana as their home language. Approximately 84% of the population speaks Setswana, followed by Afrikaans (4.4%) and English (3.7%).

ECONOMIC ACTIVITIES

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The dominant economic activities in the municipal area include crop and livestock farming, as well as small-scale mining operations. The service sector is the largest employer in the municipality. Consequently, there is a need to diversify the local economy by increasing investment in agriculture and manufacturing.

The municipality is strategically located along the Platinum Highway corridor, with four border posts providing access to regional and international markets.

TOTAL PERSONAL INCOME

The Ramotshere Moiloa Local Municipality contributes approximately 3.77% to the Gross Domestic Product (GDP) of the North West Province and between 0.17% and 0.22% to the national GDP. The municipality recorded an average annual growth rate of 8.76%, with total personal income increasing from R4.59 billion in 2013 to R10.6 billion in 2023. This growth rate exceeds both the Ngaka Modiri Molema District average of 7.84% and the North West Provincial average of 7.65%.

South Africa recorded an average annual growth rate of 6.49% over the same period, with total personal income increasing from R2.73 trillion to R5.12 trillion, which is lower than the growth rate experienced by Ramotshere Moiloa Local Municipality.

TRADE MOVEMENT

Total municipal trade increased between 2013 and 2023 at an average annual growth rate of 16.62%. Merchandise exports grew at an average annual rate of 17.30%, reaching a peak of R1.87 billion in 2019. Merchandise imports increased at an average annual growth rate of 7.49% over the same period, with the lowest import levels recorded in 2015.

Zeerust and Groot Marico are the two main towns in the municipality, with the following sectors contributing to Gross Value Added (GVA): agriculture (2.1%), mining (5.1%), manufacturing (4.8%), electricity (4.9%),

construction (2.2%), retail (29.2%), transport (5.2%), finance (13.8%), community services (11.6%), and general government (21.1%).

WARD DEMARCATION

The municipality is constituted of 19 wards. Of these, 18 wards are governed by ANC councilors, while one ward is governed by Action SA. The council comprises 37 councilors, including 18 proportional representation councilors. The municipality is governed through an executive system, with the Mayor and the Speaker serving as full-time councilors.

NUMBER OF SEATS

Political Party	Number of Seats
African National Congress (ANC)	23
Economic Freedom Fighters (EFF)	5
Forum 4 Service Delivery (F4SD)	5

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Democratic Alliance (DA)	1
Freedom Front Plus (FF+)	1
United Christian Democratic Party (UCDP)	1
Forum for Democrats	1

MUNICIPAL PORTFOLIOS

The Council has five portfolios, each headed by a member of the Executive Committee:

- Budget and Treasury
- Basic Services
- Community Services
- Municipal Planning and Development
- Corporate Services

COUNCIL COMMITTEES

The following Section 79 committees have been established:

- Municipal Public Accounts Committee (MPAC)
- Audit and Risk Committee
- Municipal Disciplinary Board

ADMINISTRATIVE STRUCTURE

The administrative component of the municipality is headed by the Municipal Manager and consists of five directorates with substantive incumbents:

- Budget and Treasury
- Basic Services
- Community Services
- Municipal Planning and Development
- Corporate Services

MUNICIPAL MANAGER'S FOREWORD

This report records the performance and progress made by Ramotshere Moiloa Local Municipality in fulfilling its strategic objectives contained in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) approved by Council for the year under review. Ramotshere Moiloa Local Municipality has identified five key performances Area in terms of our IDP. Which are as follows:

- Good governance
- Financial viability
- Service delivery
- Local Economic Development
- Municipal transformation

All the five directorate and political office develop their key performance indicators from this KPAs and set target that are measurable and achievable.

All Portfolio Committees are sitting regularly including Exco and Mpac. Ramotshere has approved funded budget since 2023/2024. The Municipality has retained improved Qualified audit opinion since 2022/2023 till to date. The Municipality has introduced the new financial system that caters for PMS Contract management, Ramotshere Moiloa Local municipality to had managed to reduce (UIF&W) in the previous financial year and is hoping to improve the situation in the current financial year.

Ramotshere Moiloa Local Municipality is experiencing water challenges which has led to service delivery protests in various villages. The municipality only provides water services to Zeerust and Groot Marico while the rural parts of the municipality are serviced by NMMDM in conjunction with Magalies Water (Water Authority Agent). The Municipality is also faced with service delivery challenges of cable theft every week which is depleted and affecting the cash flow of the Municipality.

The mandate of our local municipality aligns with the broader mandate outlined in Chapter 7 of the South African Constitution, which is applicable to Local Government. We recognize the significance of community involvement and thus continue to prioritize it. This is realized through community consultative meetings, mayoral imbizos, the municipal doors always been open to the community to hear of any complaints or discontentment with the level of service delivery. The municipality always tries to the best of its ability to address the complaints and or improve on the services that are offered.

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RMLM managed to fill all senior managers' positions since June 2023. In terms of employment equity on Snr management, RMLM managed to appoint 3 Females and 3 Males. RMLM managed to fill all critical positions in the BTO, Internal Audit, MPAC, Records, ICT, Electrical, HR officer and we have advertised the post of Communication Manager, Manager in the MM's office, Skills Development Manager, General Workers for service delivery and Council support. The Councilors has received training on all adopted HR policies, Council has noted the staff establishment of RMLM and it has submitted it to Cogta for final inputs and comment. Ramotshere Moiloa Local Municipality has appointed 46 General workers with the aim also trying to address the issue of overtime.

The municipality survives on equitable share from the National Treasury; conditional grants from the Municipal Infrastructure Grant (MIG); INEP; FMG and water and sanitation grant from the District Municipality. Another source of funding is the revenue collection which is to be collected from residents and businesses where the municipality is providing services to. The revenue collection could have a great impact on the finances of the municipality, but it is hampered by the non-payment of services. However, the revenue collection rate of the municipality has improved which is a great impact on the financial position of the municipality. Our aim is to always encourage a culture of payment of services in order to address service delivery.

Subsequent to the National and Provincial Treasury identifying 43 municipalities which were under financial crisis and our municipality being one of the identified municipalities, a Provincial Executive Representative (PER) was assigned to the municipality. One of the functions of the PER was to assist the municipality to draft a financial recovery plan which would be implemented with the purpose of relieving the financial distress of the municipality. The municipality is following the recovery plan and the finances of the municipality are looking better than there were prior to the intervention of Treasury. The municipality was able to honour its debts and obligations which to date National Treasury has instructed Eskom to write-off 1/3 of one third municipal debt of Ramotshere Moiloa Local Municipality to the value of R29 030 389.97. The Municipality is also awaiting for the second write off of R29M which was done in December.

The Annual Report for the 2024/2025 financial year has been compiled in accordance with Section 46 of the Local Government Municipal Systems Act, No. 32 of 2000 (as amended), Section 127 (2) of the Local Government Municipal Finance Management Act, No. 56 of 2003, as well as accompanying circulars, templates, and guidelines. In particular, MFMA

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Circular No. 63, issued in September 2012, added guidance to the preparation of this annual report, requiring all municipalities to report within the established framework and for such reports to be submitted to the Auditor General at the same time as the Annual Financial Statements in August each year.

As we navigate 2024/2025 financial year challenges in Ramotshere Moiloa Local Municipality our risk management strategy underscores our resolve to deliver quality services. By prioritizing proactive identification of top risks strategic, operational, and beyond we mitigate threats through training, clear delegations, and continuous monitoring. This approach safeguards our communities, fosters resilience, and drives sustainable growth. Ramotshere Moiloa Local Municipality has identified the following top ten Strategic risks.

- Ageing infrastructure
- Non responsive of water service authority to bulk challenges
- Environmental Degradation
- Natural Disasters
- High rate of unemployment
- Inability to comply with land use management
- Lack of Business Continuity Plan
- Revenue and cash flow shortfall
- Acquisition of New Financial System
- Litigations

And the Municipality has dedicated the resources to address the top ten risks after identification follows a structured risk management process to prioritize, mitigate, and monitor them effectively. This ensures resources focus on high-impact threats first.

Ramotshere Moiloa Local Municipality currently does not have any loan with all regulated financial institution as stipulated in Municipal Financial Management Act (MFMA).


Lekgetho Mokgathe
The Municipal Manager

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The data provided herein is obtained from the Census 2022 report conducted by Statistics South Africa. Ramotshere Moiloa Local Municipality (RMLM) strives to ensure the backlogs in the delivery of Basic Services like Water, Electricity and Housing are reduced on an annual basis.

RMLM has 19 wards, and the total population is depicted below:

T 1.2.1

RMLM has 19 wards, and the total population is depicted below:

Population Details						
Population 161 605						
Age	2022/23		2023/24		2024/25	
	Male	Female	Male	Female	Male	Female
0-4	6%	6%	6%	6%	6%	6%
5-9	5%	5%	5%	5%	5%	5%
10-14	5%	5%	5%	5%	5%	5%
15-19	5%	5%	5%	5%	5%	5%
20-24	5%	4%	5%	4%	5%	4%
25-29	4%	4%	4%	4%	4%	4%
30-34	3%	3%	3%	3%	3%	3%
35-39	3%	3%	3%	3%	3%	3%
40-44	2%	6%	2%	6%	2%	6%
45-49	2%	2%	2%	2%	2%	2%
50-54	2%	2%	2%	2%	2%	2%
55-59	2%	6%	2%	6%	2%	6%
60-64	2%	2%	2%	2%	2%	2%
65-69	1%	2%	1%	2%	1%	2%
70-74	1%	1%	1%	1%	1%	1%
75-79	1%	1%	1%	1%	1%	1%
80-84	0%	1%	0%	1%	0%	1%
85+	0%	1%	0%	1%	0%	1%

Source: Statistics SA
T 1.2.2

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Overview of Neighbourhoods within <i>Ramotshere Moiloa</i>		
Settlement Type	Households	Population
Towns		
Zeerust	2353	8734
Shalimar Park	89	359
Sub-Total	2442	9093
Townships		
Groot Marico	5669	21638
Marico Bosveld Nature Reserve	1013	3384
	65	181
Ikageleng	1789	6894
Lehurutshe Unit 1	1415	4562
Lehurutshe Unit 2	584	1775
Lehurutshe Unit 3	28	105
Lehurutshe SP 1	2	2
Lehurutshe SP 2	13	39
Welvedacht	49	405
Sub-Total	10627	38985
Rural settlements		
Borakalalo	31822	114840
	1066	4329
Motswedi	814	2794
Poosedumane	341	1490
Sebalagane	254	1046
Boroathamadi	160	619
Dinokana	6280	26409
Doomlaagte	172	776
Driefontein	960	4215
Gaseane	117	478
Gopane	2535	10035
Khunotswana	961	4619
KwaNtsweng	203	671
Lekgophung	209	712
Goo-Kgang	162	753
Lekubung	1256	5486
Lobatlang	350	1320
Madutle	190	871
Makgwaphana	484	1939
Mantsie	67	312

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Maphepane	55	146
Maramage	107	360
Maroelakop	39	168
Masebudule	303	1232
Matlhase	175	756
Mokgola	1487	7069
Moshana	2434	10133
Mosweu	578	2736
Ntsweletsoku	9559	2252
Nyetse	138	805
Pachsdraai	267	889
Pienaar Nature Reserve	3	4
Reagile	29	121
Radikhudu	154	435
Skilpadhek Border	106	188
Supingstad	771	2453
Swartfontein	202	876
Sub-Total	64810	214337
Informal settlements	3300	15580
Sub-Total	3300	15580
Total	81179	277995
		<i>T 1.2.6</i>

Source: Ramotshere Moiloa SDF, 2020

Natural Resources	
Major Natural Resource	Relevance to Community
Manganese (Swartkop Mine)	Mining-job creation
Chrome (Mmasebudule Chrome Mine and Marico Chrome mine)	Mining-job creation
Slate quarry	Mining-job creation
Lime (Floor Spar)	Mining-job creation
Dam (Klein Marico, Riekerts Dam)	Fishing and water supply
	<i>T 1.2.7</i>

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1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

One of the objectives of Local Government is to ensure the provision of basic services to all communities in an effective and sustainable manner.

Basic services rendered to the community of Ramotshere Moiloa Local Municipality are Water and Sanitation services, Electricity, Roads and stormwater and waste management services.

BASIC SERVICE DELIVERY ACHIEVEMENTS (PERFORMANCE HIGHLIGHTS)

Sanitation services: There were no capital projects implemented during the 2023/24 financial year.

Electricity

Capital Projects

The Ramotshere Moiloa Local Municipality successfully completed the Kruisrivier Electrification Project, marking a significant milestone in its commitment to providing basic services to rural and underserved communities. These project improved quality of life for residents through to access to reliable electricity and also supports national and provincial electrification targets.

Response to Power Outages

During the 2024/2025 financial year, the Ramotshere Moiloa Local Municipality received a total of 794 complaints related to power outages. The municipality successfully resolved 100% of these complaints within the standard prescribed turnaround time, demonstrating a strong commitment to service delivery and operational efficiency.

Application for New Electricity

During the 2024/2025 financial year, a total of 40 paid new applications for electricity connections were received by the municipality. All applicants were successfully connected, reflecting the municipality's commitment to providing reliable access to electricity and improving service delivery.

Roads and Storm water:

The following roads projects were completed within the 2024/2025 financial year, Upgrading of 2.4km Road at Masebudule Village ward 17, Upgrading of 2km Road at Ikageleng Location Ward 15, Upgrading of 1.7km Road at Moshana Village ward 2, Upgrading of 1.6km Road at Dinokana Village ward 11 and Upgrading of 1km Road at Dinokana Village ward 12. A total of 8.5km was surfaced during the 2024/2025 financial.

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The construction of 2.5km Road at Lekgophung is ongoing, this is a multiyear project its anticipated to be completed in February 2026.

Completion of Fencing of the Zeerust Landfill site.

Waste Management: The continued maintenance and operation of Zeerust landfill site to at least meet 65% of the permit conditions.

BASIC SERVICE DELIVERY CHALLENGES

Water Services: Ageing and inadequate bulk infrastructure

Electricity Challenges

The Ramotshere Moiloa Local Municipality continues to face a few electricity related challenges that hinder service delivery and the municipality's ability to support growth and development in the region. The following are the key issues currently impacting the electricity infrastructure and services.

Upgrading of Bulk Supply

The municipality's current bulk electricity supply stand at stands at 20MVA, which is insufficient to meet the growing energy demands, especially with several new development proposed across the region. There is an urgent need to upgrade the bulk supply capacity to between 40MVA and 60MVA to ensure the reliable provision of electricity to both residential and industrial areas. This upgrade is critical for enabling future growth and attracting investment.

Upgrading of Ageing Electrical Infrastructure

Much of the Municipality's electrical network is outdated and deteriorating, resulting in frequent outages, voltage drops, and increased maintenance costs. The ageing infrastructure poses a risk to both operational efficiency and public safety. A comprehensive program to replace and modernize these networks is required to ensure reliability and safety of the electricity supply.

Copper Theft and Infrastructure

The Municipality continues to suffer significant setbacks due to theft of copper cables and vandalism of electricity infrastructure. These criminal activities not only disrupt the electricity supply to communities but also place additional financial strain on the municipality's limited resources. There is a need for increased security measures, community awareness campaigns, and collaboration with law enforcement to mitigate these risks.

Lack of Funding for Public Lighting Improvements

Public lighting is a key component of safety and community development. However, the municipality faces a lack of sufficient funding to maintain and improve public lighting, especially in underdeveloped and newly developed areas. This challenge contributes to public safety concerns and limits economic

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activities after dark. Addressing this issue will require a coordinated effort to mobilize resources and explore partnership for infrastructure investment.

Energy Meter Tempering

Revenue Implications: Meter bypassing directly erodes municipal income, affecting financial sustainability.

Service Quality Risks: Overloading caused by illegal connection leads to infrastructure damage and power outages compounding to community frustration.

Health and Safety Hazard: Faulty of makeshift connections can cause electrocutions, fires, and transformer failures.

Roads and Storm water: Potholes and blocked storm water inlets.

Waste Management: The Rehabilitation Closure Permit for Groot Marico landfill site has expired, application for its extension for another five years has been made to Department of Environmental Affairs. The remaining useful lifespan for Zeerust landfill site is reaching its maximum capacity. An application to increase its lifespan has since submitted to Department of Environmental Affairs for approval. This will extend the lifespan of the facility by 5 to 7 years.

Construction of Borakalalo Bridge is completed. The purpose for the construction of these bridges is to manage the Storm water on roads linking public facilities (Clinics and Schools)

T 1.3.1

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The overview sets out highlights of the municipality's financial performance in the past year. Full details appear in the Annual Financial Statements.

The municipality has performed relatively well over the past year despite the prevailing market and economic conditions. There has been a monitoring by the municipality of the economic conditions over the finances of the municipality and despite lack of complete verification of its debtors, the municipality is aware of the existence of indigent communities within its jurisdiction and the impact it has on the revenue collection rate which in turn put pressure on the cash flows.

The municipality's cash flows showed an improvement compared to the previous year, amid challenges in the overall economy.

- The municipality managed to maintain an average of 70% collection rate over the 2024/25 financial year.
- The 2019 valuation roll validity and implementation finally ended in 30 June 2024. The new valuation roll showed implementation from 01 July 2024.
- The historical indigent debt totalling an amount of R25,6m with a total of 1198 affected indigents.

Chapter 1

- Excessive costs drivers – CPI used for tariff setting -services are provided at a loss and will result in departmental deficits
- All conditional grants were fully spent at 30 June 2025 with no roll over applications.
- Unauthorised expenditures incurred in terms of overtime expenditure, depreciation, and debtors' impairment etc.

T 1.4.1

Financial Overview: 2024/25			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	295 195	294 307	304 060
Taxes, Levies and tariffs	150 033	238 699	205 382
Other	8 360	39 168	20 425
Sub Total	453 588	572 174	529 867
Less: Expenditure	515 907	385 972	526 739
Net Total*	(62 319)	186 202	3 128
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	33%
Repairs & Maintenance	1%
Finance Charges & Impairment	4%
T 1.4.3	

COMMENT ON OPERATING RATIOS:

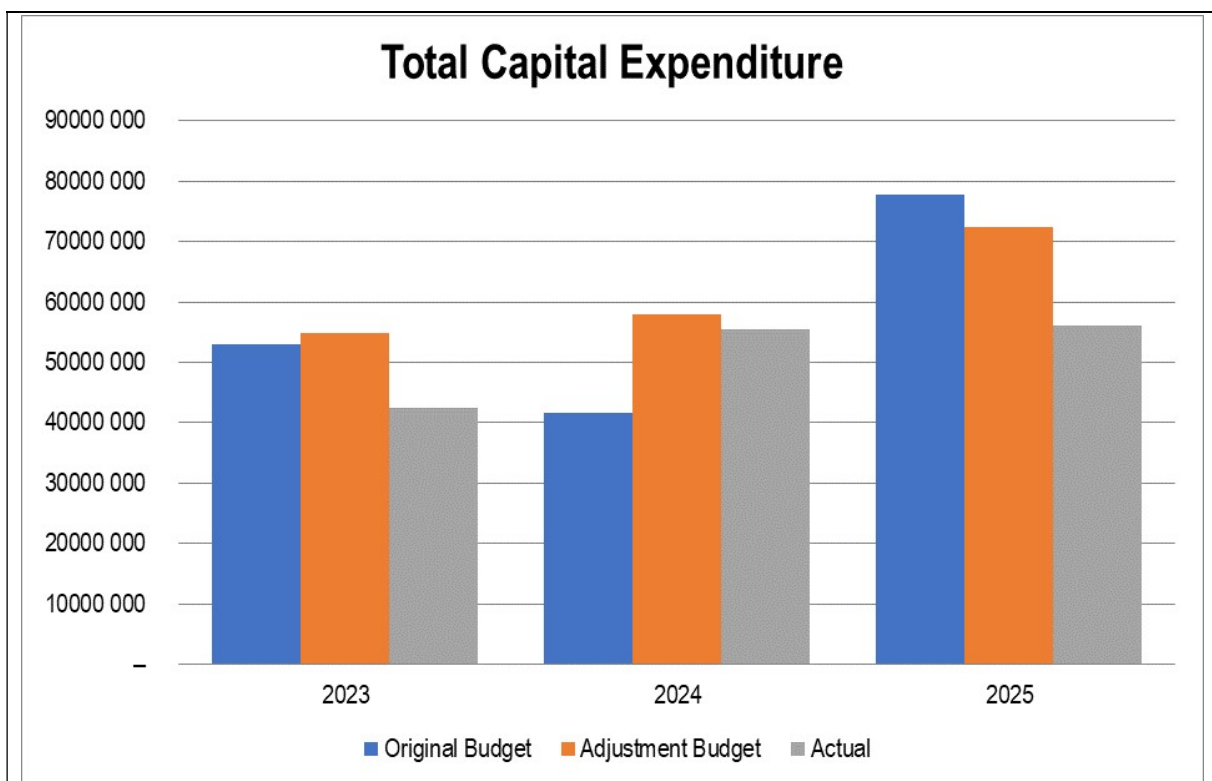
The National Treasury considers 25-40% of operating expenditure to be the norm for human capital. The Municipality's Employee cost ratio to operating expenditure is at 38% for the year under review. This is within the norm.

This municipality provides services to the entire municipal area but only generates revenue from the four wards of which three of them are highly indigent. The municipality is basically sustained by revenue generated from the CBD (Zeerust Town) and Grants. The repairs and maintenance expenditure are at 4% and the norm is 8% as recommended by National Treasury (NT). The municipality does not have maintenance plans in place to deal with asset renewals and restorations. The technical department has made budget provisions in the 2025/26 financial year to develop such. When such are in place they will guide the planning, budgeting and aligned maintenance on all the assets of the municipality.

T 1.4.3

Chapter 1

Total Capital Expenditure: Year 2023 to 2025			
	R'000		
Detail	2023	2024	2025
Original Budget	42 051	50 380	77 713
Adjustment Budget	76 275	53 600	57 872
Actual	42 545	54 340	56 030
	T 1.4.4		



T 1.4.5

COMMENT ON CAPITAL EXPENDITURE:

Capital spending against budget amounted to 93.3%, This spending was on conditional grants fund which were fully spent by year end. The municipality had anticipated to reseal the Klip street road in Zeerust town from internally generated funds however due to low revenue generation it could not achieve that.

T 1.4.5.1

Chapter 1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

Ramotshere Moiloa Local Municipality comprises of six directorates, namely:

- Office of the Municipal Manager (Risk Management, Internal Audit Unit, PMS management, Communications, Integrated Development Plan Management, Office of the Speaker, Office of the Mayor & MPAC)
- Budget & Treasury Office (Supply Chain Management, Budget & Report, Expenditure Management, Revenue Management and Asset Management)
- Community Services (Parks & environmental services, Public Safety, Security Services)
- Corporate Services (Human Resource Management, Records Management, Labor Relations, Facilities, Information Technology, Skills Development)
- Technical Services (Water and Sanitation, Electricity, Project Management Unit and Roads & Storm water)
- Municipal Planning and Development (Local Economic Development, Town Planning & Housing)

The municipality has embarked on a review of organizational structure to be adopted by council. The review of the structure has been done in line with the Municipal Staff Regulations and consultations with the Head of the departments. The staff compliment of the municipality stands at **288 permanent** employees and 19 contract employees. Vacancy rate for the entire municipal workforce stands at **41%**. Remuneration and benefits of staff is in line with South African Local Government Bargaining Council Guidelines. Personnel expenditure for the financial year 2024/25 is at **43%**.

The municipality has also adopted the Employment Equity Plan and Recruitment Policy and filling of positions is done in line with both policies. In order to address salary disparities, the municipality is engaged in a Job Evaluation process.

Training Committee is in place and has developed Work Skills Plan as a guiding tool to undertake training and development in the municipality.

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2024/25

The Auditor General has performed their Audit on the 2024/25 AFS as well as on Performance Information for the same Financial Year. The Municipality received a qualified audit opinion on the 2022/23 and 2023/24 audits respectively. The municipality received a qualified audit opinion during the 2024/25 audit. The AG Audit Report forms an attachment of the 2024/25 Annual Report and is included is on page 97 – 114 along with the Audit Recovery Plan on pages 112 – 121.

T 1.6.1

Chapter 1

1.7. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July – August
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4 th quarter Report for previous financial year	
4	Submit draft 2024/25 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – October
12	Municipalities receive and start to address the Auditor General's comments	January
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	March – April
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	June

T 1.7.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Governance in the municipality is made up of Political and Administrative Governance. The Political Structure is led by the Mayor and Speaker who are full time. The Council has the following Section 79 and 80 Committees in place.

- Executive Committee.
- Corporate Services Committee.
- Finance Portfolio Committee
- Technical Services Portfolio Committee.

- Community Services and Municipal Planning and Development Portfolio Committee; and
- Municipal Public Accounts Committee (MPAC)
- Assets and Disposal Committee

The Audit and Risk Committee (ARCOM) has been established in line with MFMA Sec 166 and the committee reports quarterly to council.

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The constitution Section 151(3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community T 2.1.0 (Refer to Appendix B on Council Committees).

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Note: MFMA section 52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality

The municipality had 37 Councillors (CLLR) of which 19 were Ward Councillors and 18 Proportional Representative (PR) Councillors.

T 2.1.1

Chapter 2



MAYOR

PR) CLLR DM Pitso



SPEAKER

CLLR LP Letshufi

EXECUTIVE COMMITTEE



CLLR TV Kena (PR)



CLLR T Sebolao (PR)



CLLR AN Thale



CLLR KJ Selebogo (PR)



CLLR Cllr JK Mokgatlhe



CLLR VO Mogale

Chapter 2

COUNCILLORS



Cllr BT Monamodi



Cllr P Mokgatlhe(Whip)



Cllr DA Seakentoa



Cllr Ledikwa



Cllr I S Suliman(PR)



Cllr KB Kenosi



Cllr E Motlogelwa



Cllr I Malatsi



Cllr Molefe(PR)



Cllr K Pitso(PR)



Cllr K Mosiane



Cllr B Casanga

Chapter 2



Cllr TS Tihame



Cllr D Moabi



Cllr KP Tsile



Cllr K venter



Cllr MA Makgokgowa



Cllr TJ Morebantwa



Cllr MIE Moarabi



Cllr Moumakwa



Cllr MP Odiseng

Chapter 2



Cllr OG Moseki



Cllr OO Diale



Cllr PM Keebine



Cllr PR Mogorosi



Cllr A kgakatsi



Cllr Katametsi



Cllr TJ Keebine



Cllr TP Gaealashwe

3.25 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the head of the municipal administration. Subject to the policy directions of the municipal council, the Municipal Manager is responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration. The Municipal Manager must make sure the administration is equipped to implement the municipality's integrated development plan, that it operates in accordance with the municipality's performance management system, and that it is responsive to the needs of the local community.

The roles and responsibilities of the Municipal Manager are comprehensively set out in Section 55 of the Municipal Systems Act and responsibilities of the Municipal Manager as Accounting Officer is set out in Chapter 8 of the Municipal Finance Management Act, 56 of 2003.

The Municipal Manager's office has assumed direct responsibility for Communications and Corporate Strategy as well as the drafting, management, and implementation of Council's Integrated Development Plan [IDP]. The Internal Audit unit is also located in the Municipal Manager's office to give assurance and consulting services on Risk Management, Governance, Performance Management, and Internal Controls to ensure compliance with municipal legislation.

Chapter 2

In addition, there are five Directorates that account to the Municipal Manager. These Directorates, each headed by a director, ensure that services are delivered to the people of the Municipality. They are as follows:

- Technical Services.
- Community Services.
- Municipal Planning and Development.
- Budget and Treasury Office; and
- Corporate Services.

The Municipal Manager and his team of Directors hold regular meetings to discuss key strategic service deliverables, and to offer guidance on achieving IDP goals. The administrative component is aligned with the five National Key Performance Areas, namely:

- Good Governance.
- Basic service delivery and Infrastructure development
- Financial Viability and Management.
- Local Economic Development, and
- Public Participation, Planning and Social Services.

T 2.2.1

Chapter 2

TOP ADMINISTRATIVE STRUCTURE



**Municipal Manager
Mr Lekgetho Mokgatlhe**



**Chief Financial Officer
Mr Kagiso Noke**



**Director Corporate Services
Mrs Karabo Masuku**



**Director: Technical Services
Mr Puiso Lepedi**



**Director: Community Services
Mrs Boitshoko Madumo**



**Director Municipal Planning
& Development
Mrs Kgomotso Seroalo**

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Note: MSA section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution section 41.

T 2.3.0

3.25 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The following IGR structures are in existence:

- Mayor – Council of Mayors (Provincial and National), and Municipality's with MEC, Political IGR, RHR I,
- Speaker – Speaker's Forum, SALGA Working Groups
- Municipal Manager – Broader EXTECH highly functional, Technical IGR, National MM's Forum functional,
- Provincial MM's Forum partly functional, District MM's Forum partly functional, PMS Forum, Communicators Forum, SDF Forum, Records Manager's Forum, ICT Forum, CFO's Forum, Internal Audit Forum
- IDP – IDP representative Forum, District IDP Representative Forum, Provincial Planning Commission
- Water and Sanitation- Department of Water and Sanitation and Ngaka Modiri Molema District Municipality and
- Sedibeng Water Coordinating Forum.
- Department of Public Works, Roads and Transport, Ngaka Modiri Molema District Municipality (RAMS)
- Coordination Forum
- Electricity – Department of Energy and Eskom, NERSA
- Housing – Department of Local Government and Human Settlements – IDP representative Forum, District IDP
- Representative Forum, Provincial Planning Commission

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality has received support for the implementation of Organisational Performance Management from the Provincial Department of Local Government and Human Settlements. The Municipal Manager participates in the Premier's Coordinating Council (PCC), Provincial PMS Forum, Provincial Municipal Managers Forum, Shared Services Forums and Technical forum. PPAC

T 2.3.2

Chapter 2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

Not applicable as the municipality does not have any entities.

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

At a District level, the municipality has participated in the District Municipal and Technical Forum which are chaired by the District Mayor. The municipality is also participating in different forums such as IGR, Municipal Managers Forum, CFOs Forum, IDP Forum, Technical Forum, and PMU Forum.

T 2.3.4

Chapter 3

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

During the 2024/25 financial year, the municipality had 19 functional ward committees which serve as a conduit between the municipality and the community.

In addition, the Service Delivery and Budget Implementation Plan (SDBIP) are made public and available at the Local Libraries and the website. This contains projected financial and service delivery indicators and deliverables. Members of the public are also invited to participate in the oversight process related to the Annual Report.

Further to promote public accountability and participation members of the public are invited to attend meetings of the Council.

Another mechanism of public participation is conducted through Mayoral Imbizos and Integrated Development Plan (IDP) community consultative meetings. These are held prior to developing the draft budget to provide feedback to the community the implementation of projects in the current financial year and to solicit the needs of the community to provide input for the new financial year. Follow-up imbizos are held once the draft budget has been developed to inform the public of key elements in the proposed budget and solicit responses thereto.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The Municipality has implemented the Communication Strategy and the Public Participation Policy has been adopted by the Council.

The policy categorized the stakeholders as follows:

- Internal Stakeholders
- Citizens
- Public Sector Stakeholders:
 - Provincial and National Departments, District and Local Municipalities, Councillors,
 - Executive and Portfolio Committees, Ward Committees, State owned Entities e.g., Eskom, Telkom
- Traditional Leaders
- Public Sector Forums
- Police Forums, IDP Forums, Local Implementation Forums
- External Stakeholders
- Organized Business (Chamber of Business and Industry) and Labour Formations, Service Providers
- Civil Society Organisations:

Chapter 2

- NGOs, CBOs, Faith Based Organisations, Youth Organisations; Lobby Groups – (Environmental Groups), Unorganized Groupings – (the poor and other Vulnerable Groups), Sports Organisations, Civic or Resident Associations,

The IDP Representative Forum becomes a very central forum to finalize the prioritization process, it is also envisaged that the Budget and PMS stakeholders' engagement structures as reflected in the IDP Guides, must be the same or integrated structures.

Every year before the end of August, the municipality finalizes a Process Plan which is approved by Council, once approved a public notice is posted on various newspapers inviting members of public as well as various stakeholders to make submissions with regards to developmental priority needs.

The public participation is an on-going engagement process, and the following are forms of citizenry participation that are utilized by the Municipality to ensure the citizen and stakeholders voice are accommodated in the planning, execution, and review of the IDP,

- Budget processes
- Ward Committee Monthly Meetings
- Stakeholders Quarterly Meeting (Reporting on SDBIP and IDP)
- Monthly Community Meetings by Councillors
- Project Based Meetings
- Sector Plan Based Engagements
- Council Meetings
- Integrated Development Planning Meetings:
- Izimbizo: Public Meetings for Budget, IDP etc.
- Complaints Register: Customer Care and Batho Pele Engagements
- Attendance to invitations by Interest groups

Some of the above various forms of public participation engagements are conducted throughout the year specifically at an operational level and then some of them are organized on a fortnightly, monthly, and quarterly and annually as reflected in our Process Plan.

T 2.4.1

Chapter 2

WARD COMMITTEES

Section 74 of the Municipal Structures Act, and Regulation 5 of the Government Gazette No. 27699 Ward Committee, state that Ward Committees may have powers and functions delegated to them (which are essentially advisory in nature) in terms of S59 of the Municipal Systems Act, these are:

1. To serve as an official specialized participatory structure in the municipality.
2. To create formal unbiased communication channels as well as a co-operative partnership between the community and the Council.
3. Advise and make recommendations to the Ward Councillors on matters of policy affecting the Ward.
4. Assisting the Ward Councillors in identifying the challenges and needs of residents.
5. Dissemination of information in the Ward concerning municipal affairs such as the budget, integrated development planning, performance management systems, service delivery options and municipal properties.
6. Receive queries and complaints from residents concerning municipal service delivery, communication with Council and provide feedback to the community on Council's response.
7. Ensure constructive and harmonious interaction between the municipality and community through the use and co-ordination of ward residents' meetings and other community development for a, and
8. Interact with other organizations and forum on matters affecting the ward.
9. A Ward Committee may also make recommendations on any matter affecting its ward to the ward Councillors or through the ward Councillors to the local council.

T 2.4.2

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Ward committee meeting	17/09.2024	19	3	180	Community challenges on different services	Through the councilor and CLO
Community meeting	10/06/2025	3	3	52	Water Electricity Internal road Indigents register	07/08/2024 Through a community meeting
Campaign of gender base violence		3	3	100	Awareness of gender base	Through a community meeting in that particular area

Chapter 2

					violence	
Meeting for preparation of freedom day	17/04/2025	19	8	45	Freedom Day event	Through a meeting
Intergraded community registration outreach program	07/09/2024	5	4	120	Yes	On stakeholder meetings
Introduction of PR councillor	11/10/2024	8	5	155	Yes	Through a meeting
Indigent register	30/04/2025	02	02	110	Indigent	After visiting the BTO office and conduct a meeting with affected councilors,
Indigent register	07/05/2025	3	3	115	Yes	After visiting the BTO office
T 2.4.3						

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The municipality and communities alike benefited from the meetings mentioned above as through the consultative processes, brainstorming occurred, and ward committees imparted their advice to the Councillor who in turn did so to council. Council then took these recommendations forward by using certain aspects in terms of the Municipal Turnaround Strategy. Communities are beginning to see their requests being dealt with in a systematic manner with council having taken a decision to open a fully functional Speaker's office to take complaints from community members where there are issues of service delivery.

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes

Chapter 2

Are the above aligned and can they calculate into a score?	No
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No
* Section 26 Municipal Systems Act 2000	
T 2.5.1	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The Corporate governance in municipalities refers to the systems, processes, and principles that guide the administration and management of local government entities. Effective governance is crucial for ensuring accountability, transparency, and the efficient delivery of services to communities.

Key Principles of Municipal Governance

1. **Legislative Framework:** Municipal governance is underpinned by various legislative acts, including the Constitution and the Municipal Systems Act. These laws outline the roles and responsibilities of municipal councils and their officials, emphasizing democratic accountability and service delivery
2. **Leadership Roles:** The municipal council serves as the custodian of good governance. It is responsible for setting strategic directions, approving policies, and overseeing management performance. Key roles include:
 - Mayor: Elected by the council, responsible for leading the mayoral committee.
 - Municipal Manager: Appointed by the council, acts as the accounting officer, managing day-to-day operations
3. **Accountability Mechanisms:** Strong accountability frameworks are essential for effective governance. Ramotshere Moiloa Councils has established clear channels for monitoring performance and ensuring that municipal officials are held accountable for service delivery. This includes regular performance assessments and public participation in governance processes
4. **Stakeholder Engagement:** Engaging with communities and stakeholders is vital for effective governance. Municipalities are involving citizens in decision-making processes, particularly regarding budgeting and service delivery plans

T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Chapter 2

Sections 62(1)(i) and 95I(i) of the MFMA, which require the Accounting Officers to ensure that their municipalities and municipal entities have and maintain effective, efficient and transparent systems of risk management. The risk management system must provide for mitigating strategies and control activities against the risks within the municipality from unacceptable likelihood and impact.

The Municipality has established the Risk Management Unit and it is based in the Office of the Municipal Manager, reports to the Municipal Manager.

The implementation of Risk Management assists the municipality to achieve, among others, the following outcomes needed to underpin and enhance performance:

- More sustainable and reliable delivery of service.
- Informed decisions underpinned by appropriate investigation and analysis.
- Innovation.
- Reduce waste.
- Prevention of fraud and corruption.
- Better value for money through more efficient use of resources.
- Better outputs and outcomes through improved project and programme management.

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipality has got an approved Anti-Fraud and Corruption Policy. The policy serves as a protection to the municipality against any acts of fraud, corruption, and theft. It is mainly aimed at creating a proactive corruption free and intolerant culture within the municipality.

The implementation of this policy is intended to reduce the losses that the municipality may incur due to the occurrence of fraud, corruption, and theft. It also commits the municipality to detect, investigate and prosecute individuals who are allegedly involved in acts of fraud, corruption, and theft within the municipality.

The policy which has been approved to address some of the following matters:

- Fraud, corruption, theft, and maladministration.
- Bribery
- Embezzlement
- Extortion
- Abuse of power
- Abuse of privileged information
- Actions constituting fraud, corruption, and theft.
- Responsibility to conduct investigations
- Reporting procedures and resolution of reported incidents
- Protected disclosure
- Application of prevention controls and detection mechanisms

Chapter 2

- Conflict of interest

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The MFMA section 110 – 119; Supply Chain Management (SCM) Regulations 27636 of 2005 and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money, and minimize the opportunities for fraud and corruption.

The Municipality's Supply Chain Management Unit is a support function for all business units within the Municipality to ensure provision of efficient, transparent, fair, equitable and cost-effective procurement services hence assisting them to implement their service delivery priorities.

It operates under the direct supervision of the Chief Financial Officer or an official to whom this duty has been delegated in terms of section 82 of the Act and its core functions are:

Demand Management.

Acquisition Management.

Logistics Management.

Disposal Management.

The supply chain management policy for the year 2024/25 was adopted by Council in May 2025 in term of SCM Regulation 3 (1) (a). The main change made to the policy was to bring it in line with the structure of the SCM regulations. The aim was to establish a credible base from which the business processes can be developed.

The policy is aligned to Preferential Procurement Regulations 2022, issued in terms of the section 5 of the preferential Procurement Policy Framework Act, Number 5 of 2000 (PPPFA). The regulations were published in the Government Gazette on March 2022. The new regulations aim to align the Preferential Procurement Policy Framework Act, 2000 and the Broad – Based Black Economic Empowerment Amendment Act, 2013 effective from 24 October 2014, issued by National treasury.

PERFORMANCE OF SUPPLY CHAIN MANAGEMENT

In terms of the MFMA SCM regulations, the SCM policy of the municipality must provide for a system of demand, acquisition, logistics, disposal, risk and performance management, and the current policy has been aligned to provide for that.

Demand management

The preferential policy objectives were identified at a global level hence during the 2024/25 financial year a procurement plan was established, and the procurement preferential preference points were set on how these objectives will be met for each contract for the new financial year was developed.

Chapter 2

Acquisition Management

The thresholds as per section 12 of the SCM regulations has been set and complied with throughout the year. A thorough review of the bid documentation was done to ensure full compliance with circular 25 and the latest SCM regulations and to ensure full compliance with circular 25 for the 2024/25 financial year. A procurement plan has been developed which will guide all the procurement processes during the year.

Logistics management

An effective system of logistics management has been established. The continuous interrogation of inventories and improvements on systems and processes has yielded positive results in that there is a progressive reduction of stock holdings. There is a marked improvement on utilizing cable stock that has been held for a long period, which had a positive impact on purchases and has contributed to the reduction in purchases.

Risk Management

The contracts are being monitored on monthly basis, though there is a human capital challenge as there is one individual involved in the process. Also, measures are now being put in place to ensure identification, consideration, and avoidance of potential risks in the supply chain management system in accordance with section 41 of the SCM regulations. The supply chain management operational risk register was established and is in place.

Performance Management

The Municipality has SCM policy that ensures compliance and monitoring of compliance with the SCM regulations and processes has been developed and implemented. The policy enforces the accountability to all individuals involved in SCM and to ensure that SCM processes are independently monitored to ensure that the SCM policy is followed, and desired objectives are achieved.

Training of SCM Practitioners and Bid Committees

SCM Management, SCM practitioners and Bid Committee members were trained during 2024/25 as per SCM Regulation 8 in accordance with Treasury guidelines on supply chain training to meet the competency level required for supply chain practitioners and bid committee members. Further training is to be provided.

T 2.8.1

Chapter 2

2.9 BY-LAWS

By-laws Introduced during 2025					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Business by law		Not yet done	N/A	No	N/A
Parking bylaw		Not yet done	N/A	No	N/A
Cemetries by law		Not yet done	N/A	No	N/A
Hairdressers		Not yet done	N/A	No	N/A
*Note: See MSA section 13.					T 2.9.1

COMMENT ON BY-LAWS:
No new by-laws or revised by-laws
T 2.9.1.1

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	04/03/2025 04/08/2025
All current budget-related policies	Yes	04/04/2024
The previous annual report (Year -1)	Yes	02/04/2025
The annual report (Year 0) published/to be published	Yes	02/07/2025
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	02/21/2025
All service delivery agreements (Year 0)	Yes	02/21/2025
All long-term borrowing contracts (Year 0)	No	
All supply chain management contracts above a prescribed value (give value) for Year 0	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 0	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	02/04/2025

Chapter 2

Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.

T 2.10.1

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

A clear channel of content sharing is required to ensure that municipal stakeholders are able to have data and information efficiently uploaded to the municipal website. For the period under review, the municipal website content was provided to the municipal IT unit to upload to the website and feedback from IT personnel is that when data is shared by stakeholders, it is thereafter provided to a service provider to upload to the website. To mitigate the risk of website content not uploaded/ delayed, it is recommended that a process flow for data and information sharing be developed and implemented via e.g. an internal portal, email group or central repository accessible to stakeholders for the purpose of ensuring that website content is uploaded as required. This will allow for efficiency in data sharing amongst staff members, IT and service providers in order to manage issues relating to appropriate website content availability and overall data sharing practices by the municipality and third parties.

Furthermore, feedback was provided that a Webmaster Position is not filled for the period under review. The appointment of this resource will provide stakeholders with optimum and improved access to the municipal website's backend and the data sharing processes and procedures thereof to ensure adequacy in website content availability

T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

The municipality did not conduct a satisfaction survey but instead is seeking to find the satisfaction levels of the community through suggestion boxes/complaints register amongst others to ensure optimal satisfaction in terms of services offered to local communities. The suggestion box is located at the Municipal offices for public inputs and or comments.

T 2.11.1

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

INTRODUCTION

One of the objectives of Local Government is to ensure the provision of basic services to all communities in an effective and sustainable manner.

Basic services rendered to the community of Ramotshere Moiloa Local Municipality are Water and Sanitation services, Electricity, Roads and stormwater and waste management services.

BASIC SERVICE DELIVERY ACHIEVEMENTS (PERFORMANCE HIGHLIGHTS)

Water Services: Upgrading of Driefontein Water Supply is ongoing implemented by RMLM through the PIG grant.

Sanitation services: There were not capital projects implemented during the 2024/25 financial year.

Electrical Services: Electrification of 250 House Holds at Kruisreveyer was completed with the INEP grant.

Roads and Storm water:

Upgrading of 2.4km Road at Masebudule Village ward 17 completed
Upgrading of 2km Road at Ikageleng Location Ward 15 completed
Upgrading of 1.7km Road at Moshana Village ward 2 completed
Upgrading of 1.6km Road at Dinokana Village ward 11 completed
Upgrading of 1km Road at Dinokana Village ward 12. A total of 8.5km was surfaced during the 2024/2025 financial year.

Waste Management: The continued maintenance and operation of Zeerust landfill site to at least meet 65% of the permit conditions.

BASIC SERVICE DELIVERY CHALLENGES

Water Services: Ageing and inadequate bulk infrastructure

Electricity: Ageing and inadequate Fleet and equipment

Roads and Storm water: Potholes and blocked storm water inlets.

Waste Management: The Rehabilitation Closure Permit for Groot Marico landfill site has expired, application for its extension for another five years has been made to Department of Environmental Affairs. The remaining useful lifespan for Zeerust landfill site is reaching its maximum capacity. An

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application to increase its lifespan has since submitted to Department of Environmental Affairs for approval. This will extend the lifespan of the facility by 5 to 7 years.

Construction of Borakalalo Bridge is ongoing, Designs for Gopane bridges were finalised. The purpose for the construction of these bridges is to manage the Storm water on roads linking public facilities (Clinics and Schools)

T 3.0.1

COMPONENT A: BASIC SERVICES

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

INTRODUCTION TO BASIC SERVICES

During the 2010/11 financial year, the Provincial Intervention Team reviewed the Indigent Policy to address identified risks. This resulted in a change in the basis of the policy. The policy approved for the 2024/25 financial year provided indigent support based on consumptions and was therefore not application driven. The benefits were granted on the following basis:

Although the policy remained consumption driven in the 2024/25 financial year, for financial reporting purposes, the rebates were identified separately to fully reflect the value of the free basic benefit. The total in the table below is since Council has a consolidated bill, and the number of households would therefore overlap from one service to the other.

T 3.1.0

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3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

The District Municipality performed the functions and exercise the powers referred to in Section 84(1) (b) of the Municipal Structures Act (117 of 1998) which provides for the provision of potable water supply and sanitation systems. In terms of Section 11 of the Water Services Act (108 of 1997), every Water Services Authority has a duty to ensure the adequate sustainable access to water and sanitation to all consumers within the area of jurisdiction.

The RMLM only provides water services into the following areas: Zeerust, Ikageleng, Sandvlakte, Hendrysville and Groot Marico. The municipality has acquired an abstraction permit from Department of Water and Sanitation in this regard. The municipality serves as a Water Service Provider, thus signed Service Level Agreement with Ngaka Modiri Molema District Municipality (NMMDM).

The rural parts and semi urban areas of the municipality are serviced by NMMDM (Water Service Authority) (WSA) in conjunction with Sedibeng Water (Water Service Provider) (WSP). The response rate to water and sanitation interruptions were achieved at 80% and 90% respectively. Various factors contributing to this poor performance include the rapid deterioration of infrastructure and inadequate infrastructure, human resource constraints, theft of water meters and ageing fleet.

The completion waste water treatment plant in Groot Marico has contributed much to reduction of waste water spillages.

T 3.1.1

Employees: Water Services					
Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	2	6	2	4	67%
10 - 12	5	11	5	6	55%
13 - 15	17	34	17	17	50%
Total	26	53	26	27	51%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i> T3.1.7					

Chapter 3

Financial Performance 2025: Water Services					
R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	10 627 620	24 373 396	24 393 396	16 496 564	-0
Expenditure:					
Employees	8 956 480	9 672 772	9 537 045	9 587 510	-0
Repairs and Maintenance	711 402	1 000 000	1 506 069	829 384	-0
Other	2 171 295	9 550 000	345 044	612 151	-15
Total Operational Expenditure	11 839 176	20 222 772	11 388 158	11 029 045	-1
Net Operational Expenditure	1 211 557	-4 150 624	-13 005 238	-5 467 518	0
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.1.8					

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

NMMDM is responsible for the provision of sanitation in the municipal area. All Wastewater Treatment Plants are managed by District Municipality. The RMLM is responsible for maintenance of sewer reticulation systems in Zeerust, Welbedacht and Groot Marico.

T 3.2.1

Employees 2024/25: Sanitation Services					
Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
7 - 9	2	6	2	4	67%
10 - 12	6	11	6	5	45%
13 - 15	3	34	3	31	91%
Total	12	52	12	40	77%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.2.7					

Chapter 3

Financial Performance 2024/25: Sanitation Services					
R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	960	17 868	17 838	17 956	0%
Expenditure:					
Employees	14 134	14 719	14 582	14 644	-1%
Repairs and Maintenance	6 201	5 700	1 600	5	-104258%
Other	1 172	3 300	150	57	-5661%
Total Operational Expenditure	21 507	23 719	16 332	14 707	-61%
Net Operational Expenditure	20 547	5 851	(1 506)	(3 249)	280%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.2.8					

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The Municipal Electricity Unit is licensed by the National Electricity Regulator of South Africa (NERSA) to supply electricity to 15% of the total customers in the Municipality's area of jurisdiction and the remainder which is comprised of the rural areas is supplied by Eskom. The Electricity Unit operates under the Electricity Regulator Act of (2006).

The Electricity Unit generates approximately 67% of the total revenue of the Municipality.

The municipality purchases electricity in bulk on the Mega flex tariff from Eskom. We have two Eskom in-comer points (Zeerust Municipal Substation) and five feeders for our customers. We have a notified maximum demand of 20 MVA and we are operating from our new switching station.

Our area of supply is experiencing continuous outages due to the numerous faults on the existing ageing 11kV overhead lines infrastructure; we have no budget for upgrade of 11kv infrastructure for 2024/25 financial year.

T 3.3.1

Electricity Service Delivery Levels				
Description	2021/22	2022/23	2023/24	Households
	Actual	Actual	Actual	2024/25
	No.	No.	No.	Actual No.
<u>Energy:</u> (above minimum level)				

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Electricity (at least min.service level)	655	547	565	
Electricity – prepaid (min.service level)	565	587	846	
<i>Minimum Service Level and Above sub-total</i>	1 220	1 134	1 411	–
<i>Minimum Service Level and Above Percentage</i>	52,8%	52,8%	66,3%	0%
<u>Energy: (below minimum level)</u>				
Electricity (< min.service level)	112	123	124	
Electricity – prepaid (< min. service level)	955	865	565	
Other energy sources	24	26	28	
<i>Below Minimum Service Level sub-total</i>	1 091	1 014	717	–
<i>Below Minimum Service Level Percentage</i>	47,2%	47,2%	33,7%	0%
Total number of households	2 310	2 147	2 127	–
T 3.3.3				

Employees 2024/25: Electricity Services					
Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	7	7	7	0	0%
10 - 12	6	9	6	3	33%
Total	14	17	14	3	18%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>					
T 3.3.6					

Financial Performance 2024/25: Electricity Services					
R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	71 934	77 100	77 100	56 828	-36%
Expenditure:					

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Employees	7 623	9 812	10 332	8 724	-12%
Repairs and Maintenance	1 605	14 020	6 000	2 915	-381%
Other	60 511	7 900	94 073	97 056	92%
Total Operational Expenditure	69 740	31 732	110 405	108 694	71%
Net Operational Expenditure	(2 194)	(45 368)	33 305	51 866	187%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					<i>T 3.3.7</i>

Capital Expenditure 2024/25: Electricity Services					
					R' 000
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	2 213	1 478	1 478	0%	
Project A-KRUISRIVIER	2 213	1 478	1 478	735	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					
					<i>T 3.3.8</i>

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

INTRODUCTION TO WASTE MANAGEMENT

Section 21 of the Constitution states that everyone has the constitutional right to have an environment that is not harmful to his or her health and to have an environment protected for the benefit of the present and future generations through reasonable legislative and other measures that (a) prevent pollution and ecological degradation (b) promote conservation and secure ecological sustainable development and use of natural resources while promoting justifiable economic and social development.

Taking cue from the above and in terms of Section 10(3) National Waste Management: Waste Act, 2008 (Act No. 59 of 2008) the municipality has designated, Ma006 Eager Parks & Environment as the Waste Management Officer (WMO) and air quality management officer (AQMO) to advance and advocate issues of waste and environment

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The municipality has, furthermore, compiled an integrated waste management plan (IWMP) in the effort of complying with section 11(4)(a)(i)(ii) of NEMWA. The plan is still at the draft stage, and it awaits public participation for it to be submitted to MEC.

The waste service delivery of the Municipality is co-ordinated from Zeerust. A regular waste removal service is provided to all households and businesses within the major towns of the Municipal area, except to the households in rural areas.

The percentage of households with access to regular (once a week) refuse removal in Ramotshere Moiloa is currently 21%. Most of the population in rural areas either bury or burn their waste. There are also no private waste contractors active within the municipal area. The Municipality provides a weekly (1 day per week) waste collection service to all the households in Zeerust, Lehurutshe and Groot Marico.

The businesses, hospitals and schools in the Municipal area receive a waste collection service up to three times a week depending on the collection requirements. Industries are serviced once per week. Street cleaning (litter picking, sweeping, and cleaning of ablution facilities) is done in all the Major towns of the Municipality. The Ramotshere Moiloa Municipality utilises a black refuse bag system for all the households in the municipal area. Businesses utilise a black refuse bag system and 3m3 bins. Residents and businesses must buy their own black bags. The 3m3 bins are supplied by the municipality and then the businesses pay the Municipality off over time. The Municipality accepts any number of bags or bins per household or business, so there is no specific limit. The bags and bins are placed on the kerbside outside the house or business and collected from there.

The Municipality has a set of by-laws pertaining to cleansing services. The landfill sites in the Municipal area except Zeerust do not have weighbridges and therefore the quantities of waste disposed of are not exactly known. The daily tonnages of waste generated were obtained by applying per capita waste generation rates to the figures for the population served. These rates vary with the socio-economic standing of the population, from 1.5 kg per capita per day in the poor areas, to 3 kg per capita per day in the affluent areas.

The Municipality is experiencing shortages of labour for waste collection, environmental cleaners, as well as for the proper management of the waste disposal facilities.

The Municipality has a few vehicles that are old and are due for replacement. The landfill site at **Zeerust** is permitted by the Department of Water Affairs and Forestry on 9 January 1996 as a Class G: S: B- waste disposal site in terms of Section 20 of the Environment Conservation Act (Act 73 of 1989). The landfill site at **Lehurutshe** is permitted by the Department of Environmental Affairs and Tourism in terms of Section 20(1) of the Environment Conservation Amendment Act (Act 50 of 2003). The site is located approximately 6.4 kilometres south-east of the centre of the town, Lehurutshe. The landfill site is operated following a cell method of operation and landfilling of a quarry. The site is approximately 3 Ha in size.

The expected lifetime of the site is approximately 19 years. Waste is covered regularly even though the municipality does not have permanent equipment on site. The Komatsu Bulldozer from Zeerust is from time to time used to compact and cover waste at the Lehurutshe site.

The landfill site at **Groot Marico** is permitted by the Department of Environmental Affairs and Tourism in terms of Section 20(1) of the Environment Conservation Amendment Act (Act 50 of 2003). The site

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is located approximately 3 kilometres south-east of the town, Groot Marico. The landfill site is approximately 2 Ha in size. The expected lifetime of the current disposal area is approximately 20 years. The waste is disposed of by using a trench method. Waste is not properly compacted but is covered when needed.

Medical waste from the medical health facilities is taken away by a Medical Waste Company for incineration. The Municipality is not experiencing problems with the disposal of medical waste at their landfills.

T 3.4.1

Financial Performance 2024/25: Solid Waste Management Services					
R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	15 101	15 972	16 002	4 639	-244%
Expenditure:					
Employees	5 888		6 279	6 224	100%
Repairs and Maintenance	764		680	78	100%
Other	215		467	255	100%
Total Operational Expenditure	6 867	–	7 426	6 557	100%
Net Operational Expenditure	(8 234)	(15 972)	(8 576)	6 557	344%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.4.7					

3.25 HOUSING

INTRODUCTION TO HOUSING

In terms of section 26 of the Constitution of the Republic of South Africa, 1996, everyone has the right to have access to adequate housing, and the State must take reasonable legislative and other measures within its available resources to achieve the progressive realization of this right. The provision of adequate housing is therefore a national priority and is legislated through the Constitution and the Housing Act. The delivery thereof is the responsibility of all three spheres of government, however local government sphere even the municipality must take a lead role in initiating the housing development in its area of jurisdiction for the other two spheres of government to fund their housing development plans.

Hence section 9(1) (f) of the Housing Act states that “Every municipality must as part of the municipality ‘s process of integrated development planning, take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to –

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1.To initiate plan, coordinate, facilitate, promote, and enable appropriate housing development in its area of jurisdiction

(a) Ensure that the inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis

(b)Set housing delivery goals in respect of its area of jurisdiction amongst other imperatives.

It is in this context that the municipality has a chapter in the IDP- Human Settlement Sector Plan which is basically a summary of the housing planning undertaken by the municipality to address its housing needs, an analysis of the housing demand and a strategy for the supply of such demand. The feedback and analysis of ward meetings in various wards in relation to housing needs indicates that the need is huge and currently the two ideal housing programmes for the municipality are integrated residential development and rural subsidy programmes.

We are constantly in engaging with the Provincial Department of Local Government and Human Settlements communicating planned housing projects and requesting funding of such. This definitely assists in reducing the backlog we have in our locality if our plans are incorporated in the Department 's Business Plan, and appointment of developers are done

T 3.5.1

Employees 2024/25: Housing Services					
Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
10 - 12	1	1	1	0	0%
Total	1	2	1	1	50%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.5.4					

Financial Performance 2022/23: Housing Services					R'000
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	405	405	651	651	38%
Expenditure:					
Employees	405	651	546	419	-55%
Repairs and Maintenance	–	–			0%
Other	–	0			0%

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Total Operational Expenditure	405	651	546	419	-55%
Net Operational Expenditure	-	245	(104)	(231)	0%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					<i>T 3.5.5</i>

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

During the 2010/11 financial year, the Provincial Intervention Team reviewed the Indigent Policy to address identified risks. This resulted in a change in the basis of the policy. The policy approved for the 2024/25 financial year provided indigent support based on consumptions and was therefore not application driven. The benefits were granted on the following basis:

Although the policy remained consumption driven in the 2024/25 financial year, for financial reporting purposes, the rebates were identified separately to fully reflect the value of the free basic benefit. The total in the table below is since Council has a consolidated bill, and the number of households would therefore overlap from one service to the other.

T 3.6.1

Financial Performance 2024/25: Cost to Municipality of Free Basic Services Delivered

Services Delivered	2023/24	202/25			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	-				
Wastewater (Sanitation)	-				
Electricity	2 315	1 095	1 095	2 268	52%
Waste Management (Solid Waste)	-				
Total	2 315	1 095	1 095	2 268	52%
<i>T 3.6.4</i>					

COMPONENT B: ROAD TRANSPORT

This component includes roads; transport; and waste water (stormwater drainage).

INTRODUCTION TO ROAD TRANSPORT

For the year under review the municipality managed to upgrade 5,65km of Roads and Storm water through the MIG grant and 2.9km is still under construction. The Construction of Borakalalo to manage storm water drainage system is completed and it was also funded by MIG.

T 3.7

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3.7 ROADS

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometers Gravel roads graded/maintained
2022/23	4 000	0	5,5	256
2023/24	3 995	0	6,70	0
2024/25	3 993	0,00	5,65	0,00
				T 3.7.2

Tarred Road Infrastructure					
Kilometers					
	Total tarred roads	New tar roads	Existing roads tarred	Existing roads tar re-sheeted	Tar roads maintained
2022/23	641	5	0	0	6 143
2023/24	646	5,8	0	0	0
2024/25	651.8	9,1km	0	0	0
					T 3.7.3

Cost of Construction/Maintenance						
R' 000						
	Gravel			Tar		
	New	Gravel Tar	Maintained	New	Re-worked	Maintained
2022/23	0	0	0	35 300	0	0
2023/24	0	0	0	30000	0	0
2024/25	0	0	0	8522.63	0	0
						T 3.7.5

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Employees 2024/25: Road Services					
Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	1	0	1	100%
7 - 9	2	2	2	2	100%
10 - 12	4	4	4	4	100%
13 - 15	8	14	7	9	64%
Total	16	22	14	16	73%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.7.7					

Financial Performance 2024/25: Road Services					
R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	18 525	56 868	56 868	18	-207%
Expenditure:					
Employees	18 627	16 962	16 042	16 529	9%
Repairs and Maintenance	3 600	10 000	4 000	1 022	0%
Other	23 137	34 287	–	23 658	-48%
Total Operational Expenditure	45 364	61 249	20 042	45 364	-35%
Net Operational Expenditure	(26 839)	4 381	(36 826)	26 839	84%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.7.8					

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

Financial Performance 2024/25: Workshop					
R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	11 841	19 369	19 869	19 369	0%
Expenditure:					

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Employees	2 672	2 999	3 199	3 035	1%
Repairs and Maintenance	2 048	7 755	2 762	1 772	-338%
Other	1 863	4 497	4 468	4 044	-11%
Total Operational Expenditure	6 582	15 250	10 430	8 851	-72%
Net Operational Expenditure	(5 259)	(4 119)	(9 439)	(10 518)	61%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					T 3.8.5

3.9 WASTE WATER (STORMWATER DRAINAGE)

Stormwater Infrastructure Kilometers				
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2022/23	6	6	0	10 000
2023/24	6	1	0	7 500
2024/25	6	4		8522.63
				T 3.9.2

Cost of Construction/Maintenance R' 000			
	Stormwater Measures		
	New	Upgraded	Maintained
2022/23			
2023/24	29 000 000		
2024/25	18 000 000		
			T 3.9.3

Employees 2024/25: Stormwater Services					
Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	3	1	2	67%
7 - 9	2	2	2	0	0%
10 - 12	1	4	1	3	75%
Total	5	10	5	5	50%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to*

Chapter 3

give the number of posts equivalent to the accumulated days.

T 3.9.6

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

For the year under review the municipality Failed to implement MIG allocations as awarded to the municipality for upgrading of streets from gravel to tar or paving. Delay in procurement process impacted negatively for implementation of the 2024/25 MIG Projects. Procurement processes are affected by non-approval of IDP.

The implementation of storm water is not possible due to the costs as per MIG standards; thus, the roads also serve as the storm water channels. See municipal overview for detailed information.

T3.9.9

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

- The Department of Municipal Planning and Development comprises of the following units:

- Town Planning Unit.
- Local Economic Development (LED); and
- Housing Unit

The Department aims at working hand in hand with the communities in their attempts to achieve service delivery and make their lives successful within their environment.

T 3.10

3.10 PLANNING

INTRODUCTION TO PLANNING

The Town Planning Unit is a strategic Division within the municipality mandated to manage the spatial planning and land use management. The Town Planning Division is responsible for the following:

- Town Planning services: Implementation of Spatial Development Framework; provision of zoning information; and processing of various land use applications i.e., rezoning, subdivision, special consent applications etc.
- Building Control: Plan submission, inspection and (dis) approval thereof
- Development Enforcement: Enforcement of land use scheme and bylaws Town Planning is central to developing and promoting an integrated town committed to addressing spatial injustices and guides development towards vibrant, resilient, and sustainable urban and rural areas.

SUCCESS IN 2024/25 FINANCIAL YEAR

The following were successes for the financial under review:

- Land Audit report has been completed and only awaiting adoption by Council.
- The Land Use Scheme is under review as resolved by Council
- Process of appointment of new term of Municipal Planning tribunal is underway as per resolution of Council

Chapter 3

CHALLENGES IN 2024/25 FINANCIAL YEAR

The Municipality is faced with the following challenges:

- Lack of appointment of service provider to conduct land audit
- Continued increase in illegal occupation of municipal land
- Contravention of Ramotshere Moiloa Land Use Scheme
- Absence of Geographic Information System (GIS)
- Encroachments on Municipal Land in terms of boundary lines
- Building without approved Building Plans

T 3.10.1

Employees: Planning Services					
Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	5	3	2	40%
7 - 9	5	6	5	1	17%
Total	9	12	9	3	25%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T
3.10.4

Financial Performance 2024/25: Planning Services					
R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	320	16 267	1 367	838	-1841%
Expenditure:					
Employees	59	769	1 744	1 801	57%
Repairs and Maintenance	–				0%
Other	–		470	1 744	0%
Total Operational Expenditure	59	769	2 214	3 545	78%
Net Operational Expenditure	(261)	(15 498)	847	2 707	672%

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

T 3.10.5

Chapter 3

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The development of the local economy within the municipality is in line with the National Development Plan (NDP). The Local Development Unit is committed to the provision of the environment through which business will prosper with emphasis put on equality, redress, and empowerment.

The effect of inequality requires a deliberate and decisive action by Municipal policies to address inequality, alleviated poverty and unemployment through job creation, entrepreneur development and support, enabling business development and social reforms within Ramotshere Moiloa Local municipality.

T 3.11.1

Economic Activity by Sector R '000			
Sector	2022/23	2023/24	2024/25
Agric, forestry and fishing	1,5	1,5	1,5
Mining and quarrying	5	2	2
Manufacturing	58	63	63
Wholesale and retail trade	51	52	52
Finance, property, etc.	48	52	52
Govt, community and social services	25	25	25
Infrastructure services	38	41	41
Total	226,5	236,5	236,5
T 3.11.2			

COMMENT ON LOCAL JOB OPPORTUNITIES:

The impact of COVID 19 during the previous financial years is still felt on all economic sectors including tourism, agriculture and mining in our region. The devastating effects of this pandemic left many businesses closed and resulting in the shedding of many jobs from mining and retail being the most affected. The construction of solar plant and Autumn Leaf Mall has brought about economic employment opportunities within the regional economy. This opportunity shaped the outlook of SMMEs within the municipality

The completion of the mall will contribute towards the improvement of the ailing tourism economy and also will provide range of tourism and non-tourism products to be consumed. It will also provide the anticipated number of job injection to boost the economy.

Through the MIG Projects the Municipality has managed to create

T 3.11.4

Chapter 3

Jobs Created during 2024/25 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
2022/23	248			Stats from the companies within the Municipality including Quarterly reports from STATS SA
2023/24	180			Stats from the companies within the Municipality including Quarterly reports from STATS SA
2024/25	580			Stats from the companies within the Municipality including Quarterly reports from STATS SA,
T 3.11.5				

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2022/23	6	57
2023/24	6	160
2024/25	6	140
* - Extended Public Works Programme		T 3.11.6

Employees: Local Economic Development Services					
Job Level	2021/22 Employees	2022/23			
	No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 – 3	1	1	1	0	0%
7 – 9	3	5	3	2	0%
10 – 12	5	6	5	1	0%
Total	9	12	9	3	0%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.11.8					

Chapter 3

Financial Performance 2024/25: Local Economic Development Services					
R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	917	6 275	3 915	3 592	-75%
Expenditure:					
Employees	692	5 372	5 255	8 034	33%
Repairs and Maintenance	–				0%
Other	–	2 100	877	1 499	0%
Total Operational Expenditure	692	7 472	6 132	9 532	22%
Net Operational Expenditure	(224)	1 197	2 217	5 941	80%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.11.9					

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

This component includes library services, waste management, environmental services, public safety, cemeteries, parks, security services, sports and recreation and other social programmes.

T 3.52

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

The municipality provides accessible community facilities to an acceptable standard for all the people of Ramotshere Moiloa Local Municipality. It provides access library materials for the purposes of education, information, recreation, and aesthetic appreciation for all residing within municipal area of jurisdiction. The main objectives of this function are to:

- ensure that the residents have access to up-to-date information through libraries
- ensure that there are libraries in needy areas
- provide acceptable standard of service for all

Chapter 3

The municipality rendered these services in partnership with the Department of Sports, Arts and Culture (DSAC). There was a signed Service Level Agreement for same.

There are library forums that the municipality participated on such as Provincial ICT Stakeholder and District Library forum. The services at Lehurutshe were poor in the beginning of the year but have since improved after making minor renovations. The mini library has been established at Motswedi and is functioning well. Dinokana library is still under construction and the project is progressing well. The challenge experienced at almost all libraries is the internet connections. The Municipality is still awaiting the Department to conclude the appointment of the service provider for the provision of internet services. Groot Marico library needed minor renovations for it to attract people. The roof is leaking, and these might affect reading materials. There is water shortage at Supingstad library and this impact on the number of people utilising the library. The municipality will in the next financial year repair and equip the existing borehole.

T3.12.1

Financial Performance 2024/25: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	625	2 389	1 501	1 500	-59%
Expenditure:					
Employees	170	2 132	1 604	2 161	1%
Repairs and Maintenance	–	244	14	5	0%
Other	–	152	160	78	0%
Total Operational Expenditure	170	2 528	1 779	2 244	-13%
Net Operational Expenditure	(455)	138	278	744	81%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					

T 3.12.5

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

The identification of new cemeteries is vital because of the lack of burial space in the existing cemeteries. There are four cemeteries in the urban areas such as Zeerust, Groot Marico, Ikageleng and Lehurutshe.

The function includes continuous monitoring of burials, management of burial registers, mowing of vegetation at gravesides.

There were numerous requests from rural areas on fencing of cemeteries to prevent damages to tombstones. Only three cemeteries were fenced.

Chapter 3

CHALLENGES

- Acquisition of land for new cemeteries at Groot Marico, Zeerust and Ikageleng
- Theft of artefacts and metal railings
- Vandalism of tombstones
- Lack of adequate budget to maintain cemeteries
- Lack of cemetery management system
- Lack of equipment i.e., TLBs for digging of graves at various cemeteries.

HIGHLIGHTS

- Continuous mowing of vegetation at cemeteries

T 3.13.1

Financial Performance 2024/25: Cemeteries and Crematoriums					
R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 917	9 534	9 590	9 400	-1%
Expenditure:					
Employees	30	214	211	211	-1%
Repairs and Maintenance	–	2 000	47	3	0%
Other	–	4 650	400	23	0%
Total Operational Expenditure	30	6 864	658	237	-2801%
Net Operational Expenditure	(3 887)	(2 670)	(8 932)	(9 163)	71%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.13.5					

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Not Applicable

COMPONENT E: ENVIRONMENTAL PROTECTION

This component is not applicable

COMPONENT F: HEALTH

This component is not applicable

COMPONENT G: SECURITY AND SAFETY

Chapter 3

Capital Expenditure Year 2024/25: Civil Engineering					
Capital Projects	2024/25				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	39 570,00	48 967,00	48 967,00	0,19	
Ikageleng Roads & Stormwater	6 800,00	11 545,00	11 545,00	41%	11 545,00
Moshana Roads & Stormwater	6 060,00	8 689,00	8 689,00	30%	8 689,00
Lekgopung Roads & Stormwater Clinic Road	9 400,00	9 400,00	9 400,00	0%	9 400,00
Masebudule Roads & Stormwater	7 300,00	7 300,00	7 300,00	0%	7 300,00
Dinokana Roads & Stormwater Ward12	5 000,00	6 300,00	6 300,00	21%	6 300,00
Dinokana Roads & Stormwater Ward11	5 010,00	5 733,00	5 733,00	13%	5 733,00
MIG Projects	39 570,00	48 967,00	48 967,00	19%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.17.6					

Financial Performance 2024/25: Security					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	6 632	15 917	15 917	15 917	0%
Expenditure:					
Police Officers					
Other employees	263	2 587	20 188	15 843	84%
Repairs and Maintenance	–	280	330	178	-57%
Other	1 219	1 600			0%
Total Operational Expenditure	1 482	1 600			0%
Net Operational Expenditure	(5 150)	(14 317)	(15 917)	x(15 917)	10%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.20.5					

Chapter 3

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

INTRODUCTION TO SPORT AND RECREATION

The municipality manage and operates Ikageleng sport-field. The Borakalalo and Ntsoeletsoku sport-fields had not been formally handed-over. However, the municipalities are maintaining the facilities on an ad hoc basis. The municipality had also assisted in gravelling other playing grounds for use by football clubs affiliated to South African Football Association (SAFA).

In terms of parks and open spaces, regular maintenance of these facilities was taking place in terms of maintenance of equipment and cutting of overgrown grass. There were no capital projects made for the year in question

T 3.23

3.23 SPORT AND RECREATION

Financial Performance 2024/25: Parks					
					R'000
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	3 314	7 953	7 953	7 953	0%
Expenditure:					
Employees	689	7 043	7 391	7 792	10%
Repairs and Maintenance	–	1 800	50	73	0%
Other	176	910	225	175	-420%
Total Operational Expenditure	865	9 753	7 666	8 040	-21%
Net Operational Expenditure	(2 449)	1 800	(287)	87	-1974%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.23.4

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

3.24 EXECUTIVE AND COUNCIL

Chapter 3

This component includes: Executive office (mayor; councilors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

The Council support as a sub-unit includes all administrative support that is provided to the offices of the Mayor, Speaker, and Municipal Manager. This includes, inter alia, meetings of Council and its Council Support: The main purpose for the existence of this sub-unit is to give administrative support, primarily to Council and its committees and to ensure smoothness of Council's decision-making process.

The sub-unit commits itself to providing efficient printing service to Council & business units; quality minutes and efficient record keeping of all minutes of Council and its committees.

This sub-unit ensures that Council agendas are delivered on time to councillors on time.

T 3.24.1

Employees 2024/25: The Executive and Council					
Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0%
4 - 6	4	4	4	0	0%
Total	6	6	6	0	0%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>					

T 3.24.4

Financial Performance 2024/25 The Executive and Council					R'000
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	33 653	53 264	53 264	34 971	-52%
Expenditure:					
Employees	30 385	35 975	35 788	37 397	4%
Repairs and Maintenance	0				0%

Chapter 3

Other	8 763	21 763	9 166	6 952	-213%
Total Operational Expenditure	39 149	57 738	44 955	44 349	-30%
Net Operational Expenditure	5 496	4 473	(8 309)	9 377	52%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					T 3.24.5

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The overview sets out highlights of the municipality's financial performance in the past year. Full details appear in the Annual Financial Statements.

The municipality has performed relatively well over the past year despite the prevailing market and economic conditions. There has been a monitoring by the municipality of the economic conditions over the finances of the municipality and despite lack of complete verification of its debtors, the municipality is aware of the existence of indigent communities within its jurisdiction and the impact it has on the revenue collection rate which in turn put pressure on the cash flows. The collection rate for the 2021/22 as depicted in the table below indicates that the recoverability of debts is below the norm of 95%

T 3.25.1

Debt Recovery R' 000							
Details of the types of account raised and recovered	2022/23		2023/24			2024/25	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %

Chapter 3

		%			d %		
Property Rates	11904,00	33,00		R56 286 323,00	70,00	R14 176 543,24	52,00
Electricity - B	4386,00	100,00		R2 861 022,29	100,00	R1 447 321,89	66,00
Electricity - C	571,00	21,00		R5 662 032,20	75,00	R30 664 783,50	58,00
Water - B	0,00	-		R0,00	-	R0,00	-
Water - C	4307,00	71,00		R13 807 239,51	100,00	R11 042 351,98	44,00
Sanitation	6963,00	100,00		R2 244 651,46	95,00	R2 086 088,93	68,00
Refuse	7477,00	74,00		R12 061 464,59	98,00	R6 268 975,03	68,00
Other	8537,00	100,00		R0,00	-	R0,00	-
B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.							
T 3.25.2							

Employees: Financial Services					
Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	6	5	5	0	0%
4 - 6	8	14	11	3	21%
7 - 9	19	20	20	0	0%
Total	33	39	36	3	8%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.25.4					

Chapter 3

Financial Performance 2024/25: Financial Services					
R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	63 537	111 236	117 219	65 318	-70%
Expenditure:					
Employees	24 405	28 582	26 576	26 047	-10%
Repairs and Maintenance	–		53 687	40 345	0%
Other	27 477	63 808			0%
Total Operational Expenditure	51 881	92 390	80 263	66 392	(0)
Net Operational Expenditure	(11 656)	(18 845)	(36 955)	1 074	0
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.25.5					

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resources Management encompasses Personnel, Job Evaluation, Employee Relations, and occupational Safety. Human Resources Management is responsible for recruitment, selection, placement, remuneration of staff, employee benefits wellness. The Municipality's Human Resources function is aimed at ensuring enhanced service delivery with efficient institutional arrangements by increasing levels of employee morale.

T 3.26.1

Employees 2024/25: Human Resource Services					
Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	1	100%

Chapter 3

4 - 6	2	4	2	2	50%
7 - 9	1	2	1	1	50%
10 - 12	2	10	2	8	80%
Total	6	17	6	12	71%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.26.4

Financial Performance 2024/25: Human Resource Services					
					R'000
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	9 605	13 561	13 561	13 444	-1%
Expenditure:					
Employees	1 035	10 996	1 047	10 148	-8%
Repairs and Maintenance	–		–	27	0%
Other	1 516	5 633	2 477	2 331	-142%
Total Operational Expenditure	2 551	16 629	3 523	12 506	-33%
Net Operational Expenditure	(7 053)	3 068	(10 038)	(938)	427%

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

T 3.26.5

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Chapter 3

Our mission is to be a respected internal service provider to all stakeholders of the Municipality in order to enable efficient administration and service delivery using technologies that are proven and cost-effective. We will provide a portfolio of ICT related services to the Municipality and promote ICT as an enabler of technical service delivery. We will further strive to provide citizen-centric ICT offerings to the Community. It is our intentions to reach ensure that we develop an ICT Strategy that is aligned to IDP over a period of 3 years.

T 3.27.1

Employees: ICT Services					
Job Level	2023/24	2024/25			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	1	0	0%
4 - 6	2	2	2	0	0%
7 - 9	1	2	1	1	50%
Total	3	5	4	1	20%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					

T3.27.4

Financial Performance 2024/25: ICT Services					
R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	6 944	16 665	16 665	16 665	0%
Expenditure:					
Employees	202	5 324	2 494	2 336	-128%
Repairs and Maintenance	–	250	2 384	1 425	0%
Other	–	24 394	6 222	6 373	0%
Total Operational Expenditure	202	29 968	11 101	10 134	-196%
Net Operational Expenditure	(6 741)	13 303	(5 563)	(6 531)	304%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					

T 3.27.5

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Chapter 3

This component includes: property; legal; risk management and procurement services.

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Constitutional and other legal imperatives require local government to participate in and develop extensive legal relationships. As social change agents' local government interacts with individuals, interest groups, the private sector, and other organs of state in a few ways. Legal Services plays a crucial role in such interaction.

Our essential and top priority has always been to minimize legal risk to the Municipality, whether it is on a proactive or reactive basis. This is done in relation to a few activities, including civil court matters, the supply of sound legal advice and negotiating agreements.

T3.28.1

Financial Performance 2024/25: Property; Legal; Risk Management and Procurement Services					
R'000					
Details	2023/24	2024/25			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	628	1 508	1 508	1 508	0%
Expenditure:					
Employees	94	1 208	2 080	1 248	3%
Repairs and Maintenance	–		125	125	100%
Other	–	1 200	186	186	-546%
Total Operational Expenditure	94	2 408	2 391	1 559	-54%
Net Operational Expenditure	(534)	900	883	51	-1662%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.28.5					

Chapter 4

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

INTRODUCTION

The Corporate and Human Resources functions and responsibilities address many of the IDP requirements to ensure effective service delivery and community development, these include:

1. To Contribute Towards Employability & Self Employability of Youth and Community.
2. To ensure a competent workforce to achieve organizational objectives.
3. Improve Quality and Management Control Processes.
4. To align the organizational culture to the business objectives to improve organizational efficiency and measure.
5. Recruitment, selection, and employment.
6. Labor relations management.
7. Pay and leave administration.
8. Staff administration.
9. Grading and remuneration.
10. Sick leave management.
11. Employee wellness
12. Job Evaluation; Employee Relations; Organizational Development; Occupational Health and Safety; and HR Management Services.

T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	Employees				
	2023/24	2024/25			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	26,00	34,00	25,00	9,00	26%
Waste Water (Sanitation)	12,00	52,00	12,00	40,00	77%
Electricity	41,00	17,00	14,00	3,00	18%
Waste Management	10,00	19,00	9,00	10,00	53%
Housing	1,00	2,00	2,00	0,00	0%
Waste Water (Stormwater Drainage)	5,00	10,00	5,00	5,00	50%
Roads	16,00	23,00	16,00	7,00	30%
Transport	2,00	2,00	2,00	0,00	0%
Planning	6,00	6,00	6,00	0,00	0%
Local Economic Development	10,00	9,00	3,00	6,00	67%

Chapter 4

Planning (Strategic & Regulatory)	6,00	5,00	6,00	1,00	20%
Local Economic Development	3,00	3,00	3,00	0,00	0%
Community & Social Services	68,00	92,00	56,00	36,00	39%
Environmental Protection	30,00	20,00	13,00	7,00	35%
Health	87,00	92,00	80,00	12,00	13%
Security and Safety	10,00	13,00	13,00	13,00	100%
Sport and Recreation	3,00	3,00	3,00	0,00	0%
Corporate Policy Offices and Other	0,00	2,00	26,00	0,00	0%
Totals	336,00	404,00	294,00	149,00	0

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

T 4.1.1

Vacancy Rate: 2024/25			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0,00
CFO	1	0	0,00
Other S57 Managers (excluding Finance Posts)	5	0	0,00
Senior management: Levels 13-15 (excluding Finance Posts)	28		0,00
Senior management: Levels 13-15 (Finance posts)	7		0,00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	134		0,00
Highly skilled supervision: levels 9-12 (Finance posts)	53		0,00
Total	229	0	0,00

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

T 4.1.2

Turn-over Rate 2023/24			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	

Chapter 4

2021/22	7	17	243%
2022/23	11	21	191%
2023/24	14	10	71%
* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year			T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

Critical positions in the Internal audit division, remain vacant, however the position for the Director of Planning and Development and the ICT manager positions have been filled.

T 4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipal Service Act 2000, S68 (1) required municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their power in an economical, effective, efficient, and accountable way.

The Municipality through Human Resources Development Unit under the Corporate Services Department is the custodian or champion for skills development on behalf of the Municipality. Various training interventions are conducted through different levels in the organization. There are training programs that are attended to equip the employee in order to improve the quality and standard of service delivery. The Workplace Skills Plan is developed along the LGSETA guideline.

Almost what is due to the municipality in terms of the training rebates is collected on an annual basis in full. Whilst the Human Resources Development Unit is tasked to improve the competency of our employees the unit is also responsible to work in partnership with various departments and training providers and communities to improve the level of skills, knowledge, and behaviour of our employees and citizens to be active participants in the municipality and the economic development and growth of the municipality.

T 4.2.0

Chapter 4

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
2	Attraction and Retention	100%	100%	2024/25
3	Code of Conduct for employees	100%	100%	Main Collective Agreement
5	Disciplinary Code and Procedures	100%	100%	Main Collective Agreement
6	Essential Services	100%	100%	Main Collective Agreement
7	Employee Assistance / Wellness	100%	100%	2024/25
8	Employment Equity	100%	100%	2024/25
9	Exit Management	100%	100%	2024/25
10	Grievance Procedures	100%	100%	Main Collective Agreement
11	HIV/Aids	100%	100%	
12	Human Resource and Development	100%	100%	2024/25
13	Information Technology	100%	100%	202/25
14	Job Evaluation	100%	100%	2024/25
15	Leave	100%	100%	2024/25
16	Occupational Health and Safety	100%	100%	2014/2015
17	Official Housing	100%	100%	Main Collective Agreement
20	Official Working Hours and Overtime	100%	100%	2024/25
21	Organisational Rights	100%	100%	Main Collective Agreement
23	Performance Management and Development	100%	100%	2024/25
24	Recruitment, Selection and Appointments	100%	100%	2024/25
27	Sexual Harassment	100%	100%	2024/25

Chapter 4

28	Skills Development	100%	100%	2024/25
32	Uniforms and Protective Clothing	100%	100%	2024/25
33	Risk Management Policy Framework	100%	100%	2014/15
34	Risk Management Implementation Plan	100%	100%	2014/15
35	Risk Management Assurance Plan	100%	100%	2014/15
36	Risk Management Categories	100%	100%	2014/15
37	Risk Management Fraud and Anti-Corruption Policy	100%	100%	2014/15
38	Risk Management Rating Table	100%	100%	2014/15
39	Risk Management Steering Committee	100%	100%	2014/15
40	Risk Tolerance	100%	100%	2014/15
42	Risk Management Policy	100%	100%	2014/15
43	Communication Policy	100%	100%	2014/15
44	Consultants Monitoring and Management Policy	100%	100%	2014/15
45	Demotion, Promotion and Transfer Policy	100%	100%	2024/25
47	Credit Control and Debt Collection Policy	100%	100%	2024/25
48	Supply Chain Management Policy (2020-2021)	100%	100%	204/25
49	Indigent Policy (2016-2017)	100%	100%	2024/25
50	Policy on Borrowing ANNEXURE PB1_Municipal Regulations on Debt Disclosure - Gazette No 29966, 15 June 2007	100%	100%	2024/25
51	Cash Management Investment Policy (23 05 2013)	100%	100%	2024/25
52	Credit Control By-Law (23.05.2013)	100%	100%	2024/25
53	Electricity By-Law (23.05.2013)	100%	100%	2024/25

Chapter 4

54	Funding and Reserves Policy (23 05 2013)	100%	100%	2024/25
55	Policy on Borrowing (23.05.2013)	100%	100%	2024/25
56	Rates By-Law (23.05.13)	100%	100%	2024/25
57	Tariff By-Law (23.05.2013)	100%	100%	2024/25
58	Water Supply Wastewater By-Law (23.05.2013)	100%	100%	2013/2014
59	Rates Policy (2016-2017) (3)	100%	100%	2024/25
60	Tariff Policy (2016-2017)	100%	100%	2024/25
61	Assets Management Policy	100%	100%	2024/25
62	Car and Travel Allowance	100%	100%	2024/25
63	Conflict of Interest	100%	100%	2014/2015
65	Student Assistance Policy	100%	100%	2024/25
66	Telephone Usage Policy	100%	100%	2024/25
67	Termination Policy	100%	100%	2014/2015
<i>Use name of local policies if different from above and at any other HR policies not listed.</i>				<i>T 4.2.1</i>

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000

Chapter 4

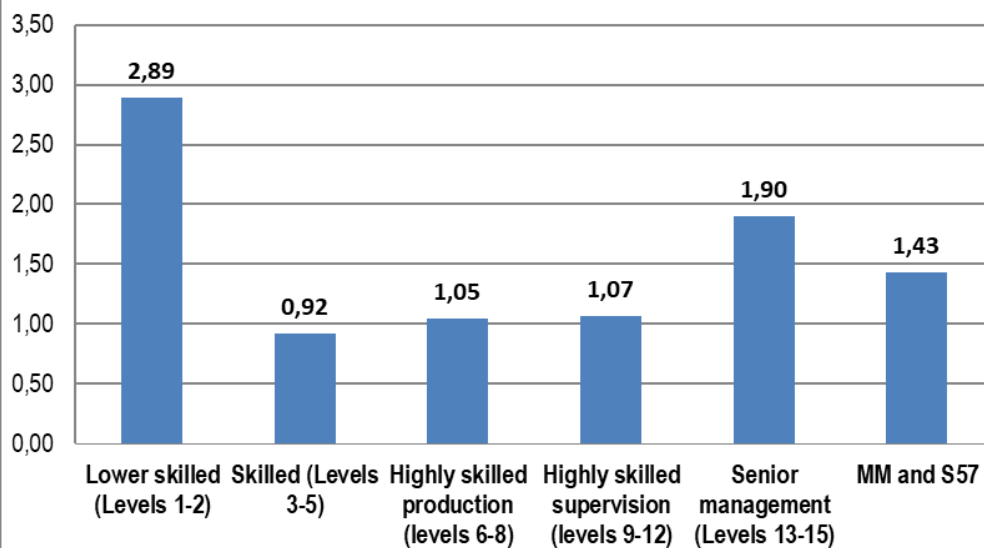
Lower skilled (Levels 1-2)	301	-	24	24	-	-
Skilled (Levels 3-5)	96	-	23	23	-	-
Highly skilled production (levels 6-8)	109	-	16	16	-	-
Highly skilled supervision (levels 9-12)	111	-	20	20	-	-
Senior management (Levels 13-15)	198	-	19	19	-	-
MM and S57	149	-	2	2	-	-
Total	964	-	102	102	-	0

* - Number of employees in post at the beginning of the year

*Average is calculated by taking sick leave in column 2 divided by total employees in column 5

T 4.3.2

Average Number of Days Sick Leave (excluding IOD)



T 4.3.3

Chapter 4

COMMENT ON INJURY AND SICK LEAVE:

The following steps were taken during the year to reduce injuries on duty, sick leave management and follow-up action.

- Comprehensive Safety Management programme in place
- Facilitation of incident and accident investigation
- Scheduled safety training, and safe work procedures
- Medical Surveillance
- Pre-placement, periodic, transfer, and scheduled medical examinations based on occupational risk exposure profiles.
- Audiometry and hearing monitoring
- Spirometer and respiratory programme
- Preventative Programmes
- Immunization programmes
- Occupational post exposure prophylaxis for needle sticks injuries
- Trauma de-briefing for workers exposed to traumatic events
- Incapacity and Medical Board Assessment management
- Return to work assessments
- Disability management
- Sick leave Management
- Multidisciplinary approach to sick leave management
- Profiling sick leave frequency and trends
- Home visits, liaison with treating medical practitioner
- Awareness and liaison with medical practitioners found to issue frequent and generous sick leave
- Medical assessment of employees taking frequent and long episodes of sick leave
- Facilitate medical assessments for incapacity

T 4.3.4

4.4 PERFORMANCE REWARDS

There were no performance awards for the year.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Municipal Service Act 2000, S68 (1) required municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their power in an economical, effective, efficient, and accountable way.

Chapter 4

The Municipality through Human Resources Development Unit under the Corporate Services Department is the custodian or champion for skills development on behalf of the Municipality. Various training interventions are conducted through different levels in the organization. There are training programs that are attended to equip the employee to improve the quality and standard of service delivery. The Workplace Skills Plan is developed along the LGSETA guideline.

Almost what is due to the municipality in terms of the training rebates is collected on an annual basis in full. Whilst the Human Resources Development Unit is tasked to improve the competency of our employees the unit is also responsible to work in partnership with various departments and training providers and communities to improve the level of skills, knowledge and behavior of our employees and citizens to be active participants in the municipality and the economic development and growth of the municipality.

T 4.5.0

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2025	Number of skilled employees required and actual as at 30 June 2025											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of 2023/24	Actual: End of 2024/25	2024/25 Target	Actual: End of 2023/24	Actual: End of 2024/25	2023/25 Target	Actual: End of 2023/24	Actual: End of 2024/25	2024/25 Target	Actual: End of 2023/24	Actual: End of 2024/25	2024/25 Target
MM and s57	Female					0	1					0	1	
	Male					0	2					0	2	
Councillors, senior officials and managers	Female					27	8					27	8	15
	Male					10	15					10	15	20
Technicians and associate professionals*	Female					3	5					3	5	20
	Male					4	9					4	9	20
Professionals	Female					5	8					5	8	
	Male					5	12					5	12	
Sub total	Female					35	22					35	22	
	Male					19	38					19	38	
Total		0	0	0	0	54	60	0	0	0	0	54	60	0

*Registered with professional Associate Body e.g CA (SA)

T 4.5.1

Chapter 4

Financial Competency Development: Progress Report*

Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidat ed: Total of A and B	Consolidat ed: Competenc y assessmen ts completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	0	1	1
<i>Chief financial officer</i>	1	0	1	0	1	1
<i>Senior managers</i>	4	0	4	0	0	4
<i>Any other financial officials</i>	11	0	11	0	0	7
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	1	0	1	0	0	1
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
TOTAL	18	0	18	0	2	14

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

T 4.5.2

Chapter 4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Managing workplace expenditure is governed by Section 66 of the MFMA Act 56 of 2003. The economic challenges faced by the Municipality include, optimizing productivity and rand value, balancing compensation for performance results, the growing dilemma of providing health care and wellness programs for all employees, hiring and retaining professional staff and raising and addressing the skills levels of all employees.

The strategic and economic challenges are managed through the following programs:

1. Affirmative Action and Employment Equity
2. Code of Conduct of employees
3. Grievances and disciplinary Procedures
4. Skills Development and Study Assistance
5. Occupational Health and safety
6. Working Hours and Overtime
7. Remuneration scales and allowances
8. Recruitment and Appointments
9. Sexual harassment and Employee Assistance
10. Sick Leave monitoring and management
11. Wellness programs
12. Injury on duty management
13. Workplace Skills Plans
14. Management and Supervisory development of staff.

Managing a workforce of about 358 permanent employees is a responsibility of Human Resources together with IT Systems Management, through integrated software, VIP System. Financially all vacancies and programs are approved at the budget period, in line with the strategic focus areas identified in the IDP. Any over expenditure is reviewed and regularized.

T 4.6.0

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

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

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

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

The municipality has performed relatively well over the past year despite the prevailing market and economic conditions. There has been a monitoring by the municipality of the economic conditions over the finances of the municipality and despite lack of complete verification of its debtors, the municipality is aware of the existence of indigent communities within its jurisdiction and the impact it has on the revenue collection rate which in turn put pressure on the cash flows. The collection rate for the 2024/25 as depicted in the table below indicates that the recoverability of debts is below the norm of 95%

T 5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Performance of Operational Services						
R '000						
Description	2024	2025			2024 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Energy sources	50 798	113 413	126 241	122 423	7%	-3%
Water management	9 642	15 523	13 620	15 991	3%	15%
Waste water management	15 205	18 319	16 606	19 098	4%	13%
Streets	3 070	5 055	4 949	4 549	-11%	-9%
Housing	278	651	689	319	-104%	-116%
Municipal Works	31 048	74 800	28 185	32 765	-128%	14%
Mechanical Workshop	9 457	–	–	–	0%	0%
PMU	48 637	59 179	2 620	2 834	-1988%	8%
Mun Buildings	2 844	4 686	3 730	1 064	-3	3
Component A: sub-total	170 979	291 625	196 641	199 044	-47%	1%
Executive and council	40 310	53 264	64 330	62 712	15%	-3%
Finance Services	64 678	82 015	177 115	179 468	54%	1%
Human Resources	10 144	13 829	17 290	9 511	-45%	-82%
ICT Services	6 031	16 165	12 395	9 407	-72%	-32%
Legal: Labour Relations	1 826	1 508	1 301	1 458	-3%	11%
Records	3 021	4 768	5 237	2 257	-111%	-132%
Component B: sub-total	126 011	171 548	277 668	264 813	35%	-5%
Sport and recreation	5 919	7 753	7 794	7 409	-5%	-5%
Libraries	1 726	2 528	2 283	2 061	-23%	-11%
Cemeteries	4 762	6 981	958	186	-3650%	-415%
Police: Security and Traffic	29 337	41 256	33 179	30 769	-34%	-8%

Chapter 5

Refuse Removal and other Services	5 983	8 269	8 026	11 600	29%	31%
Component C: sub-total	47 727	66 787	52 240	52 026	- 0	- 0
Planning, Development and Land Use Management	2 752	3 766	1 781	2 092	-80%	15%
Local Economic Development	6 337	6 322	6 323	8 765	28%	28%
Component D: sub-total	9 090	10 088	8 104	10 856	7%	25%
Total Expenditure	353 807	540 047	534 653	526 739	-33%	21%
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. T 5.1.2						

Chapter 5

5.2 GRANTS

Grant Performance						
R' 000						
Description	2023/24	2024/25		Actual	2025 Variance	
	Actual	Budget	Adjustments Budget		Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	219 152	248 205	248 865	248 865	100,27%	100,00%
Equitable share	215 223	244 093	244 093	244 093	100,00%	100,00%
Municipal Systems Improvement	246					
Department of Water Affairs						
Financial Management Grant	2 300	2 300	2 300	2 300	100,00%	100,00%
EPWP	1 383	1 812	2 472	2 472	136,42%	100,00%
Provincial Government:	5 283	–	928	928	0	0
Health subsidy	–					
Housing	–					
Ambulance subsidy	–					
Sports and Recreation	–	–	928	928	100,00%	0,00%
NMMDM Water Grant	5 283					
District Municipality:	–	12 000	–	–		
[insert description]		12 000	–	–	0,00%	0,00%
					0,00%	0
Other grant providers:	55 742	46 089	51 099	51 099		
INEP		2 213	1 478	1 478	66,79%	100,00%
MIG	55 742	43 876	49 621	49 621	113,09%	100,00%
Total Operating Transfers and Grants	280 177	306 294	300 892	300 892	0%	0%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes. T 5.2.1						

Chapter 5

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The municipality has established asset management unit in line with Section 63 of the MFMA and is responsible for:

Safeguarding of assets and liabilities

- Ensuring that the municipality's assets are valued in accordance with the standards of generally recognized accounting practice
- Ensuring that the municipality has and maintains a system of internal control of assets and liabilities, including as asset and liability register, as may be prescribed.
- Ensure that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality.

CAPACITY OF THE UNIT

The unit has three permanent employees in financial year 2023/24 comprising of:

- Manager Assets and Liabilities
- Senior Clerk movable and immovable assets
- Senior Clerk Insurance and Liabilities.

The support team is mainly assisting on GRAP 17 and GRAP 16.

T 5.3.1

Repair and Maintenance Expenditure: 2025

R' 000

	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	17 434	9 969	5 132	71%

T 5.3.4

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

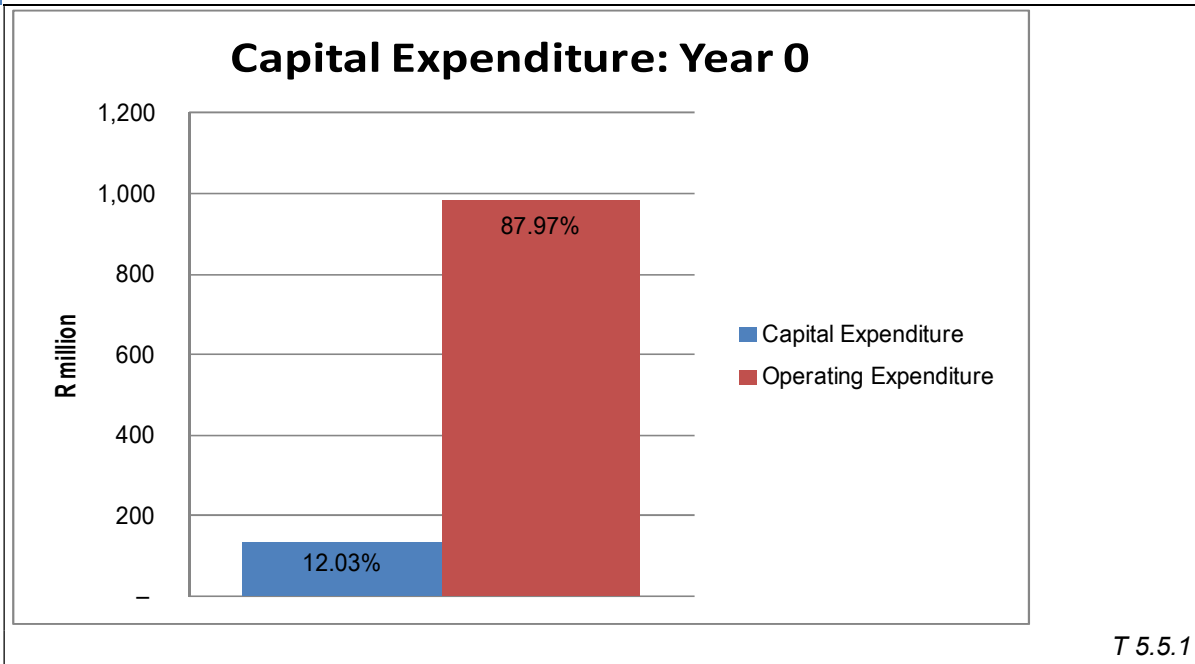
Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities can spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spent. Highlight the 5 largest projects (see T5.7.1) and indicate what portion of the capital budget they use. In the introduction briefly refer to these key aspects of capital expenditure (usually relating to new works and renewal projects) and to

Chapter 5

Appendices M (relating to the new works and renewal program), **N** (relating to the full program) of full capital projects, and **O** (relating to the alignment of projects to wards).

T 5.5.0

5.5 CAPITAL EXPENDITURE



5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: 2024/25							
R' 000							
Details		2023/24	2024/25				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	-					
	Public contributions and donations	2 728					
	Grants and subsidies	43 783	43 783	51 219	54 087	16,98%	23,53%
	Other	3 174	33 930	21 082	1 943	-37,87%	-94,27%
Total		49 685	77 713	72 301	56 030	-20,88%	-70,74%
Percentage of finance							
	External loans	0,0%	0,0%	0,0%	0,0%	0,00%	0,00%

Chapter 5

	Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,00%	0,00%
	Grants and subsidies	88,1%	56,3%	70,8%	96,5%	25,74%	71,34%
	Other	6,4%	43,7%	29,2%	3,5%	-33,22%	-92,06%
Capital expenditure							
	Water and sanitation	-	-	-	-	0,00%	0,00%
	Electricity		2 213	1 478	1 478	-33,21%	-33,21%
	Housing		-	-	-	0,00%	0,00%
	Roads and storm water	55 742	43 876	49 741	52 609	13,37%	19,90%
	Other	-	31 624	21 082	1 943	-33,34%	-93,86%
Total		55 742	77 713	72 301	56 030	-53,18%	-107,17%
<i>Percentage of expenditure</i>							
	Water and sanitation	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Electricity	0,0%	2,8%	2,0%	2,6%	-28,2%	-7,4%
	Housing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Roads and storm water	100,0%	56,5%	68,8%	93,9%	21,9%	66,3%
	Other	0,0%	40,7%	29,2%	3,5%	-28,3%	-91,5%
T 5.6.1							

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: 2024/2025			Variance: Current 2024/2025	
	R' 000				
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A – Upgrading of Dinokana Internal Roads and Storm Water – Ward 11	R 5 010 000.00	R 0.00	R 5 010 000.00	0%	0%
B - Upgrading of Dinokana Internal Roads and Storm Water – Ward 12	R 5 000 000.00	R 0.00	R 5 000 000.00	0%	0%
C – Upgrading of Ikageleng Internal Roads and Storm Water	R 6 800 000.00	R 0.00	R 6 800 000.00	0%	0%
D – Upgrading of Lekgophung Internal Roads and Storm Water	R 9 400 000.00	R 0.00	R 9 400 000.00	0%	0%
E – Upgrading of Mmasebudule Internal Roads and Storm Water	R 7 300 000.00	R 0.00	R 7 300 000.00	0%	0%

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F – Upgrading of Moshana Internal Roads and Storm Water	R 6 060 000.00	R 0.00	R 6 060 000.00	0%	0%
* Projects with the highest capital expenditure in Year 0					
Name of Project - A	Upgrading of Dinokana Internal Roads and Storm Water – Ward 11				
Objective of Project	To improve service delivery to the community of Dinokana Ward 11 and provide access roads.				
Delays	Limited budget. The budget had to be split into two financial years.				
Future Challenges	None.				
Anticipated citizen benefits	Access to public transportation. Access to proper roads for motorists.				
Name of Project - B	Upgrading of Dinokana Internal Roads and Storm Water – Ward 12				
Objective of Project	To improve service delivery to the community of Dinokana Ward 12 and provide access roads.				
Delays	Limited budget. The budget had to be split into two financial years.				
Future Challenges	None.				
Anticipated citizen benefits	Access to public transportation. Access to proper roads for motorists.				
Name of Project - C	Upgrading of Ikageleng Internal Roads and Storm Water				
Objective of Project	To improve service delivery to the community of Ikageleng Ward 15 and provide access roads.				
Delays	Limited budget. The budget had to be split into two financial years.				
Future Challenges	None.				
Anticipated citizen benefits	Access to public transportation. Access to proper roads for motorists.				
Name of Project - D	Upgrading of Lekgophung Internal Roads and Storm Water				
Objective of Project	To improve service delivery to the community of Lekgophung Ward 01 and provide access roads.				
Delays	Limited budget. The budget had to be split into two financial years.				
Future Challenges	None.				
Anticipated citizen benefits	Access to public transportation. Access to proper roads for motorists.				
Name of Project - E	Upgrading of Mmasebudule Internal Roads and Storm Water				
Objective of Project	To improve service delivery to the community of Mmasebudule Ward 17 and provide access roads.				
Delays	Limited budget. The budget had to be split into two financial years.				
Future Challenges	None.				
Anticipated citizen benefits	Access to public transportation. Access to proper roads for motorists.				
Name of Project - F	Upgrading of Moshana Internal Roads and Storm Water				
Objective of Project	To improve service delivery to the community of Moshana Ward 02 and provide access roads.				
Delays	Limited budget. The budget had to be split into two financial years.				
Future Challenges	None.				
Anticipated citizen benefits	Access to public transportation. Access to proper roads for motorists.				
T 5.7.1					

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5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance	Major conditions applied by donor (continue below if necessary)	
				Budget	Adjust-ments Budget	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges	39 570	0	39 570	0%	0%	
Storm water				%	%	
Infrastructure - Electricity				%	%	
Generation				%	%	
Transmission & Reticulation				%	%	
Street Lighting				0,00%	0,00%	
Infrastructure - Water				%	%	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation				%	%	
Infrastructure - Sanitation				%	%	
Reticulation				%	%	
Sewerage purification				%	%	
Infrastructure - Other				%	%	
Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
Other Specify:				%	%	
				%	%	
				%	%	
				%	%	
Total	39 570	0.00	39 570	%	%	

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.8.3

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COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2023/24	Current: 2024/25		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	52 762	186 142	123 053	138 311
Government - operating	320 540	251 319	251 319	249 973
Government - capital		43 876	40 941	54 087
Interest	2 374		6	3 658
Other receipts	–		11 237	–
Payments				
Suppliers and employees	(182 023)	(511 907)	(417 207)	(383 565)
Finance charges	(14 096)	(4 000)	(4 000)	(12 642)
Transfers and Grants	–			–
NET CASH FROM/(USED) OPERATING ACTIVITIES	179 556	(34 570)	5 349	49 823
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	(118 813)			1 525
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables	23		20 000	
Decrease (increase) in non-current investments	736			
Payments				
Capital assets	–	(72 870)	(57 943)	(56 255)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(118 054)	(72 870)	(37 943)	(54 730)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–			–
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits	(70 240)			
Payments				
Repayment of borrowing	(13)			(368)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(70 253)	–	–	(368)
NET INCREASE/ (DECREASE) IN CASH HELD	(8 751)	(107 440)	(32 594)	(5 275)

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Cash/cash equivalents at the year begin:	5 994			14 034
Cash/cash equivalents at the year end:	(2 757)	(107 440)	(32 594)	8 759
Source: MBRR A7				T 5.9.1

5.10 BORROWING AND INVESTMENTS

Actual Borrowings: 2021/22 - 2023/24			
R' 000			
Instrument	2022/23	2023/24	2024/25
Municipality			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)	0	911	581
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	0	911	581

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The supply chain management policy for the year 2024/25 was adopted by Council in May 2024 in term of SCM Regulation 3 (1) (a). The main change made to the policy was to bring it in line with the structure of the SCM regulations. The aim was to establish a credible base from which the business processes can be developed.

The policy is aligned to Preferential Procurement Regulations 2011, issued in terms of the section 5 of the preferential Procurement Policy Framework Act, Number 5 of 2000 (PPPFA). The regulations were published in the Government Gazette on 08 June 2011 the new regulations aim to align the Preferential Procurement Policy Framework Act, 2000 and the Broad – Based Black Economic Empowerment Act, 2003 effective from 7 December 2011, issued by National treasury

T 5.12.1

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5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

T 5.13.1

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CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements, and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

6.1 AUDITOR GENERAL OPINION 2023/24

Auditor-General Report on Financial Performance: 2023/24

Audit Report Status:	Qualified Opinion
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COMPONENT B: AUDITOR-GENERAL OPINION 2024/25

6.2 AUDITOR GENERAL REPORT 2024/25

Auditor-General Report on Financial Performance: 2024/25

Audit Report Status:	Qualified Opinion
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AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to North West Provincial Legislature and the council on Ramotshere Moiloa Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of Ramotshere Moiloa Local Municipality set out on pages 154 to 254, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, 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 Ramotshere Moiloa Local Municipality as at 30 June 2025, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (Dora).

Basis for qualified opinion

Services charges

3. I was unable to obtain sufficient appropriate audit evidence for sale of water included in service charges had been properly accounted for, due to the status of the accounting records relating to meter readings. I was unable to confirm whether customers were accurately billed by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to sale of water included in service charges stated at R 13 528 060 in note 21 to the financial statements. In addition, the municipality did not accurately bill customers as incorrect tariffs and meter readings relating to the sale of water

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and sale of electricity were used. Consequently, service charges and consumer debtors were overstated by R 7 004 491. There was a resultant impact on the surplus for the year.

Consumer debtors

4. The municipality did not account for allowance for impairment included in consumer debtors in accordance with *GRAP 104 Financial Instruments*. The municipality did not recognise provision for impairment in line with credit control and debtors' collection policy. Consequently, allowance for impairment and debt impairment were overstated. I was unable to determine the full extent of the misstatement as it was impracticable to do so. In addition, during 2024, I was unable to obtain sufficient and appropriate audit evidence that consumer debtors have been properly accounted for due to the status of accounting records. I was unable to determine whether any further adjustments were necessary for previous year allowance for impairment. Consequently, I was unable to determine whether any adjustments were necessary to consumer debtors and debt impairment stated at R 56 378 595 in note 15 and R 219 715 194 in note 35 to the financial statements.

Debt impairment

5. I was unable to obtain sufficient appropriate audit evidence for consumer debtors written off included in debt impairment. The municipality incorrectly wrote off debt that was not supported by council resolution. I was unable to confirm the debt impairment by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to consumer debtors written off included in debt impairment stated at R 58 842 643 in note 35 to the financial statements.

Contingencies

6. The municipality did not account for contingent liabilities and contingent assets in accordance with GRAP 19, *Provisions, contingent liabilities and contingent assets*. The nature and the amount of contingent liabilities were not disclosed in the current and previous year. I was unable to quantify the omitted disclosure on the financial statements, as it was impractical to do so.

Unauthorised expenditure

7. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure disclosed due to non-submission of information relating to the opening balance. I was unable to confirm the unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment relating to unauthorised expenditure of R419 519 145 (2024: R383 509 459) as disclosed in note 49 to the financial statements was necessary.

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Distribution losses

8. The municipality did not disclose material distribution losses relating to water in terms of section 125(2)(d)(i) of the MFMA. I was unable to quantify the full extent of the omitted disclosure, as it was impracticable to do so.

Statement of changes in net assets

9. The municipality did not account for the statement of changes in net assets in terms of GRAP 1, *Presentation of financial statements*. The municipality did not accurately calculate the opening and closing balances in the current and previous statement of changes in net assets. I was unable to determine the full extent of the misstatement as it was impracticable to do so.

Net cash flows from operating activities

10. Net cash flows from operating activities were not correctly prepared and disclosed as in accordance with GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities for the current and previous year. I was unable able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so.

Net cash flows from investing activities

11. During 2024, Net cash flows from investing activities was not correctly prepared and disclosed as in accordance with GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from investing activities for the previous year. I was not able to determine the full extent of the errors in the net cash flows from investment activities, as it was impracticable to do so.

Context for opinion

12. 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.

13. 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.

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

Emphasis of matters

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

16. As disclosed in note 45 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2025.

Other matters

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

18. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

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

20. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

21. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs

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will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

22. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

23. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programme presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

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

Programme	Page numbers	Purpose
KPA 3: Service Delivery and Infrastructure Development	285 – 292	To accelerate the provision of basic services

25. I evaluated the reported performance information for the selected programme 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.

26. 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.

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- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

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

28. The material findings on the reported performance information for the selected programmes are as follows:

KPA 3: Service Delivery and Infrastructure Development

KPI 88: Construction of a perimeter wall at Borakalalo stadium

29. The approved planning documents included a commitment to refurbished Borakalo stadium, irrigation system and playground with a target of refurbished Borakalo stadium, irrigation system and play ground by 30 June 2025, however an achievement of construction of a perimeter wall at Borakalo stadium was reported in the annual performance report. This discrepancy highlights misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability.

KPI 69: Number of kilometres of Road paved in Lekgophung ward 1

30. An achievement of 2.5km was reported against a target of 2.5 km. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Various indicators

31. The reported achievements in the annual performance report were inconsistent with the commitments made in the approved planning documents. These discrepancies highlight

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misalignment between approved plans and operations, while the incorrect reporting undermines transparency and accountability.

Indicator	Target	Reported achievement
KPI 78: Number of kilometers of road patched	4000 m2 of road patched by June 2025	18 251.53 m2
KPI 69: Number of meters of road patched	1000m of stormwater maintained	512 m2

Various indicators

32. Adequate processes had not been established to consistently measure and reliably report on various indicators. Consequently, the municipality would have found it difficult to determine the correct achievements to be reported against the planned targets. In addition, I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Indicator	Target	Reported achievement
KPI 77: Number of kilometres of road blading/grading	100km of road bladed by June 2025	53.8 km
KPI 78: Number of kilometers of road patched	4000 m2 of road patched by June 2025	18 251.53 m2
KPI 79: Number of meters of stormwater maintained	1000m of stormwater maintained	512 m2

Other matters

33. I draw attention to the matters below.

Achievement of planned targets

34. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

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35. The table that follows provides information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages 279 to 300.

KPA 3: Service Delivery and Infrastructure Development

<i>Targets achieved: 70%</i> <i>Budget spent: 0%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
KPI 90 – Extended the DLTC building	Extended the DLTC building by 30 June 2025	Not Achieved
KPI 89 – Maintained parks and sports filed	Parks and sports fields maintained by 30 June 2025	Not Achieved
KPI 86 – Number of cemeteries fenced in Zeerust	1 cemetery fenced (in Zeerust) by 30 June 2025	Not Achieved
KPI 84 – Number of landfill sites fenced in Lehurutshe	1 Landfill site fenced in Lehurutshe by 30 June 2025	Not Achieved
KPI 85 – Number of EIA conducted for the establishment of new cemeteries (Zeerust and Groot Marico)	1 EIA conducted for the establishment of new cemeteries in Zeerust and Groot Marico by 30 June 2025	Not Achieved

Material misstatements

36. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 3: Service Delivery and Infrastructure Development. Management did not correct all the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

37. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

38. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General

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of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

39. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

Annual financial statements

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

Expenditure management

42. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R82 769 377, as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The full extent of the unauthorised expenditure could not be quantified as indicated in the basis for qualification paragraph.

43. Reasonable steps were not taken to prevent irregular expenditure amounting to R 2 001 560 as disclosed in note 51 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with procurement and contract management regulations and policies.

Asset Management

44. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Revenue Management

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

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Consequence Management

46. Unauthorised, Irregular, fruitless and wasteful expenditure and incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) and 32(2)(b) of the MFMA.

47. Unauthorised expenditure were certified by council as irrecoverable without having conducted an investigation to determine the recoverability of the expenditure, in contravention of section 32(2)(a)(ii) of the MFMA.

Strategic performance and monitoring

48. The SDBIP for the year under review did not include monthly revenue projections by source of collection and/or the monthly operational and capital expenditure by vote and/or the service delivery targets and performance indicators for each quarter, as required by section 1 of the MFMA.

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

Other information in the annual report

50. The accounting officer is responsible for the other information included in the annual report which includes the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected development priority presented in the annual performance report that have been specifically reported on in this auditor's report.

51. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

52. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

53. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and

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request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

54. 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.

55. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

56. The material misstatements stem from inadequate internal capacity and limited technical skills within the finance unit, resulting in continued reliance on consultants to support the preparation of the financial statements. In addition, financial reporting processes are not embedded throughout the year, as financial statements are only prepared annually, which weakens timely monitoring, review, and correction of errors.

57. Management's delayed action in addressing previously identified control weaknesses and lack of accountability for implementing post audit action plans, has contributed to the continued recurrence of material deficiencies. As a result, recurring misstatements continue to affect the financial statements, performance report and compliance with applicable legislation.

Material irregularities

58. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report

Status of previously reported material irregularities

Reasonable step not taken to ensure equivalent value obtained for payment made to consultants

59. Ramotshere Moiloa Local Municipality obtained a disclaimer audit opinion for the 2019-20 financial year mainly due to the poor record keeping and internal controls. Despite

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limited progress in enhancing internal controls and the municipality's record-keeping, the accounting officer engaged consultants to compile GRAP compliant financial statements for the 2020-21 financial year. This appointment also included the provision of necessary technical support, including skills transfer, over a 10-month period from 09 September 2021 to 30 June 2022. The total amount paid to the consultants under this contract was R3 698 540 inclusive of disbursements

60. The accounting officer was aware of the municipality's inadequate record-keeping prior to appointing a consultant for the preparation of financial statements. The lack of full and proper records of the financial affairs of the municipality, coupled with a lack of capacity in the finance unit, significantly impacted the quality of the financial statements produced by the consultants. Consequently, the failure of the accounting officer to ensure the maintenance of kept full and proper records of its financial affairs and address the capacity issue in the finance unit constitutes a failure to take reasonable steps to ensure the municipality's resources were used in accordance with the principles of effectiveness, efficiency, and economy as mandated by MFMA section 62(1)(a)

61. The accounting officer was notified of the material irregularity on 19 September 2022 and invited to make a written submission on the actions taken and that will be taken to address the matter, before the accounting officer could respond, his contract was terminated by council on 8 November 2022.

62. On 18 January 2023, I re-issued the MI notification to the acting accounting officer and he responded on 21 February 2023. The response indicated that the matter will be investigated by MPAC after the Municipal Council had resolved as such. I concluded that appropriate action is being taken to address the MI.

63. Progress of the appropriate action taken to address MI and follow-up on the MPAC's progress of the investigation, was made during the 2024 financial year. The request for MPAC to investigate the MI had not been started due to a lack of resources and capacity by MPAC. On 28 August 2024, I engaged the Mayor, Speaker, and chairperson of MPAC to bring to their attention the continued failure to address the material irregularities and the further action that I was considering taking. I request the Mayor, Speaker, and chairperson of MPAC for their, oversight and assistance as a key role player in the accountability ecosystem in ensuring that the accounting officer implements the appropriate action.

64. On 02 October 2024, the Council resolved that the accounting officer should investigate the irregularity. The service provider to perform the investigation was appointed by the accounting officer on 3 November 2024 and anticipated that the investigation will be completed before the 90-day period to report back to the council.

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65. The service provider appointed to do an investigation finalised the investigation on 11 March 2025, due to delays in council sitting, the report was only tabled to council in October 2024, and it was resolved that the financial loss amounting to R 3 904 423 should be recovered from the service provider.

66. 11 November 2025, the accounting officer notified the service provider of the intention to recover the financial loss and requested the service provider to respond to letter of demand in 7 days, failure of which will result in the accounting officer taking further action. The service provider has not responded to the letter of demand and the accounting officer has not taken any further action.

67. I am in the process of making a decision on further actions to be taken.

Auditor - general

Rustenburg

30 November 2025



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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Annexure to the auditor's report

The annexure includes the following:

The auditor-general's responsibility for the audit

The selected legislative requirements for compliance testing

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the

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related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the municipality to cease operating as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

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Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 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)(
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)

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Legislation	Sections or regulations
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b) Parent municipality with ME: Sections: 93B(a), 93B(b) Parent municipality with shared control of ME: Section: 93C(a)(iv), 93C(a)(v)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 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)

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AUDIT ACTION PLAN-HIGH LEVEL BASED ON AUDIT 2024/25 AUDIT REPORT

Area	QUALIFICATION: Par in the Final Audit Report	Responsible Department/ Directorate	Control/ Action Plan
Receivables from non-exchange transactions	I was unable to obtain sufficient appropriate audit evidence to substantiate the receivables from non-exchange transactions as the municipality did not have adequate systems to maintain records to support financial information. I was unable to confirm these receivables from non-exchange transactions by alternative means. In addition, the municipality did not have an adequate system in place to substantiate the adjustment of R26 596 824 (2023: R26 596 824). I was unable to confirm these receivables from non-exchange by alternative means. Consequently, I was unable to determine whether any further adjustment to receivables from non-exchange transactions of R8 023 456 (2023: R3 571 861) as disclosed in note 5 to the financial statements was necessary.	Budget and Treasury Office- Revenue Unit	- Chief financial officer will ensure that the annual financial statements submitted agree to the underlying schedules, monthly reconciliations are performed on debtors' accounts, sufficient and appropriate controls are in place to ensure the completeness and accuracy of receivables disclosed in the annual financial statements. - Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review.
Consumer debtors	I was unable to obtain sufficient appropriate audit evidence that consumer debtors had been properly accounted for due to the status of accounting records. I was unable to confirm these consumer debtors by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary for consumer debtors stated at R173 093 896 (2022: R152 087 250) and debt impairment stated at R25 656 163 as disclosed in note 6 and note 49 respectively, to the financial statements. In addition, the municipality did not correctly charge and account for interest on outstanding debtors for the current and prior years. As management did not quantify the full interest revenue, it was impracticable to calculate the understatement of	Budget and Treasury Office- Revenue Unit	- Monthly and Year-end reconciliation will be done and reviewed by the CFO - Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review. - The chief financial officer will should ensure that proper consumer debtors' listings (Debtors Age analysis) that reconciles to line items in the AFS are in place, that gross balances agree to the age analysis and that the provided for allowances for impairments are supported with re-performable calculations. - Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timeously. Further an audit file with supporting documents will be

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	consumer debtors.		prepared and reviewed by internal audit and Audit and risk Committee. Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co-coordinators.
Property, plant and equipment	The municipality did not meet the requirements of the financial reporting framework, as it did not correctly assess impairment for property plant and equipment with a carrying value of R690 859 034 in accordance with Standards of GRAP 17, <i>Property, plant and equipment</i>. I was unable to quantify the full extent of the misstatement on the property plant and equipment as disclosed in note 9, the depreciation and amortisation expense of R 30 640 254 as disclosed in note 28 as it was impracticable to do so.	Budget and Treasury Office-Assets Management Unit	- Management disagreed with the finding and is still standing by the disagreement based on the requirements of GRAP - Management will ensure that a detailed report on how each asset was assessed will be provided to AGSA for review in addition to the normal verification report that is submitted yearly
Payables from exchange transactions	I was unable to obtain sufficient appropriate audit evidence for unallocated deposits included in payables from exchange transactions as the municipality made an adjustment to prior year unallocated deposit balance that was not supported. I was unable to confirm unallocated deposit by alternative means. Consequently, I was unable to determine whether any further adjustments relating to unallocated deposits of R813 760 (2023: R455 729) in note 13 to the financial statements. In addition, the municipality did not correctly account for trade payables as differences between suppliers statements and age analysis were identified. Consequently fines, penalties and forfeits was understated and trade payables was overstated by R10 544 100. In contrary with requirements of GRAP 1, <i>Presentation of financial statements</i>.	Budget and Treasury Office-Expenditure Unit Technical Services-Project Management Unit	- Management will review and monitor compliance with applicable legislations to ensure that they account for their payables from exchange transactions in accordance with GRAP 104. - Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review. - Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timeously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee

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Consumer Deposits	Consumer deposits were not accounted for in terms of Standards of Generally Recognised Accounting Practice (GRAP) 104, <i>financial instruments</i> , as the municipality did not include deposits made by customers using conventional electricity in the consumer deposits age analysis. I was unable to quantify the full extent of the omitted disclosures, as it was impracticable to do so.	Budget and Treasury Office- Revenue Unit	- Chief financial officer will perform a proper review of the financial statements and supporting information prior for submission to ensure that accurate and complete financial reports are supported and evidenced by reliable information. - Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review
Net cash flows from operating activities	The municipality did not correctly prepare and disclose the net cash flows from operating activities, as required by GRAP 2, <i>Cash flow statements</i>. This was due to multiple errors in determining net cash flows from operating activities. I was unable to determine the full extent of the errors in net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to net cash flows from operating activities stated at R115 747 328 (2023: R112 409 202) in the financial statements were necessary	Budget and Treasury Unit- Budget Unit	- Chief financial officer will perform a proper review of the financial statements and supporting information prior for submission to ensure that accurate and complete financial reports are supported and evidenced by reliable information. - Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review.
Net cash flows from investing activities	The municipality did not correctly prepare and disclose the net cash flows from investing activities as required by GRAP 2, <i>Cash flow statements</i> . This was due to multiple errors in determining net cash flows from investing activities. I was unable to determine the full extent of the errors in net cash flows from investing activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to net cash flow from investing activities as stated at R105 741 555 (2023: R123 424 086) in the financial statements were necessary.	Budget and Treasury Unit- Budget Unit	- Chief financial officer will perform a proper review of the financial statements and supporting information prior for submission to ensure that accurate and complete financial reports are supported and evidenced by reliable information. - Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review.

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Statement of Changes in Net Assets	The municipality did not account for the statement of changes in net assets in terms of GRAP 1, <i>Presentation of financial statements</i> . The municipality did not accurately calculate the opening and closing balances in the statement of changes in net assets. Consequently, the closing balances as disclosed in the statement of changes in net assets are overstated by R6 077 123.	Budget and Treasury Unit- Budget Unit	- Chief financial officer will perform a proper review of the financial statements and supporting information prior for submission to ensure that accurate and complete financial reports are supported and evidenced by reliable information. - Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review
Statement of Comparison of Budget and Actual Amount	The municipality did not accurately prepare the statement of comparison of budget and actual amounts as required by GRAP 24, <i>Presentation of budget information in the financial statements</i> . The approved budgeted amounts as disclosed in the statement of comparison of budget and actual amounts in some instances did not agree with the final approved budget, and the municipality did not disclose the budget and actual expenditure relating to acquisition of assets and reasons for variances were not supported. I was unable to determine the extent of the misstatement related to, the differences between budgeted and actual revenue and expenditure and the related explanations of these differences as it was impracticable to do so. .	Budget and Treasury Unit- Budget Unit	- Chief financial officer will perform a proper review of the financial statements and supporting information prior for submission to ensure that accurate and complete financial reports are supported and evidenced by reliable information. - Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review.
Commitments	Commitments were not accounted for in terms of GRAP 17, <i>Property, plant and equipment</i> , as contracts values include awards made to consulting engineers, however the expenditure only included the amount paid to contractors. In addition we noted that not all contracts that should have been accounted for under commitments were accounted. I was unable to quantify the resultant impact/understatement of commitments as it was impracticable to do so.	Budget and Treasury Office- Assets Management Unit	- Chief financial officer will ensure that the annual financial statements submitted agree to the underlying schedules - Furthermore, management has in fact, already corrected the register to separate professional fees from the main contractor and accounted for the payments as well. - In overall, management has added back all the professional consultants that were omitted from the schedule

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			and adjust according to the transactions Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review
Contingencies	Contingent liabilities and contingent assets were not accounted for in terms of GRAP 19, Provisions, contingent liabilities and contingent assets. The nature and the amount of the contingent liabilities were not disclosed. I was unable to quantify the resultant impact/understatement of the omitted disclosure on the financial statements, as it was impractical to do so.	Budget and Treasury Unit- Budget Unit	- Chief financial officer will ensure that the annual financial statements submitted agree to the underlying schedules, registers and legal confirmations from the attorneys - Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review
Unauthorised expenditure	I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure disclosed due to non-submission of information. I was unable to confirm the unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment relating to unauthorised expenditure of R237 261 670 (2023: R394 356 015) as disclosed in note 40 to the financial statements was necessary.	Budget and Treasury Unit- Budget Unit	- Chief financial officer will perform a proper review of the financial statements and supporting information prior for submission to ensure that accurate and complete financial reports are supported and evidenced by reliable information. - Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review. - Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timeously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. - Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co-coordinators.

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Irregular expenditure	Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R89 791 227 (2023:R56 505 332) in contravention with the supply chain management requirements, which were not included in the irregular expenditure disclosed. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure as disclosed in note 42 to the financial statements.	Budget and Treasury Office- Supply Chain Management Unit.	- Chief financial officer will perform a proper review of the financial statements and supporting information prior for submission to ensure that accurate and complete financial reports are supported and evidenced by reliable information. - Quality Annual Financial Statement will be prepared and subjected to Provincial Treasury, Internal Audit and audit committee review. - Management will implement 3days turnaround time to ensure that information requested by auditors is submitted timeously. Further an audit file with supporting documents will be prepared and reviewed by internal audit and Audit and risk Committee. - Management will prepare an Information Tracking Record, update it and make sure that all outstanding information is submitted to the audit co-coordinators.
Prior period errors	Not all prior period errors were disclosed in note 46 to the financial statements, as required by GRAP 3, <i>Accounting policies, estimates and errors</i> . The nature and the amount of the correction for some financial statement items affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed. In addition, I was unable to obtain sufficient appropriate audit evidence for those prior period errors disclosed in note 46 to the financial statements, as the supporting information was not provided. I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the prior period errors disclosed in the financial statements.	Budget and Treasury Unit- Budget Unit	All supporting documents to prior period journals and all other journals will be filed, scanned and submitted to the auditors when needed.

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Distribution losses	The municipality did not disclose material distribution losses relating to water and electricity in terms of Section 125(2)(d)(i) of the MFMA. I was unable to quantify the full extent of the omitted disclosures, as it was impracticable to do so.	Technical Services- Water and Sanitation & Electricity Units	- The municipality is still battling with the aging infrastructural upgrade to be able to monitor and account for these distribution losses. These are the installation of bulk water and electricity meters. - The municipality will also look at purchasing of Smart grid solutions or telemetry system. - There are also illegal connections due to informal settlements that do illegal connections for both electricity and water. - Availability of budget is also a challenge to be able to accomplish the plans mentioned above.
Employee related costs	During 2023; the municipality did not correctly account for overtime payments as included in the employee related cost note 26, to the financial statements in accordance with GRAP 1, <i>Presentation of financial statements</i> , as overtime payments was not accounted for in the correct financial year, due to inadequate review in the payroll section. The municipality did not have adequate internal controls in place to ensure that overtime payments are accounted for in the correct period. I was unable to quantify the full extent of the misstatement, as it was impracticable to do so. My audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. My opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the overtime payments for the current year.	Corporate Services- Human Resources Unit	- All overtime expenditure will be accounted for in the period it was incurred. - Communication in this regard will be sent to all directorates to submit all overtime claims in time failure to which will be forfeited.

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GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty

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	and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance	The level of performance that municipalities and its employees strive

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Targets:	to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: <i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> <i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>

APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councilors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
D PITSO	F	MAYOR	PR	80	20
P LETSHUFI	F	SPEAKER	WARD	100	0
B KENOSI	PT	LED	WARD	80	20
K PISTO	PT	BTO	WARD	80	20
MONAMODI	PT	RULES COMMITTEE CHAIR	WARD	70	30
J KEEBINE	PT	MPAC	WARD	100	0
K TSILE	PT	COPERATE	WARD	100	0
D MOABI	PT	COPERATE	WARD	100	0
P MOKGATLHE	PT	CHIEF WHIP	WARD	100	0
V MOGALE	PT	BTO(CHAIR)	WARD	100	0
E MOTLOGELWA	PT	COPERATE	WARD	100	0
R MOGOROSI	PT	MPAC	WARD	100	0
I MALATSI	PT	MPAC	WARD	100	0
M ODISENG	PT	BTO	WARD	100	0

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R GAELASHWE	PT	MPAC(CHAIR)	WARD	100	0
T TLHAME	PT	TECHNICAL	WARD	100	0
O MOSEKI	PT	PLANNING	WARD	100	0
A THALE	PT	COMMUNITY SERVICES (CHAIR)	WARD	100	0
SEAKANTOA	PT	COMMUNITY SERVICES	WARD	100	0
J MOKATLHE	PT	TECHNICAL (CHAIR)	WARD	100	0
L SELEBOGO	PT	PLANNING CHAIR)	PR	100	0
I SULIMAAN	PT	MPAC	PR	80	0
DK MOSIANE	PT	MPAC	PR	100	
I MOARABI	PT	LED	PR	80	20
T SEBOLAO	PT	LED (CHAIR)	PR	80	0
A MOKGOKGOA	PT	COMMUNITY SERVICES	PR	80	20
O DIALE	PT	COMMUNITY	PR	80	20
K J LEDIKWA	PT	PLANNING	PR	90	10
T KATAMETSI	PT	PLANNING	PR	100	0
K VENTER	PT	BTO	PR	80	0
K MOLEFE	PT	BTO	PR	70	30
M KEEBINE	PT	TECHNICAL	PR	80	20
R KGAKATSI	PT	TECHNICAL	PR	100	0

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T KENA	PT	COPERATE (CHAIR)	PR	100	0
B CASANGA	PT	COPERATE	PR	80	20
M MOUMAKWE	PT	PLANNING	PR	80	20
T MOREBANTOA	PT	COMMUNITY SERVICES	PR	100	0
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A

APPENDICES

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Finance And Corporate Services	Human Resource, Management and Council Support as well as Financial Management
Technical Services potfolio committee	Infrastructural Development and Maintenance
Community Services and Municipal Planning	Environmental Management and Public Safety Poverty Alleviation and Job Creation
Municipal Public Accounts Committee (MPAC)	Oversight Role
Rules Committee	Maintenance of Order and Compliance
Audit And Risk Committee	Oversight and advisory role
Asset Disposal Committee	Identify Assets for disposal
T B	

APPENDICES

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Budget and Treasury Office	Mr Kagiso Noke - CFO
Technical Services	Mr Puiso Lepedi - Director
Community Services	Mrs Boitshoko Madumo - Director
Corporate Services	Mrs Karabo Masuku - Director
Municipal Planning and LED	Kgomotso Seroalo - Director
Internal Audit	Remofilwe Moagi - Manager
Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).	

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No) *	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	NO	N/A
Building regulations	NO	N/A
Childcare facilities	NO	N/A
Electricity and gas reticulation	NO	N/A
Firefighting services	NO	N/A
Local tourism	NO	N/A
Municipal airports	NO	N/A
Municipal planning	YES	N/A
Municipal health services	NO	N/A
Municipal public transport	NO	N/A
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	YES	N/A
Pontoons, ferries, jetties, piers, and harbours, excluding the regulation of international and national shipping and matters related thereto	NO	N/A
Storm water management systems in built-up areas	YES	N/A
Trading regulations	NO	N/A

APPENDICES

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No) *	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems	YES	N/A
Beaches and amusement facilities	NO	N/A
Billboards and the display of advertisements in public places	YES	N/A
Cemeteries, funeral parlours, and crematoria	YES	N/A
Cleansing	NO	N/A
Control of public nuisances	NO	N/A
Control of undertakings that sell liquor to the public	NO	N/A
Facilities for the accommodation, care and burial of animals	NO	N/A
Fencing and fences	NO	N/A
Licensing of dogs	NO	N/A
Licensing and control of undertakings that sell food to the public	NO	N/A
Local amenities	YES	N/A
Local sport facilities	YES	N/A
Markets	NO	N/A
Municipal abattoirs	YES	N/A
Municipal parks and recreation	YES	N/A
Municipal roads	YES	N/A

APPENDICES

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No) *	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Noise pollution	NO	N/A
Pounds	NO	N/A
Public places	NO	N/A
Refuse removal, refuse dumps and solid waste disposal	YES	N/A
Street trading	NO	N/A
Street lighting	YES	N/A
Traffic and parking	YES	N/A
T D		

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
WARD 1	CLLR B.KENOSI	YES	12	12	3
WARD 02	CLLR E. PITSO	YES	12	12	3
WARD 03	CLLR B.MONAMODI	YES	12	12	3
WARD 04	CLLR J.T KEEBINE	YES	12	12	3
WARD 05	CLLR K. TSILE	YES	12	12	3
WARD 06	CLLR D. MOABI	YES	12	12	3
WARD 07	CLLR P. MOKGATLHE	YES	12	12	3
WARD 08	CLLR V.O. MOGALE	YES	12	12	3
WARD 09	CLLR E .MOTLOGELWA	YES	12	12	3
WARD 10	CLLR P.R MOGOROSI	YES	12	12	3
WARD 11	CLLR I MALATSI	YES	12	12	3
WARD 12	CLLR P. ODISENG	YES	12	12	3
WARD 13	CLLR T.P GAEALASHWE	YES	12	12	3
WARD 14	CLLR T.TLHAME	YES	12	12	3
WARD 15	CLLR O.G MOSEKI	YES	12	12	3
WARD 16	CLLR A.N THALE	YES	12	12	3
WARD 17	CLLR D.A SEAKENTOA	YES	12	12	3
WARD 18	CLLR L.P LETSHUFI	YES	12	12	3
WARD 19	CLLR J.K MOKGATLHE	YES	12	12	3

APPENDICES

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2025 (Full List at Appendix O)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
1	Upgrading of Dinokana Internal Roads and Storm Water – Ward 11	22 Feb 2024	07 May 2025	R8 909 305.85
2	Upgrading of Dinokana Internal Roads and Storm Water – Ward 12	22 Feb 2024	23 Oct 2024	R7 967 159.89
3	Upgrading of Ikageleng Internal Roads and Storm Water-Ward 15	22 Feb 2024	06 Sept 2024	R16 953 588.20
4	Upgrading of Lekgophung Internal Roads and Storm Water-01	22 Feb 2024	30 June 2026	R26 350 697.91
5	Upgrading of Mmasebudule Internal Roads and Storm Water-17	29 Apr 2024	10 Sep 2024	R14 201 572.47
6	Upgrading of Moshana Internal Roads and Storm Water-02	22 Feb 2024	31 Mar 2025	R10 997 600.39
				T.F.1

APPENDICES

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

AUDIT & RISK COMMITTEE RESOLUTIONS REGISTER 2024/2025 **CONCLUDED**

N o	Resolution No.	Resolution Taken	Target Date	Responsible Official	Progress/Challeng es/Interventions
1	01:24/07/ 2024	The Committee also raised their dissatisfaction on the progress made by IA. ARCOM requested the Acting CAE to do the following: • Write a motivation (indicating reasons for each suspended Audit) and send it to ARCOM Members. • Send all the IA Reports of the projects that are indicated as completed to ARCOM Members. • Send a Draft Internal Audit Plan 2024/2025 to ARCOM Members to review and give inputs so that it	25/07/2024	Acting CAE	Concluded

APPENDICES

		can be approved in the next meeting.			
2	02:24/07/2024	Revised Strategic Risk Register with top10 Risks and Operational Risk Register to be circulated to ARCOM before submitting to Council.	Before the next Council sitting	Risk Manager	Concluded
3	01:28/08/2024	The Acting CAE was requested to submit the APR to ARCOM for inputs. ARCOM has requested Internal Audit to do a high-level review on APR.	Next ARCOM Meeting	Acting CAE	Concluded
4	01/30/10/2024	Internal Audit Manager was requested to draft 1 year plan and 3 year rolling plan. She was requested to do reconciliation on the hours allocated against the head-counts in Internal Audit, against the audits that are going to be executed.	Next ARCOM Meeting	Internal Audit Manager	Concluded
5	02:24/01/2025	On Risk Management, Risk Manager was requested to do: Risk Assessment Report (Quarter1), to show a list of strategic Risks and comparison of risk	Next ARCOM Meeting	Risk Manager	Concluded

APPENDICES

		status in terms of previous and current quarter. • Risk Manager to have capacity to conduct training and risk awareness. • Risk Assessment Report (Quarter2), the report should include the strategic risks status per quarter so that there will be comparison if there is any movement.			
6	01:15/04/2025	Asset management issues that are raised by internal audit should be closed.	Next ARCOM Meeting	Manager Asset	Concluded
7	01:30/06/2025	Manager Internal Audit was requested to hold a meeting with Management to discuss the Internal Audit Plan and Internal Audit Charter before submitting to ARCOM for approval.	Next ARCOM Meeting	Manager Internal Audit	Concluded

AUDIT & RISK COMMITTEE RESOLUTIONS REGISTER 2023/2024& 2024/2025 IN PROGRESS

No	Resolution No.	Resolution Taken	Target Date	Responsible Official	Progress/Challenges/Interventions

APPENDICES

1	ARC 01:06/07/2022	ARCOM has recommended that consequence management be given priority in the municipality, all matters and incidents of none performance and not adhering to legislative directives on compliance are not to be tolerated.	2022/2023	MM/CFO	On-going
2	ARC 04:25/08/2022	ARCOM resolved that the meeting be organized with the System Administrator, Provincial Office, and Ngaka Modiri Molema District on the usage of resources, Microsoft licensing etc.	2022/2023	Acting Manager ICT	Licenses for firewall and antivirus were procured in the previous financial year of 2022/2023. Microsoft license was also procured in the same year and last year, though the unit still need to buy more as it should be for approximately 250 users, so far only 75 licenses are bought, as the budget was not enough.
3	ARC 01:03/04/2023	ARCOM Resolved that PAAP Implementation report be shared with the committee on monthly basis.	Monthly	Compliance Manager	On-going

APPENDICES

4	ARC 02:11/05/2023	ARCOM requested the progress report on the approval of the Risk Management Policy and Framework on the next ARCOM meeting.	Next ARCOM meeting	Risk Manager	Risk Management Framework has been developed; Council induction is in progress.
5	ARC 01:22/08/2023	ARCOM recommended that the issue hotline for the municipality be escalated to MM in order for IT Unit to develop the hotline, tender to be appointed for management of the hotline.	Next ARCOM Meeting	Risk Manager	Risk management in the process of sourcing suitable service provider to render services.
6	ARC 01:28/02/2024	ARCOM requested the schedule be aligned with the corporate calendar to avoid clashing of activities.	Next ARCOM Meeting	Director Corporate Services	Director Corporate requested ARCOM schedule of meetings so that the dates of ARCOM meetings can be aligned on the calendar.
7	ARC 01:20/05/2024	ARCOM has requested that the Audit Steering Committee Terms of Reference be developed and be presented on the next ARCOM meeting.	Next ARCOM Meeting	Compliance Manager	

APPENDICES

8	ARC 04:20/05/2024	UIF Investigation Progress Report to be presented in the next ARCOM meeting.	Next ARCOM Meeting	MM	Done.
9	01:20/05/2024	ARCOM has requested that all policies be submitted to LLF and all employees be workshopped on the policies, especially Anti-Fraud and Fraud Prevention Policies Risk Manager has indicated that all policies will be submitted to council for adoption before the end of the current financial year.	Next ARCOM Meeting Next ARCOM Meeting	Risk Manager Risk Manager	The policies to be table in LLF meeting which is scheduled for the 22 nd of July 2025.
10	02:24/07/2024	Revised Strategic Risk Register with top10 Risks and Operational Risk Register to be circulated to ARCOM before submitting to Council.	Before the next Council sitting	Risk Manager	Done. Submitted for ARCOM meeting.
11	01:24/01/2025	The Chairperson has resolved that ICT be a standing item for all the ARCOM meetings	Next ARCOM Meeting	ICT Manager	Resolved

APPENDICES

		as it is one of the units that are still facing challenges in the municipality			
12	02:24/01/2025	Risk Management: • Risk Assessment Report (Quarter1) , to show a list of strategic Risks and comparison of risk status in terms of previous and current quarter. • Risk Manager to have capacity to conduct training and risk awareness . • Risk Assessment Report (Quarter2) , the report should include the strategic risks status per quarter so that there will be comparison	Next ARCOM Meeting	Risk Manager	All recommendations has been amended as per ARCOM request.

APPENDICES

		n if there is any movement			
13	03:24/01/2025	Proposal that the litigation register be revised to include the following: 1. Case number 2. Date Case registered	Next ARCOM Meeting	Legal Manager	Litigation management policy reviewed and same to be tabled before Portfolio Committee enroute to Council. Pending
	01:15/04/2025	Asset management issues that are raised by internal audit should be closed.	Next ARCOM Meeting	Management	
	01:30/06/2025	Manager Internal Audit was requested to held a meeting with Management to discuss the Internal Audit Plan and Internal Audit Charter before submitting to ARCOM for approval.	Next ARCOM Meeting	Internal Audit Manager	Meeting with Senior Management and MM was held, documents finalized.

Abbreviations

ARCOM	: Audit and Risk Committee
CAE	: Chief Audit Executive
ICT	: Information, Communication and Technology
LLF	: Local Labour Forum

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during 2023)

APPENDICES

R' 000					
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Activa Valuation Services (PTY) LTD	Compilation of a new valuation roll in terms of the provision of the municipal property rates ACT 2004 (ACT No.6) of 2004 and the maintenance of such valuation roll by supplementary valuations in respect of the Ramotshere Moiloa Local Municipality for the period of 1 July 2024 to 30 June 2029	1-Dec-22	1-Dec-27	Manager Revenue	R1 413 333,00
T H.1					

APPENDICES

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Not applicable, the municipality does not have entities.

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APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June 2024		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	D. M. Pitso	N/A
Speaker	LP Letshufi	N/A
Member of MayCo / Exco	T.V. Kena	N/A
	J.K. Mokgatlhe	N/A
	A.N.Thale	N/A
	V.O. Mogale	N/A
	KJ SELEBOGO	N/A
	K. J. Ledikwa	N/A
Councillor	R.A. Kgakatsi	Abrapad Pty Ltd
	K. E. Pitso	Amara General Construction
		Kings Ben Cleaning and catering
		K2020261475 (Pty) Ltd
Municipal Manager	Lekgetho Mokgatlhe	N/A
Chief Financial Officer	Kagiso Noke	KayN Projects and Director
Other S57 Officials		
Director Cooperate services	Karabo Masuku	N/A
Director Community Services	Boitshoko Madumo	Rays Training Solutions and Projects
Director Technical Services	Puiso Lepedi	
* Financial intersests to be disclosed even if they incurred for only part of the year. See MBRR SA34A		

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APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
Vote Description	2023/24	Current: 2024/25			2024/25 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Executive and Council	41 476	56 380	56 380	56 080	(300)	(300)
Vote 2 - Finance and Administration	161 399	120 382	156 393	175 048	54 666	18 655
Vote 3 - Technical Services	149 383	253 160	271 916	184 486	(68 674)	(87 430)
Vote 4 - Community and Social Services	59 374	107 176	97 849	85 663	(21 513)	(12 186)
Vote 5 - Planning and Development	10 918	27 897	22 895	20 018	(7 879)	(2 877)
	-					
	-					
	-					
	-					
	-					
	-					
	-					
	-					
	-					
Total Revenue by Vote	422 549	564 996	605 433	521 295	(43 700)	(84 138)
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						
T K.1						

Contents

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	2022/23	2023/24			2024 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	54 043	183 736	73 134	54 301	-238%	-35%
Property rates - penalties & collection charges	–				0%	0%
Service Charges - electricity revenue	54 837	76 515	76 515	56 759	-35%	-35%
Service Charges - water revenue	8 584	8 915	8 915	8 651	-3%	-3%
Service Charges - sanitation revenue	217	791	791	293	-170%	-170%
Service Charges - refuse revenue	11 695	15 255	15 255	12 252	-25%	-25%
Service Charges - other	–				0%	0%
Rentals of facilities and equipment	985	5	5	100	95%	95%
Interest earned - external investments	805	8	8	2 374	100%	100%
Interest earned - outstanding debtors	–				0%	0%
Dividends received	–				0%	0%
Fines	355	532	532	762	30%	30%
Licences and permits	3 476	7 424	7 424	3 592	-107%	-107%
Agency services	–				0%	0%
Transfers recognised - operational	263 461	273 011	286 611	280 462	3%	-2%
Other revenue	2 951	20 145	5 665	3 003	-571%	-89%
Gains on disposal of PPE	–				0%	0%
Environmental Protection	–				0%	0%
Total Revenue (excluding capital transfers and contributions)	401 409	586 336	474 854	422 549	-38,76%	-12,38%

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to

T K.2

Contents

MBRR table A4.

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						
						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighborhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
<i>Other Specify:</i>						
INEP	6,775	6,775	6,775	0.00%	0.00%	
FMG	2,120	2,120	2,120	0.00%	0.00%	
EPWP	1,212	1,212	1,212	0.00%	0.00%	
Library Grant	–	887	887	100.00%	0.00%	
Total	10,107	10,994	10,994			
* This includes Neighborhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.						TL

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

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*							
R '000							
Description	2022/23	2023/24			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	57 943	50 380	53 600	57 943	64 490	66 817	67 000
Infrastructure: Road transport - Total	53 600	40 000	53 600	53 600	51 688	53 932	54 000
Roads, Pavements & Bridges	53 600	40 000	53 600	53 600	51 688	53 932	54 000
Storm water							
Infrastructure: Electricity - Total	–	–		–	–	–	–
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	–	–		–	–	–	–
Dams & Reservoirs							
Water purification							
Reticulation							
Infrastructure: Sanitation - Total	–	–		–	–	–	–
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	4 343	10 380		4 343	12 803	12 884	13 000
Waste Management							
Transportation							
Gas							
Other	4 343	10 380	4 343	4 343	12 803	12 884	13 000
	–	–	–	–			
Community - Total	–	–		–	–	–	–
Parks & gardens							
Sportsfields & stadia							
Swimming pools							

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Community halls
Libraries
Recreational facilities
Fire, safety & emergency
Security and policing
Buses
Clinics
Museums & Art Galleries
Cemeteries
Social rental housing
Other

Table continued next page

Capital Expenditure - New Assets Programme*

R '000

Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	-	-		-	-	-	-
Buildings							
Other							
Investment properties - Total	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							

Contents

Agricultural assets	-	-		-	-	-	-
<i>List sub-class</i>							
Biological assets	-	-		-	-	-	-
<i>List sub-class</i>							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (<i>list sub-class</i>)							
Total Capital Expenditure on new assets	57 943	50 380	50 380	57 943	64 490	66 817	67 000
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

T M.1

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: 2023/24					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
				8%	11%
Infrastructure: Road transport	40 000	53 600	53 600	0%	25%
Other (specify)	10 380	4 343	4 343	0%	-139%
hm				0%	0%
T N					

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APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Programme by Project by Ward: 2023/24			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Roads			
Upgrading of Dinokana Internal Roads and Storm Water	Ward 11	No	
Upgrading of Dinokana Internal Roads and Storm Water	Ward 12	No	
Upgrading of Ikageleng Internal Roads and Storm Water	Ward 16	No	
Upgrading of Lekgophung Internal Roads and Storm Water	Ward 1	No	
Upgrading of Mmasebudule Internal Roads and Storm Water	Ward 17	No	
Upgrading of Moshana Internal Roads and Storm Water	Ward 2	No	
Electricity			
Installation of high mast light at ward 14	Ward 14	No	
			T O

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Water Services

Inconsistent water supply at Motswedi High School

Remedial Action

The District Municipality to fast track the sustainability of water supply around Motswedi High.

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

VOLUME II



Ramotshere Moiloa Local Municipality
Annual Financial Statements
for the year ended 30 June 2025

VOLUME II

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

Nature of business and principal activities	Provision of municipal services to communities within Zeerust, Lehurutshe and Groot Marico areas.
Mayoral committee	
Executive Mayor	DM Pitso
Speaker	LP Letshufi
Executive Council	AN Thale
	VO Mogale
	TV Kena
	JK Mokgatlhe
	TG Katametsi
Councillors	KB Kenosi
	KE Pitso
	BG Monamodi
	TJ Keebine
	KP Tsile
	KP Lekwape
	P Mokgatlhe
	E Motlogelwa
	PR Mogorosi
	I Malatsi
	MP Odiseng
	TP Gaealashwe
	TS Tlhame
	MIE Moarabi
	DA Seakentoa
	MA Makgokgoa
	IS Suliman
	TJ Morebantwa
	OO Diale
	RA Kgakatsi
	KD Molefe
	RA Moiloanyane
	M Moumakwa
	E Lof
	PM Keebine
	KJ Ledikwa
	KR Mosiane
	K Venter-Jacobs
Grading of local authority	Grade 3
Accounting Officer	L Mokgatlhe
Chief Finance Officer (CFO)	K Noke
Registered office	C/o President & Coetzee Street Zeerust 2865
Business address	C/o President & Coetzee Street Zeerust

VOLUME II

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

	2865
Bankers	First National Bank Limited Absa Group Limited
Auditors	Auditor General of South Africa
Enabling legislation	Municipal Finance Management Act, (Act 56 of 2003) Municipal Systems Act, (Act 32 of 2000) Municipal Structures Act, (Act 117 of 1998) Municipal Property Rates Act, (Act 3 of 2017) Division of Revenue Act (Act 16 of 2019) Municipal Demarcation Act, (Act 27 of 1998)

VOLUME II

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

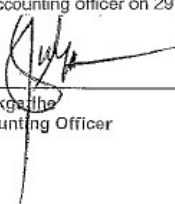
The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable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

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

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

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

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 29 August 2025 and were signed on its behalf by:


L. Mokoale
Accounting Officer

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality is engaged in provision of municipal services to communities within zeerust, lehurutshe and groot marico areas. and operates principally in South Africa.

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

Net surplus of the municipality was R 8,162,007 (2024: deficit R 156,778,385).

2. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus (deficit) of R 534,422,162 and that the municipality's total assets exceed its liabilities by R 534,422,162.

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 municipality will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act.

3. Subsequent events

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

4. Accounting policies

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

5. Accounting Officer

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

Name	Nationality
L Mokgathe	South African

6. Corporate governance

General

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

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

6. Corporate governance (continued)

Audit and risk committee

The Audit Committee has complied with the responsibilities arising from Section 166 of the Municipal Finance Management Act and Circular 65 issued by National Treasury. The Audit Committee has adopted appropriate formal terms of reference as its Audit Committee Charter, and it has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

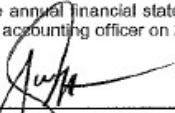
The attendance of committee meetings is summarised as follows:

Members	Number of Attendance per Member (Audit committee meetings)
Mr. M Mojapelo	8
Mr N.Mabunda	8
Mr R.Kgalaki	8
Ms S.Lesupi	6
Mr J Molapo	5

7. Auditors

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

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 29 August 2025 and were signed on its behalf by:



L. Mokgathe
Accounting Officer

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	11	11,543,249	8,916,370
Receivables from exchange transactions	12	8,651,717	6,156,799
Receivables from non-exchange transactions	13	8,666,478	5,339,678
VAT receivable	14	4,068,416	-
Consumer debtors	15	59,159,116	56,378,595
Cash and cash equivalents	16	8,758,971	14,033,751
		100,847,947	90,825,193
Non-Current Assets			
Investment property	3	42,071,024	43,588,474
Property, plant and equipment	4	702,694,088	687,078,833
Intangible assets	5	7,560	15,121
Heritage assets	6	404,550	404,550
		745,177,222	731,086,978
Total Assets		846,025,169	821,912,171
Liabilities			
Current Liabilities			
Other financial liabilities	17	358,717	396,022
Payables from exchange transactions	7	141,802,556	126,553,000
VAT payable	8	35,137	16,436
Consumer deposits	9	1,365,259	1,118,407
Employee benefit obligation	10	1,706,866	2,137,384
Provisions	18	5,976,100	5,570,053
Municipal debt relief arrangement	19	22,220,438	11,580,429
		173,465,073	147,371,731
Non-Current Liabilities			
Other financial liabilities	17	580,625	911,165
Employee benefit obligation	10	53,585,758	46,680,969
Provisions	18	46,584,146	41,080,310
Municipal debt relief arrangement	19	37,387,405	59,607,841
		138,137,934	148,280,285
Total Liabilities		311,603,007	295,652,016
Net Assets		534,422,162	526,260,155
Accumulated surplus		534,422,162	526,260,155
Total Net Assets		534,422,162	526,260,155

* See Note 45

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	21	131,802,527	105,617,319
Licences and permits	23	2,498,095	3,014,912
Connections and disconnections		466,568	300,255
Rental income		107,751	104,593
Sundry income		7,474,917	655,694
Sale of land		35,930	72,103
Interest received	25	3,658,060	5,649,027
Gain or loss on disposal of assets and liabilities		-	1,255,552
Total revenue from exchange transactions		146,043,848	116,669,455
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	78,613,555	63,118,934
Transfer revenue			
Government grants & subsidies	27	304,060,054	276,685,681
Public contributions and donations	28	-	7,221,765
Fines, Penalties and Forfeits	22	6,183,330	3,391,750
Other non-exchange revenue			
Municipal debt relief income		-	16,712,899
Total revenue from non-exchange transactions		388,856,939	367,131,029
Total revenue	20	534,900,787	483,800,484
Expenditure			
Employee related costs	29	(173,612,008)	(165,719,172)
Remuneration of councillors	30	(15,207,701)	(15,288,683)
Depreciation and amortisation	31	(30,508,200)	(30,692,050)
Reversal of impairments	32	(2,135,474)	(4,174,184)
Finance costs	33	(18,885,189)	(13,772,498)
Lease rentals on operating lease	24	(1,608,593)	(1,377,072)
Debt Impairment	35	(67,537,940)	(219,715,194)
Repairs and maintenance	4	(3,887,924)	(2,327,487)
Bulk purchases	37	(98,721,249)	(90,772,496)
Contracted Services	38	(14,567,901)	(14,905,578)
Gain or loss on disposal of assets and liabilities		(7,995,987)	-
Actuarial gains/losses		(520,754)	(116,589)
General Expenses	36	(91,549,860)	(81,717,866)
Total expenditure		(526,738,780)	(640,578,869)
Surplus (deficit) for the year		8,162,007	(156,778,385)

* See Note 45

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	648,439,485	648,439,485
Adjustments		
Correction of errors directly recognised in accumulated surplus - prior periods 45	34,599,055	34,599,055
Balance at 01 July 2023 as restated*	683,038,540	683,038,540
Changes in net assets		
Surplus for the year as previously reported	31,618,227	31,618,227
Prior period adjustments directly recognised in surplus or deficit	(188,396,612)	(188,396,612)
Surplus for the year as restated	(156,778,385)	(156,778,385)
Restated balance at 01 July 2024	526,260,155	526,260,155
Changes in net assets		
Surplus for the year	8,162,007	8,162,007
Total changes	8,162,007	8,162,007
Balance at 30 June 2025	534,422,162	534,422,162

* See Note 45

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		144,859,164	89,909,235
Grants		304,060,054	276,685,681
Interest income		3,658,060	5,649,027
		452,577,278	372,243,943
Payments			
Employee costs		(189,030,862)	(183,550,337)
Suppliers		(201,081,534)	(126,619,892)
Finance costs		(12,641,911)	(8,189,979)
		(402,754,307)	(318,360,208)
Net cash flows from operating activities	39	49,822,971	53,883,735
Cash flows from investing activities			
Property, plant and equipment	4	(56,254,916)	(46,967,184)
Investment property	3	1,517,450	607,162
Intangible assets	5	7,561	7,560
Net cash flows from investing activities		(54,729,905)	(46,352,462)
Cash flows from financing activities			
Borrowings		(367,846)	726,235
Net increase/(decrease) in cash and cash equivalents		(5,274,780)	8,257,508
Cash and cash equivalents at the beginning of the year		14,033,751	5,776,243
Cash and cash equivalents at the end of the year	16	8,758,971	14,033,751

The accounting policies on pages 16 to 41 and the notes on pages 42 to 100 form an integral part of the annual financial statements.

* See Note 45

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	160,380,000	11,679,000	172,059,000	131,802,527	(40,256,473)	55.01
Licences and permits	14,686,000	(11,075,000)	3,611,000	2,498,095	(1,112,905)	55.02
Connections and disconnections	-	-	-	466,568	466,568	55.03
Rental income	-	23,000	23,000	107,751	84,751	55.04
Sundry income	9,348,000	11,789,000	21,137,000	7,474,917	(13,662,083)	55.05
Sale of land	-	-	-	35,930	35,930	55.06
Interest received	10,783,000	3,951,000	14,734,000	3,658,060	(11,075,940)	55.07
Total revenue from exchange transactions	195,197,000	16,367,000	211,564,000	146,043,848	(65,520,152)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	69,267,000	14,348,000	83,615,000	78,613,555	(5,001,445)	
Transfer revenue						
Government grants & subsidies	249,133,000	660,000	249,793,000	304,060,054	54,267,054	55.08
Fines, Penalties and Forfeits	5,544,000	130,000	5,674,000	6,183,330	509,330	
Total revenue from non-exchange transactions	323,944,000	15,138,000	339,082,000	388,856,939	49,774,939	
Total revenue	519,141,000	31,505,000	550,646,000	534,900,787	(15,745,213)	
Expenditure						
Personnel	(169,032,000)	(11,136,000)	(180,168,000)	(173,612,008)	6,555,992	
Employee costs - Remuneration of councillors	(15,089,000)	2,486,000	(12,603,000)	(15,207,701)	(2,604,701)	55.09
Depreciation and amortisation	(52,919,000)	8,617,000	(44,302,000)	(30,508,200)	13,793,800	55.10
Impairment loss/ Reversal of impairments	-	-	-	(2,135,474)	(2,135,474)	55.11
Finance costs	(6,053,000)	-	(6,053,000)	(18,885,189)	(12,832,189)	55.12
Lease rentals on operating lease	-	-	-	(1,608,593)	(1,608,593)	55.13
Debt Impairment	(28,160,000)	-	(28,160,000)	(67,537,940)	(39,377,940)	55.14
Repairs and maintenance	-	-	-	(3,887,924)	(3,887,924)	55.15
Bulk purchases	(101,737,000)	(12,000,000)	(113,737,000)	(98,721,249)	15,015,751	55.16
Contracted Services	(72,034,000)	(5,591,000)	(77,625,000)	(14,567,901)	63,057,099	55.17
General expenses	(86,298,000)	(50,515,000)	(136,813,000)	(91,549,860)	45,263,140	55.18
Total expenditure	(531,322,000)	(68,139,000)	(599,461,000)	(518,222,039)	81,238,961	
Operating surplus	(12,181,000)	(36,634,000)	(48,815,000)	16,678,748	65,493,748	
Loss on disposal of assets and liabilities	-	-	-	(7,995,987)	(7,995,987)	55.19
Actuarial gains/losses	-	-	-	(520,754)	(520,754)	55.20
	-	-	-	(8,516,741)	(8,516,741)	
Surplus before taxation	(12,181,000)	(36,634,000)	(48,815,000)	8,162,007	56,977,007	

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(12,181,000)	(36,634,000)	(48,815,000)	8,162,007	56,977,007	
Reconciliation						

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	(20,404,000)	28,625,000	8,221,000	11,543,249	3,322,249	55.21
Receivables from exchange transactions	14,369,000	353,161,000	367,530,000	8,651,717	(358,878,283)	55.22
Receivables from non-exchange transactions	2,375,000	295,145,000	297,520,000	8,666,478	(288,853,522)	55.23
VAT receivable	45,161,000	18,645,000	63,806,000	-	(63,806,000)	55.25
Consumer debtors	-	-	-	59,159,116	59,159,116	55.26
Cash and cash equivalents	(29,849,000)	38,973,000	9,124,000	8,758,971	(365,029)	
	11,652,000	734,549,000	746,201,000	96,779,531	(649,421,469)	
Non-Current Assets						
Investment property	-	583,000	583,000	42,071,024	41,488,024	55.27
Property, plant and equipment	24,794,000	739,342,000	764,136,000	702,694,088	(61,441,912)	
Intangible assets	-	(300,000)	(300,000)	7,560	307,560	55.28
Heritage assets	-	-	-	404,550	404,550	55.29
	24,794,000	739,625,000	764,419,000	745,177,222	(19,241,778)	
Total Assets	36,446,000	1,474,174,000	1,510,620,000	841,956,753	(668,663,247)	
Liabilities						
Current Liabilities						
Other financial liabilities	-	-	-	358,717	358,717	55.30
Payables from exchange transactions	2,276,000	146,282,000	148,558,000	141,802,563	(6,755,437)	55.31
VAT payable	-	25,120,000	25,120,000	-	(25,120,000)	55.32
Consumer deposits	-	3,142,000	3,142,000	1,365,259	(1,776,741)	55.33
Employee benefit obligation	-	-	-	1,706,866	1,706,866	55.34
Provisions	-	18,740,000	18,740,000	5,976,100	(12,763,900)	55.35
Municipal debt relief arrangement	-	-	-	22,220,438	22,220,438	55.36
	2,276,000	193,284,000	195,560,000	173,429,943	(22,130,057)	
Non-Current Liabilities						
Other financial liabilities	-	1,190,000	1,190,000	580,625	(609,375)	55.30
Employee benefit obligation	-	-	-	53,585,758	53,585,758	55.34
Provisions	-	40,397,000	40,397,000	46,584,146	6,187,146	55.35
Municipal debt relief arrangement	-	-	-	37,387,405	37,387,405	55.36
	-	41,587,000	41,587,000	138,137,934	96,550,934	
Total Liabilities	2,276,000	234,871,000	237,147,000	311,567,877	74,420,877	
Net Assets	34,170,000	1,239,303,000	1,273,473,000	530,388,876	(743,084,124)	

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	36,175,000	1,113,712,000	1,149,887,000	534,422,159	(615,464,841)	55.37

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	221,877,000	48,785,000	270,662,000	144,859,164	(125,802,836)	55.38
Grants	297,883,000	5,997,000	303,880,000	304,060,054	180,054	55.38
Interest income	330,000	14,404,000	14,734,000	3,658,060	(11,075,940)	55.38
	520,090,000	69,186,000	589,276,000	452,577,278	(136,698,722)	
Payments						
Employee costs	-	-	-	(189,030,862)	(189,030,862)	55.37
Suppliers	(456,794,000)	(49,470,000)	(506,264,000)	(201,081,534)	305,182,466	55.37
Finance costs	(6,053,000)	-	(6,053,000)	(12,641,911)	(6,588,911)	55.37
	(462,847,000)	(49,470,000)	(512,317,000)	(402,754,307)	109,562,693	
Net cash flows from operating activities	57,243,000	19,716,000	76,959,000	49,822,971	(27,136,029)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(87,093,000)	3,762,000	(83,331,000)	(56,254,916)	27,076,084	55.37
Investment property	-	-	-	1,517,450	1,517,450	
Intangible assets	-	-	-	7,561	7,561	
Net cash flows from investing activities	(87,093,000)	3,762,000	(83,331,000)	(54,729,905)	28,601,095	
Cash flows from financing activities						
Borrowings	-	-	-	(367,846)	(367,846)	55.37
Net increase/(decrease) in cash and cash equivalents	(29,850,000)	23,478,000	(6,372,000)	(5,274,780)	1,465,066	
Cash and cash equivalents at the beginning of the year	-	-	-	14,033,751	14,033,751	
Cash and cash equivalents at the end of the year	(29,850,000)	23,478,000	(6,372,000)	8,758,971	15,498,817	
Reconciliation						

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024
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1. Significant accounting policies

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

1.1 Basis of preparation

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

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

Management considers key financial metrics and approved medium-term budgets, MFMA Section 71 reports together with the municipality's dependency on grants from national and provincial government, to conclude that the going concern assumption used in the compiling of its annual financial statements, is appropriate.

1.4 Materiality

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

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

1.5 Significant judgements and sources of estimation uncertainty

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

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

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

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

The impairment for trade receivables is calculated on an assessment of the extent to which trade receivables have been defaulted on payments already due, and an assessment of their ability to make payments based on the history of payments made for municipal services over the last twelve months. This is performed per significant trade receivables first and then for all classes of trade receivables.

Impairment testing

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Useful lives of waste and water network and other assets

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

Post-retirement benefits

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

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

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

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.

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Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Distribution losses

The municipality recognises electricity distribution losses. Management calculates the distribution losses based on the energy that was not recovered after deducting internal usage.

The municipality recognises water distribution losses. Management calculates the distribution losses based on the water not recovered as a result of burst pipes, leaks and unmetered water sites.

1.6 Investment property

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

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

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

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

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	20 - 100 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 3).

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

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Significant Accounting Policies

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment whenever it is possible to reliably differentiate between the different components.

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

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

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

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.

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

Item	Depreciation method	Average useful life
Land	Straight-line	indefinite
Buildings	Straight-line	20 - 100 years
Plant and machinery	Straight-line	3 - 10 years
Furniture and fixtures	Straight-line	3 - 10 years
Motor vehicles	Straight-line	5 - 10 years
Office equipment	Straight-line	3 - 10 years
IT equipment	Straight-line	3 - 10 years
Infrastructure	Straight-line	20 - 100 years
Community	Straight-line	20 - 100 years
Other assets	Straight-line	3 - 10 years

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.

Ramotshere Moiloa Local Municipality

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Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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 4).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

1.8 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

1.9 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

Ramotshere Moiloa Local Municipality

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Significant Accounting Policies

1.9 Intangible assets (continued)

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	1-5 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 5).

Intangible assets are derecognised:

- 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 intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

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Significant Accounting Policies

1.10 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. Heritage assets have an indefinite useful life.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

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

Derecognition

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

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

1.11 Financial instruments

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

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

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

A financial asset is:

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

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

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

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

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Significant Accounting Policies

1.11 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Other financial liabilities	Financial liability measured at amortised cost
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Municipal debt relief arrangement	Financial liability measured at amortised cost

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Significant Accounting Policies

1.11 Financial instruments (continued)

Initial recognition

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

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

Gains and losses

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

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

Impairment and uncollectability of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

If, 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.

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Significant Accounting Policies

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 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 continues 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).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

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Significant Accounting Policies

1.12 Statutory receivables

Identification

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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Significant Accounting Policies

1.12 Statutory receivables (continued)

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

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

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

Derecognition

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

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

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

1.13 Leases

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

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

Operating leases - lessor

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

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

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

Operating leases - lessee

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

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Significant Accounting Policies

1.14 Inventories

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

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

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

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

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

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

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

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

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

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.15 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

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

1.16 Impairment of cash-generating assets

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

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

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

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1.16 Impairment of cash-generating assets (continued)

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

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

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

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

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

Useful life is the period of time over which an asset is expected to be used by the municipality.

Identification

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

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

1.17 Impairment of non-cash-generating assets

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

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

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

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

Useful life is the period of time over which an asset is expected to be used by the municipality.

Identification

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

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

1.18 Employee benefits

Identification

Employee benefits

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

Classification of 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.

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

Defined benefit cost

Service cost comprises: (a) current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period; (b) past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan); and (c) any gain or loss on settlement.

Net interest on the net defined benefit liability (asset) is the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprise: (a) actuarial gains and losses; (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from: (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less: (a) any costs of managing the plan assets; and (b) any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

A settlement is a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

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1.18 Employee benefits (continued)

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

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

(a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Short-term paid absences

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

(a) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and

(b) in the case of non-accumulating paid absences, when the absences occur.

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

Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

(a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and

(b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Recognition and measurement

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

(a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

(b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are discounted using the discount rate as specified.

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1.18 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Recognition and measurement

The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Recognition and measurement: Present value of defined benefit obligations and current service cost

Actuarial valuation method

The entity uses the projected unit credit method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

Actuarial assumptions: Mortality

The entity determines its mortality assumptions by reference to its best estimate of the mortality of plan members both during and after employment.

Actuarial assumptions: Discount rate

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

Actuarial assumptions: Salaries, benefits and medical costs

The entity measures its defined benefit obligations on a basis that reflects:

- (a) the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period;
- (b) any estimated future salary increases that affect the benefits payable;
- (c) the effect of any limit on the employer's share of the cost of the future benefits;
- (d) contributions from employees or third parties that reduce the ultimate cost to the entity of those benefits; and
- (e) estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - (i) those changes were enacted before the end of the reporting period; or
 - (ii) historical data, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

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

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Significant Accounting Policies

1.18 Employee benefits (continued)

Recognition and measurement: Plan assets

Fair value of plan assets

The fair value of any plan assets is deducted from the present value of the defined benefit obligation in determining the deficit or surplus.

Other long-term employee benefits

Recognition and measurement

For other long-term employee benefits, the entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- (a) service cost;
- (b) net interest on the net defined benefit liability (asset); and
- (c) remeasurements of the net defined benefit liability (asset).

Termination benefits

Recognition

The entity recognises a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of GRAP 19 and involves the payment of termination benefits.

Measurement

The entity measures termination benefits on initial recognition, and measures and recognise subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment benefits, the entity applies the requirements for post-employment benefits. Otherwise:

- (a) If the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period in which the termination benefit is recognised, the entity applies the requirements for short-term employee benefits.
- (b) If the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the entity applies the requirements for other long-term employee benefits.

1.19 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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1.19 Provisions and contingencies (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

Provisions are not recognised for future operating surplus (deficit).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

1.20 Capital commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Capital commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.

1.21 Revenue from exchange transactions

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

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

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Sale of goods

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

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

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Significant Accounting Policies

1.21 Revenue from exchange transactions (continued)

Rendering of services

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

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

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest, royalties and dividends

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

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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

1.22 Revenue from non-exchange transactions

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

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

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

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

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

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1.22 Revenue from non-exchange transactions (continued)

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

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

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

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

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

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

Recognition

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

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

Measurement

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

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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Significant Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

Taxes

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

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

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.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Collection charges are recognised when such amounts are legally enforceable (property rates). Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rate revenue already recognised are processed or additional rates revenue is recognised.

Fines

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

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

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

Government grants and subsidies

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available, which in most cases is on receipt.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

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1.22 Revenue from non-exchange transactions (continued)

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.23 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.24 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.25 Comparative figures

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

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Significant Accounting Policies

1.26 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.27 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.28 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.29 Segment information

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

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1.30 Budget information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipalities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

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

The budget for the economic entity includes all the entities approved budgets under its control.

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

The materiality threshold for variances between budget and actual amounts is 10%. Reasons for variances greater than or equal to 10% are disclosed in the financial statements.

1.31 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

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

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.32 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.33 Expenditure

Expenditure includes bulk purchases, contracted services, general expenses and repairs and maintenance. Expenses are decreases in economic benefits or service potential during the reporting period in the form outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

Expenses are recognised in the period in which they are incurred.

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Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand	2025	2024
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2. New standards and interpretations

2.1 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 (as revised): Financial Instruments	01 April 2025	The impact of the is not material.

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3. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	43,800,883	(1,729,859)	42,071,024	45,246,950	(1,658,476)	43,588,474

Reconciliation of investment property - 2025

	Opening balance	Disposals	Depreciation	Total
Investment property	43,588,474	(1,446,067)	(71,383)	42,071,024

Reconciliation of investment property - 2024

	Opening balance	Disposals	Depreciation	Total
Investment property	44,195,636	(535,779)	(71,383)	43,588,474

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

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4. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	30,458,096	-	30,458,096	30,458,096	-	30,458,096
Buildings	81,495,575	(65,071,855)	16,423,720	80,883,522	(61,328,317)	19,555,205
Plant and machinery	11,872,149	(6,696,313)	5,175,836	10,565,600	(5,047,747)	5,517,853
Furniture and fixtures	1,526,262	(753,361)	772,901	1,593,987	(632,041)	961,946
Motor vehicles	13,038,777	(6,755,729)	6,283,048	15,216,249	(7,121,563)	8,094,686
Office equipment	4,559,393	(3,542,248)	1,017,145	4,726,441	(3,553,802)	1,172,639
IT equipment	3,321,581	(1,592,823)	1,728,758	3,366,574	(1,596,098)	1,770,476
Infrastructure	1,064,431,455	(462,723,387)	601,708,068	1,038,616,161	(461,504,267)	577,111,894
Community	139,781,430	(106,138,018)	33,643,412	139,885,251	(102,729,765)	37,155,486
Leased assets	2,823,539	(2,823,539)	-	2,823,539	(2,823,539)	-
Landfill sites	15,578,827	(11,247,945)	4,330,882	15,578,827	(10,331,283)	5,247,544
Other assets	3,939,314	(2,787,092)	1,152,222	2,924,735	(2,891,727)	33,008
Total	1,372,826,398	(670,132,310)	702,694,088	1,346,638,982	(659,560,149)	687,078,833

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	30,458,096	-	-	-	-	30,458,096
Buildings	19,555,205	612,052	-	(2,001,211)	(1,742,326)	16,423,720
Plant and machinery	5,517,853	1,347,205	-	(1,689,222)	-	5,175,836
Furniture and fixtures	961,946	40,306	-	(229,351)	-	772,901
Motor vehicles	8,094,686	-	(51,603)	(1,760,035)	-	6,283,048
Office equipment	1,172,639	146,292	(6)	(301,780)	-	1,017,145
IT equipment	1,770,476	517,765	(6,575)	(552,908)	-	1,728,758
Infrastructure	577,111,894	52,207,978	(7,779,387)	(19,832,417)	-	601,708,068
Community	37,155,486	-	(12,350)	(3,106,576)	(393,148)	33,643,412
Landfill sites	5,247,544	-	-	(916,662)	-	4,330,882
Other assets	33,008	1,158,327	(21)	(39,092)	-	1,152,222
	687,078,833	56,029,925	(7,849,942)	(30,429,254)	(2,135,474)	702,694,088

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Notes to the Annual Financial Statements

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	30,458,096	-	-	-	-	30,458,096
Buildings	18,855,000	3,237,350	(266,358)	(2,171,301)	(99,486)	19,555,205
Plant and machinery	1,596,985	5,049,495	(508)	(1,128,119)	-	5,517,853
Furniture and fixtures	100,081	990,756	-	(128,891)	-	961,946
Motor vehicles	4,771,278	4,207,887	(4,781)	(679,698)	-	8,094,686
Office equipment	169,008	1,214,005	(4)	(210,370)	-	1,172,639
IT equipment	1,038,150	1,119,392	(2,346)	(384,720)	-	1,770,476
Infrastructure	561,695,260	36,511,853	(508,838)	(20,586,381)	-	577,111,894
Community	44,970,533	-	-	(3,740,349)	(4,074,698)	37,155,486
Landfill sites	3,297,006	3,090,828	-	(1,140,290)	-	5,247,544
Other assets	83,545	-	(60)	(50,477)	-	33,008
	667,034,942	55,421,566	(782,895)	(30,420,596)	(4,174,184)	687,078,833

Pledged as security

No property, plant and equipment were pledged as security.

Other information

Projects that are taking significantly longer to complete

RMLM/PMU/05/19/20 - Upgrading of Gopane bridges and stormwater	25,306,552	-
RMLM/2023/2024-04B - Resealing of Klip and Kloof	673,383	-
	25,979,935	-

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Annual Financial Statements for the year ended 30 June 2025

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4. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Buildings	Total
Opening balance	42,884,610	2,694,500	45,579,110
Additions/capital expenditure	52,207,978	612,053	52,820,031
Transferred to completed items	(57,262,210)	(3,306,553)	(60,568,763)
	37,830,378	-	37,830,378

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Buildings	Total
Opening balance	36,893,062	-	36,893,062
Additions/capital expenditure	36,511,850	3,237,350	39,749,200
Transferred to completed items	(30,520,303)	(542,850)	(31,063,153)
	42,884,609	2,694,500	45,579,109

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

Maintenance of property, plant and equipment

Buildings	148,815	260,343
Machinery and Equipment	410,162	288,286
Motor Vehicle	706,649	1,608,744
Maintenance of Equipment	1,980,995	92,401
Other Assets	641,303	77,713
	3,887,924	2,327,487

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Ramotshere Moiloa Local Municipality

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5. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	4,671,633	(4,664,073)	7,560	4,671,633	(4,656,512)	15,121

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software, other	15,121	(7,561)	7,560

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	22,681	(7,560)	15,121

Pledged as security

No intangible assets were pledged as security.

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6. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Other	404,550	-	404,550	404,550	-	404,550

Reconciliation of heritage assets 2025

	Opening balance	Total
Other	404,550	404,550

Reconciliation of heritage assets 2024

	Opening balance	Total
Other	404,550	404,550

Age and/or condition of heritage assets

An assessment of the heritage assets was performed during the current financial year and the assessed assets were considered to be in fair and good condition.

Pledged as security

No heritage assets were pledged as security.

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Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
7. Payables from exchange transactions		
Trade payables	56,029,048	44,034,391
Unallocated deposits	1,000,909	813,760
Accrued leave pay	14,582,629	13,860,488
Accrued bonus	5,424,242	4,879,660
Purchase accrual	1,174,144	1,174,144
Deposits received	164,494	164,494
Retentions	18,665,704	14,742,850
Net clearing salary	102,548	1,914,357
Debtors in credit	44,658,838	44,968,856
	141,802,556	126,553,000

8. VAT payable

VAT Control	-	16,436
VAT Output Accrual [on Receivables]	35,137	-
	35,137	16,436

9. Consumer deposits

Electricity	592,031	574,376
Water	779,542	544,031
Refuse	(6,314)	-
	1,365,259	1,118,407

10. Employee benefit obligations

Defined benefit plans - General information

The defined benefit liability as disclosed below are represented by two different post employment benefits. None of the benefits set out below are externally funded.

Post retirement medical aid plan

Active members receive a fixed subsidy of 60% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of an active member is entitled to a 60% subsidy of their contributions. This proportion of the subsidy will continue to be paid in the event of the principal member's death.

Continuation members receive a fixed subsidy of 60% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of a continuation member is entitled to a 60% subsidy of their contributions.

Long service awards

Long service awards are payable to qualifying in-service employees. The leave benefits are in accordance with paragraph 11 of the South African Local Government Bargaining Council (SALGBC) collective agreement on conditions of service for the Free State division of SALGBC.

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
10. Employee benefit obligations (continued)		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation	(55,292,624)	(48,818,353)
Non-current liabilities	(53,585,758)	(46,680,969)
Current liabilities	(1,706,866)	(2,137,384)
	(55,292,624)	(48,818,353)
The municipality has no further obligation to cover unfunded benefits		
Category		
Current (In service) members	223	229
Continuation members (pensioners)	20	18
	243	247
Medical Aid		
Non-Current Liabilities	45,568,695	39,105,561
Current Liabilities	1,155,387	1,121,768
	46,724,082	40,227,329
Long Service Awards		
Non-Current Liabilities	8,017,063	7,575,408
Current Liabilities	551,479	1,015,616
	8,568,542	8,591,024
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	48,818,353	45,840,000
Net expense recognised in the statement of financial performance	6,474,271	2,978,353
	55,292,624	48,818,353

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024	
10. Employee benefit obligations (continued)			
Net expense recognised in the statement of financial performance are as follows:			
Service cost	2,702,581	2,604,000	
- Current service cost	2,702,581	2,604,000	
Net interest on the net defined benefit liability (asset)	6,164,670	5,441,000	
Remeasurements of the net defined benefit liability (asset)	(2,392,980)	(5,066,647)	
- Actuarial gains and losses arising from:	180,924	(1,997,647)	
- General movements	180,924	(1,997,647)	
Benefits paid	(2,573,904)	(3,069,000)	
	6,474,271	2,978,353	
	Medical aid	Long service award	Total
Defined benefit obligation as at 30 June 2024	40,227,329	8,591,024	48,818,353
Interest costs	5,354,118	810,552	6,164,670
Current service cost	2,088,428	614,153	2,702,581
Benefits paid (expected)	(1,121,768)	(1,452,136)	(2,573,904)
Actuarial (Gain)/Loss	175,975	4,949	180,924
Defined benefit obligation as at 30 June 2025	46,724,082	8,568,542	55,292,624
	Medical aid	Long service award	Total
Estimated Future Contributions			
Defined benefit obligation as at 30 June 2025	46,724,082	8,568,542	55,292,624
Current service cost	2,473,268	607,014	3,080,282
Interest costs	5,782,820	1,118,978	6,901,798
Benefits paid (expected)	(1,155,387)	(551,479)	(1,706,866)
Estimated Future Defined benefit obligation as at 30 June 2026	53,824,783	9,743,055	63,567,838

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Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

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10. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	13.50 %	12.53 %
Future price inflation expectation	7.40 %	6.52 %
Health care cost inflation	8.90 %	8.02 %
Net discount rate	4.23 %	4.18 %

A health care cost inflation rate of 8.90% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 5.07%.

A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 4.23% which derives from $((1+13.50\%)/(1+8.90\%))-1$.

The expected inflation assumption of 5.07% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (4.72%) and those of fixed interest bonds (10.54%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: $((1+10.54\%-0.50\%)/(1+4.72\%))-1$.

Withdrawal rate assumptions

Assumptions generally observed in the South African market.

The withdrawal rates vary from 3% to 9% for the age group 20 - 50 years, while the estimated withdrawal rate from 55 years is calculated at 0%.

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	2025	2024	2023	2022	2021
Defined Benefit Obligation - Medical Aid	46,724,082	40,227,329	36,911,000	36,911,000	43,511,000
Defined Benefit Obligation - Long Service Awards	8,568,542	8,591,024	8,929,000	8,929,000	9,459,000

11. Inventories

Consumable stores	11,543,249	8,916,370
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Inventory pledged as security

No inventory assets were pledged as security for liabilities.

Inventory consumables on hand: Opening	8,916,370	8,925,121
Consumables purchased during the year	13,906,322	4,356,709
Consumables transfers / used during the year / expensed	(11,279,443)	(4,385,827)
Consumables write off	-	20,306
	11,543,249	8,916,309

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Figures in Rand	2025	2024
12. Receivables from exchange transactions		
Prepayments	63,223	630,925
Third party vendors	5,174,592	561,397
Licences and permits	252,514	312,130
Rental debtors	91,299	52,347
Other receivables	3,070,089	4,600,000
	8,651,717	6,156,799
13. Receivables from non-exchange transactions		
Fines	8,626,600	5,299,800
Employee advances	3,125	3,125
Sundry debtors	36,753	36,753
	8,666,478	5,339,678
Statutory receivables included in receivables from non-exchange transactions		
Included in receivables from non-exchange transactions is fines to the amount of R8,626,600 (2024: R5,299,800).		
14. VAT receivable		
VAT Control	4,068,416	-
Ramotshere Moiloa Local Municipality is registered as a Category C (monthly) vendor as contemplated in section 27(3) of the VAT Act No.89 of 1991, submitting VAT returns on a monthly basis.		
The municipality calculates monthly tax payable in terms of Section 16(3)(b)(i), where a vendor in terms of Section 15 is required to account for tax payable on a payment basis (or cash basis).		
All VAT returns have been submitted by the due date throughout the year.		
Statutory receivables included in VAT receivables		
Included in VAT receivable is VAT relating to statutory receivables to the amount of R4,068,416 (2024: R nil).		
15. Consumer debtors		
Gross balances		
Rates	213,208,750	223,577,235
Electricity	45,174,832	37,983,058
Water	33,477,946	28,446,641
Sewerage	20,113,131	18,000,552
Refuse	56,620,160	50,398,235
Other (specify)	200,151	217,177
	368,794,970	358,622,898
Less: Allowance for impairment		
Rates	(187,336,591)	(194,042,724)
Electricity	(29,745,276)	(27,078,435)
Water	(27,820,846)	(23,523,806)
Sewerage	(17,334,569)	(15,579,716)
Refuse	(47,398,572)	(42,019,622)
	(309,635,854)	(302,244,303)

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Ramotshere Moiloa Local Municipality

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Figures in Rand	2025	2024
15. Consumer debtors (continued)		
Net balance		
Rates	25,872,159	29,534,511
Electricity	15,429,556	10,904,623
Water	5,657,100	4,922,835
Sewerage	2,778,562	2,420,836
Refuse	9,221,588	8,378,613
Other (specify)	200,151	217,177
	59,159,116	56,378,595
Statutory receivables included in consumer debtors above are as follows:		
Rates	25,872,159	29,534,511
Financial asset receivables included in consumer debtors above	33,286,957	26,844,084
Total consumer debtors	59,159,116	56,378,595
Included in above is receivables from exchange transactions		
Electricity	15,429,556	10,904,623
Water	5,657,100	4,922,835
Sewerage	2,778,562	2,420,836
Refuse	9,221,588	8,378,613
	33,086,806	26,626,907
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	25,872,159	29,534,511
Net balance	58,958,965	56,161,418
Rates		
Current (0 -30 days)	5,676,631	14,823,061
31 - 60 days	4,786,016	2,951,781
61 - 90 days	5,136,204	2,086,723
91 - 120 days	145,201	55,494
121 - 365 days	341,971	55,362
> 365 days	9,786,136	9,562,090
	25,872,159	29,534,511
Electricity		
Current (0 -30 days)	4,561,063	3,689,855
31 - 60 days	2,702,050	2,761,799
61 - 90 days	1,097,230	933,712
91 - 120 days	222,601	74,367
121 - 365 days	514,735	81,798
> 365 days	6,331,877	3,363,092
	15,429,556	10,904,623

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
15. Consumer debtors (continued)		
Water		
Current (0 -30 days)	926,071	1,021,358
31 - 60 days	772,421	989,047
61 - 90 days	644,025	602,062
91 - 120 days	37,083	28,548
121 - 365 days	49,888	29,292
> 365 days	3,227,612	2,252,528
	5,657,100	4,922,835
Sewerage		
Current (0 -30 days)	362,619	310,732
31 - 60 days	283,722	273,191
61 - 90 days	265,496	245,372
91 - 120 days	30,583	26,311
121 - 365 days	30,457	26,171
> 365 days	1,805,685	1,539,059
	2,778,562	2,420,836
Refuse		
Current (0 -30 days)	1,022,910	926,545
31 - 60 days	835,571	807,693
61 - 90 days	785,498	736,276
91 - 120 days	80,534	70,334
121 - 365 days	80,699	68,077
> 365 days	6,416,376	5,769,688
	9,221,588	8,378,613
Other (specify)		
Current (0 -30 days)	6,531	-
121 - 365 days	-	11
> 365 days	193,620	217,166
	200,151	217,177

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Ramotshere Moiloa Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
15. Consumer debtors (continued)		
Summary of debtors by customer classification		
Residential		
Current (0 -30 days)	4,636,470	7,921,913
31 - 60 days	4,328,879	3,528,565
61 - 90 days	4,664,713	3,196,316
91 - 120 days	4,003,619	3,187,987
121 - 365 days	3,930,475	3,196,536
> 365 days	212,546,467	199,373,422
	234,110,623	220,404,739
Less: Allowance for impairment	(220,761,215)	(206,060,487)
	13,349,408	14,344,252
Industrial/ commercial		
Current (0 -30 days)	7,155,267	12,198,506
31 - 60 days	4,591,815	3,908,504
61 - 90 days	2,726,941	1,282,343
91 - 120 days	2,234,582	737,092
121 - 365 days	4,404,358	710,572
> 365 days	90,053,608	102,637,178
	111,166,571	121,474,195
Less: Allowance for impairment	(96,692,548)	(104,084,842)
	14,474,023	17,389,353
Government		
Current (0 -30 days)	757,557	651,132
31 - 60 days	629,629	483,326
61 - 90 days	646,909	291,144
91 - 120 days	516,002	255,058
121 - 365 days	1,017,751	260,701
> 365 days	17,346,948	14,585,424
Less: Allowance for impairment	-	-
	20,914,796	16,526,785
Total		
Current (0 -30 days)	12,548,329	20,771,552
31 - 60 days	9,550,323	7,920,395
61 - 90 days	8,038,563	4,769,803
91 - 120 days	6,754,203	4,180,132
121 - 365 days	9,352,583	4,167,809
> 365 days	322,550,969	316,813,207
	368,794,970	358,622,898
Less: Allowance for impairment	(309,635,854)	(302,244,303)
	59,159,116	56,378,595
Less: Allowance for impairment		
31 - 60 days	(170,544)	(136,884)
61 - 90 days	(110,111)	(165,658)
91 - 120 days	(6,238,201)	(3,925,078)
121 - 365 days	(8,334,832)	(3,907,108)
> 365 days	(294,782,166)	(294,109,575)
	(309,635,854)	(302,244,303)

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15. Consumer debtors (continued)		
Total debtor past due but not impaired		
31 - 60 days	9,379,780	7,783,511
61 - 90 days	7,928,452	4,604,146
91 - 120 days	516,002	255,058
121 - 365 days	1,017,751	260,701
> 365 days	17,346,948	14,585,424
	36,188,933	27,488,840
Reconciliation of allowance for impairment		
Balance at beginning of the year	(302,244,303)	(116,086,298)
Contributions to allowance	(7,391,551)	(186,158,005)
	(309,635,854)	(302,244,303)

Consumer debtors past due but not impaired

Consumer debtors which are more than 30 days outstanding are considered past due. All receivables are individually assessed for impairment. At 30 June 2025, R 36,188,933 (2024: R 27,488,840) were past due but not impaired.

The entity has assessed these balances for recoverability and believes that they are still of good credit quality.

Consumer debtors impaired

As of 30 June 2025, consumer debtors of R (309,635,854) (2024: R (302,244,303)) were impaired and provided for.

16. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	107,315	294,009
Bank balances	2,743,307	6,876,547
Short-term deposits	5,908,349	6,863,195
	8,758,971	14,033,751

The municipality invests unused funds in FNB Call Deposits and ABSA Call deposits accounts to earn interest. These funds are withdrawn as and when required.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
FNB BANK - 62200495960	154,994	423,896	150,665	154,994	423,896	150,665
FNB BANK - 62224998023	227,634	795,881	215,887	227,634	795,881	215,887
FNB BANK - 54351140693	374,801	983,168	249,945	374,801	983,168	249,945
(Secondary account)						
FNB BANK - 62063144431	1,985,878	4,673,602	1,013,725	1,985,878	4,673,602	1,013,725
(Main account)						
ABSA 20-5825-7453	66,779	61,246	55,970	66,779	61,246	55,970
ABSA 93 0488 7397	78,661	73,636	68,693	78,661	73,636	68,693
ABSA 93 0779 6777	370,361	346,729	323,131	370,361	346,729	323,131
FNB 62689530775	258,347	735,807	1,083,044	258,347	735,807	1,083,044
FNB 62738773151	2,426,725	1,495,745	11,531	2,426,725	1,495,745	11,531
FNB 62738772418	1,015,487	4,040,577	284,990	1,015,487	4,040,577	284,990
FNB 62738773614	1,691,990	109,455	386,978	1,691,990	109,455	386,978
Total	8,651,657	13,739,742	3,844,559	8,651,657	13,739,742	3,844,559

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17. Other financial liabilities		
At amortised cost		
DBSA Loans	580,625	911,165
The loan has fixed interest of 11.73% per annum and is repayable in 40 half yearly instalments. The loan period is 20 years and redemption date is 30 June 2026.		
The loan has fixed interest rate of 5% per annum and is repayable in 40 equal instalments. The loan period is 20 years expiring in 30 September 2028.		
Short term portion of DBSA Loans	358,717	396,022
Terms and conditions		
	939,342	1,307,187
Total other financial liabilities	939,342	1,307,187
Non-current liabilities		
At amortised cost	580,625	911,165
Current liabilities		
At amortised cost	358,717	396,022

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18. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Interest cost	Change in discount factor	Total
Environmental rehabilitation	46,650,363	5,570,053	339,830	52,560,246

Reconciliation of provisions - 2024

	Opening Balance	Interest cost	Change in discount factor	Total
Environmental rehabilitation	40,397,493	4,138,634	2,114,236	46,650,363

Non-current liabilities			46,584,146	41,080,310
Current liabilities			5,976,100	5,570,053
			52,560,246	46,650,363

Environmental rehabilitation provision

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act (Act no. 28 of 2002). The provision was determined by an independent expert as at 30 June 2025. And approximate the discounted expected future cash flows using reasonable estimation techniques.

The provision is for the rehabilitation of 3 landfill sites namely the Zeerust landfill site, Lehurutse landfill site and the Groot Marico landfill site.

It is estimated that the rehabilitation process will be finalised in 2030 for the Zeerust landfill site, 2026 for the Lehurutse landfill site and 2026 for the Groot Marico landfill site.

Rehabilitation cost was estimated using criteria for closure detailed in the Minimum Requirement for Waste Disposal by Landfill. Provision is made in terms of the municipality's licensing stipulations on the landfill waste sites, for the estimated cost of rehabilitating the waste sites.

The movement in the provision of the landfill site in the 2025 financial year is due to a new calculation obtained from engineers who calculated the estimate costs to rehabilitate the landfill sites. The change in discount rates and estimates also impacted the IGRAP 2 adjustment.

The contribution to the provision is based on the average Consumer Price Inflation which is calculated at 5.94% (2024: 6.51%).

The cost as at 30 June 2025 has been escalated annually with the average Consumer Price Index until the estimated time of closure and discounted to present value using the relevant South African Government Bond rates. All other adjustments are in line with the provisions of IGRAP.

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19. Municipal debt relief arrangement

Liability		
Municipal debt relief arrangement	59,607,843	71,188,270
Revenue		
Municipal debt relief income	-	16,712,899

Eskom confirmed the municipality's debt that is the subject of the debt relief is R87,901,169.90 as of 31 March 2023. This is after Eskom effected the necessary adjustment for any payment arrangement. The National Treasury notes that the municipality's application for debt relief and the related approval thereof constitute an acknowledgement of liability to Eskom as envisaged in Section 14 of the Prescription Act, 1969.

The National Treasury therefore hereby instructs Eskom to write-off one third (1/3) of the municipal debt of Ramotshere Moiloa Local Municipality to the value of R29,030,389.97.

The relief arrangement is amortised at 14.25 over three years, summarised as follows:

Period	Opening balance	Interest	Payment	Closing Balance
2023-2024	71,188,271	5,511,465	(17,091,894)	59,607,842
2024-2025	59,607,842	7,079,953	(29,300,390)	37,387,405
2025-2026	37,387,405	3,698,325	(29,300,390)	11,785,340
2026-2027	11,785,340	423,157	(12,208,497)	-

20. Revenue

Service charges	131,802,527	105,617,319
Licences and permits	2,498,095	3,014,912
Connections and disconnections	466,568	300,255
Rental income	107,751	104,593
Sundry income	7,474,917	655,694
Sale of land	35,930	72,103
Municipal debt relief income	-	16,712,899
Interest received	3,658,060	5,649,027
Property rates	78,613,555	63,118,934
Government grants & subsidies	304,060,054	276,685,681
Public contributions and donations	-	7,221,765
Fines, Penalties and Forfeits	6,183,330	3,391,750
	534,900,787	482,544,932

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	131,802,527	105,617,319
Licences and permits	2,498,095	3,014,912
Connections and disconnections	466,568	300,255
Rental income	107,751	104,593
Sundry income	7,474,917	655,694
Sale of land	35,930	72,103
Interest received	3,658,060	5,649,027
	146,043,848	115,413,903

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20. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	78,613,555	63,118,934
Transfer revenue		
Government grants & subsidies	304,060,054	276,685,681
Public contributions and donations	-	7,221,765
Fines, Penalties and Forfeits	6,183,330	3,391,750
Other revenue		
Municipal debt relief	-	16,712,899
	388,856,939	367,131,029
21. Service charges		
Sale of electricity	103,921,957	81,272,408
Sale of water	13,528,060	11,472,797
Sewerage and sanitation charges	3,603,106	230,396
Refuse removal	10,749,404	12,641,718
	131,802,527	105,617,319
22. Fines, Penalties and Forfeits		
Municipal Traffic Fines	6,183,330	3,391,750
23. Licences and permits		
Road and Transport	2,498,095	3,014,912
24. Lease rentals on operating lease		
Premises		
Contractual amounts	120,000	120,000
Equipment		
Contractual amounts	1,488,593	1,257,072
	1,608,593	1,377,072
25. Interest received		
Interest revenue		
Bank	3,544,816	4,187,548
Consumer debtors	113,244	1,461,479
	3,658,060	5,649,027
26. Property rates		
Rates received		
Residential	26,279,403	27,300,134
Commercial	38,063,423	24,430,692
State	140,350	603,587
Small holdings and farms	14,130,379	10,784,521
	78,613,555	63,118,934

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Figures in Rand	2025	2024
27. Government grants & subsidies		
Operating grants		
Equitable share	244,093,000	231,415,999
Local Government SETA	180,054	313,243
Financial Management Grant	2,300,000	2,300,435
Expanded Public Works Programme	2,472,000	1,715,004
Library	928,000	-
	249,973,054	235,744,681
Capital grants		
Municipal Infrastructure Grant	52,609,000	40,941,000
Integrated National Electrification Programme	1,478,000	-
	54,087,000	40,941,000
	304,060,054	276,685,681

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal Infrastructure Grant

Current-year receipts	52,609,000	40,941,000
Conditions met - transferred to revenue	(52,609,000)	(40,941,000)
	-	-

Purpose of the grant is to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities. And to provide specific funding for the development of asset management plans for infrastructure servicing the poor.

Library

Current-year receipts	928,000	-
Conditions met - transferred to revenue	(928,000)	-
	-	-

Purpose of the grant is to aid in the development of a skilled and capable workforce supporting a responsive, accountable, efficient and effective local government system, through a range of learning programmes that focuses on scarce and critical skills in the respect of sectors covered by the LGSETA, the New Growth Path, the Industrial Development Action Plan, the National Skills Accord, the Green Accord, the Beneficiation Strategy of South Africa, the National Development Plan, Strategic Integrated Projects, the Rural Development Strategy, the Back to Basics Strategy, the Environmental Strategy and the Human Resource Development Strategy.

Financial Management Grant

Current-year receipts	2,300,000	2,300,000
Conditions met - transferred to revenue	(2,300,000)	(2,300,000)
	-	-

Purpose of the grant is to provide direct support to municipalities to develop financial management and technical capacity for the implementation of the MFMA, its regulations and associated financial reforms.

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27. Government grants & subsidies (continued)

Expanded Public Works Programme

Current-year receipts	2,472,000	1,715,000
Conditions met - transferred to revenue	(2,472,000)	(1,715,000)
	-	-

Purpose of the grant is to incentivise municipalities to expand work creation efforts through the use of labour-intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines:

- road maintenance and the maintenance of buildings
- low traffic volume roads and rural roads
- basic services infrastructure, including water and sanitation reticulation (excluding bulk infrastructure)
- other economic and social infrastructure
- tourism and cultural industries
- waste management
- parks and beautification
- sustainable land-based livelihoods
- social services programmes
- community safety programmes

Integrated National Electrification Programme

Current-year receipts	1,478,000	-
Conditions met - transferred to revenue	(1,478,000)	-
	-	-

The purpose of the grant is to implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructure.

Local Government SETA

Current-year receipts	180,054	313,243
Transferred to revenue	(180,054)	(313,243)
	-	-

Purpose of the grant is to aid in the development of a skilled and capable workforce supporting a responsive, accountable, efficient and effective local government system, through a range of learning programmes that focuses on scarce and critical skills in the respect of sectors covered by the LGSETA, the New Growth Path, the Industrial Development Action Plan, the National Skills Accord, the Green Accord, the Beneficiation Strategy of South Africa, the National Development Plan, Strategic Integrated Projects, the Rural Development Strategy, the Back to Basics Strategy, the Environmental Strategy and the Human Resource Development Strategy.

28. Public contributions and donations

Public contributions and donations	-	7,221,765
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29. Employee related costs		
Basic	101,686,862	92,969,361
Bonus	7,721,517	7,387,271
Medical aid	12,219,059	12,526,388
UIF	689,366	657,512
SDL	1,418,331	1,345,116
Pension fund contributions	18,917,167	17,786,747
Travel allowances	8,104,864	7,010,032
Overtime payments	12,696,740	13,626,088
Long-service awards	1,452,136	1,915,607
Acting allowances	1,739,233	2,514,829
Housing benefits and allowances	1,198,872	886,327
Cellphone allowances	452,721	417,537
Bargaining council	40,188	38,429
Leave payout	923,082	2,430,111
Standby allowance	3,466,228	3,754,157
Bonus provision	544,582	1,327,209
Provision for employee benefit obligations	(381,082)	(465,000)
Leave pay provision	722,142	(408,549)
	173,612,008	165,719,172
Remuneration of the Director Technical Services (Mr M Mpshe) Terminated on 31-01-2024		
Annual Remuneration	-	999,848
Car Allowance	-	192,901
Contributions to UIF, Medical and Pension Funds	-	1,417
SDL	-	11,662
Cellphone allowance	-	12,000
	-	1,217,828
Remuneration of the Director Technical Services (Mr PT Lepedi) Appointed on 01-07-2024		
Annual Remuneration	938,418	-
Car Allowance	318,262	-
Contributions to UIF, Medical and Pension Funds	2,125	-
SDL	11,152	-
Cellphone allowance	18,000	-
	1,287,957	-
Remuneration of the Director Community Service (Mr TM Seleka) Terminated on 31-01-2024		
Annual Remuneration	-	1,098,438
Car Allowance	-	192,901
Contributions to UIF, Medical and Pension Funds	-	1,417
SDL	-	12,648
Cellphone allowance	-	12,000
	-	1,317,404
Remuneration of the Acting Director Technical Services (Mr RT Mtshali) Acted on 30-11-2022 and from 01-03-2024 to 30-06-2024		
Acting allowance	-	169,713

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29. Employee related costs (continued)		
Remuneration of the Director Local Economic Development (Mr R Mojapelo) Terminated on 31-03-2024		
Annual Remuneration	-	1,093,445
Car Allowance	-	216,790
Contributions to UIF, Medical and Pension Funds	-	1,594
SDL	-	11,661
Cellphone allowance	-	13,500
	-	1,336,990
Remuneration of the Acting Director Local Economic Development (Mr OI Gasealahwe) acted on 30-11-2022 and from 01-04-2024 to 30-06-2024		
Acting allowance	-	128,320
Remuneration of the Municipal Manager (Mr L I Mokgatlhe) Appointed on 03-07-2023		
Annual Remuneration	1,197,999	1,309,683
Car Allowance	359,400	290,889
Contributions to UIF, Medical and Pension Funds	2,125	2,125
SDL	15,095	15,664
Cellphone allowance	24,000	24,000
	1,598,619	1,642,361
Remuneration of the Director Community Services and Acting Municipal Manager (Ms BD Madumo) Appointed on 01-07-2024 Acted on 01-04-2025 to 30-04-2025		
Annual Remuneration	979,266	-
Car Allowance	293,780	-
Contributions to UIF, Medical and Pension Funds	2,125	-
SDL	11,996	-
Cellphone allowance	18,000	-
Acting allowances	11,374	-
	1,316,541	-
Remuneration of the Chief Financial Officer (Mr B K S Noke) Appointed on 01-08-2023		
Annual Remuneration	1,051,218	982,262
Car Allowance	221,828	203,342
Contributions to UIF, Medical and Pension Funds	2,125	1,948
SDL	12,467	11,614
Cellphone allowance	18,000	16,500
	1,305,638	1,215,666
Remuneration of the Acting Chief Financial Officer (Mrs CM Lencoe) Acted on 01-10-2024 to 31-10-2024		
Acting Allowance	19,410	-
Remuneration of the Acting Chief Financial Officer (Mr MS Lekaba) Acted on 01-06-2025 to 30-06-2025		
Acting Allowance	20,589	35,184

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29. Employee related costs (continued)		
Remuneration of the Acting Director Community Service (Mr ME Mangope) acted on 31-05-2023 to 30-06-2023 and current year on 31-07-2023		
Acting Allowance	-	7,340
Remuneration of the Director Corporate Services (Ms ZK Masuku) Appointed on 10-07-2023		
Annual Remuneration	979,266	1,014,894
Car Allowance	293,780	281,360
Contributions to UIF, Medical and Pension Funds	2,125	2,125
SDL	12,323	12,580
Cellphone allowance	18,000	18,000
	1,305,494	1,328,959
30. Remuneration of councillors		
Executive Major	1,030,954	1,018,257
Speaker	834,259	835,926
Councillors	13,342,488	13,434,500
	15,207,701	15,288,683
Refer to note 41 for details of remuneration of councillors		
31. Depreciation and amortisation		
Property, plant and equipment	30,429,256	30,613,107
Investment property	71,383	71,383
Intangible assets	7,561	7,560
	30,508,200	30,692,050
32. Impairment loss		
Impairments		
Property, plant and equipment	2,135,474	4,174,184
33. Finance costs		
Non-current borrowings	78,602	141,519
Trade and other payables	7,071,864	4,051,345
Landfill sites	5,570,053	4,138,634
Employee benefit obligations	6,164,670	5,441,000
	18,885,189	13,772,498
34. Auditors' remuneration		
Fees	7,802,038	6,194,868
35. Debt impairment		
Debt impairment	7,391,551	194,059,031
Traffic fines written off	1,303,746	-
Consumer debtors written off	58,842,643	25,656,163
	67,537,940	219,715,194

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36. General expenses		
Advertising	576,301	284,182
Auditors remuneration	7,802,038	6,194,868
Bank charges	804,570	747,715
Cleaning	97,234	482,646
Commission paid	44,504	2,393,532
Consulting and professional fees	42,896,331	33,562,384
Consumables	11,561,725	4,482,645
Discount allowed	(6)	2,434,011
Hire	948,104	326,926
Insurance	3,458,485	1,010,152
Community development and training	2,047,493	667,791
Meetings, conferences and seminars	3,338,323	3,134,452
Fuel and oil	973,527	3,706,290
Printing and stationery	2,771,949	2,593,385
Software expenses	1,208,569	6,219,867
Staff welfare	55,702	426,938
Subscriptions and membership fees	605,457	1,886,057
Telephone and fax	839,697	19,411
Training	485,848	478,560
Travel and accommodation	2,873,748	1,741,104
Electricity	73,356	1,140,970
Uniforms	1,102,187	718,180
Inventory adjustment	-	111,390
Indigent subsidy	4,121,363	2,268,080
Tools	-	45,611
Extended public works program	-	1,214,131
Bursaries	69,593	-
Other expenses	2,793,762	3,426,588
	91,549,860	81,717,866
37. Bulk purchases		
Electricity - Eskom	98,632,586	90,689,066
Water	88,663	83,430
	98,721,249	90,772,496
Electricity losses		
Units purchased	45,586,559	48,279,825
Units sold	(17,168,334)	(17,168,334)
Total loss	28,418,225	31,111,491
38. Contracted services		
Outsourced Services		
Meter Management	349,962	363,517
Security Services	14,217,939	14,542,061
	14,567,901	14,905,578

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39. Cash generated from operations		
Surplus (deficit)	8,162,007	(156,778,385)
Adjustments for:		
Depreciation and amortisation	30,508,200	30,692,050
Gain (loss) on sale of assets and liabilities	7,995,987	(1,255,552)
Impairment deficit	2,135,474	4,174,184
Debt impairment	67,537,940	219,715,194
Movements in employee benefit obligation	6,474,271	2,978,353
Movements in provisions	5,909,883	6,252,870
Public contributions and donations	-	(7,221,765)
Other non-cash items	37,305	(1,462,712)
Changes in working capital:		
Inventories	(2,626,879)	8,751
Receivables from exchange transactions	(73,359,658)	(225,055,683)
Consumer debtors	(2,780,521)	142,081,108
Other receivables from non-exchange transactions	-	36,754
Payables from exchange transactions	15,459,104	(32,529,892)
VAT	(4,049,715)	1,060,190
Municipal debt relief arrangement	(11,580,427)	71,188,270
	49,822,971	53,883,735

40. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	8,335,980	8,335,980
Receivables from non-exchange transactions	39,878	39,878
Consumer debtors	59,159,116	59,159,116
Cash and cash equivalents	8,758,971	8,758,971
	76,293,945	76,293,945

Financial liabilities

	At amortised cost	Total
Other financial liabilities	939,342	939,342
Payables from exchange transactions	121,693,137	121,693,137
Consumer deposits	1,365,259	1,365,259
Municipal debt relief arrangement	59,607,843	59,607,843
	183,605,581	183,605,581

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40. Financial instruments disclosure (continued)

2024

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	5,213,744	5,213,744
Receivables from non-exchange transactions	39,878	39,878
Consumer debtors	56,378,595	56,378,595
Cash and cash equivalents	14,033,751	14,033,751
	75,665,968	75,665,968

Financial liabilities

	At amortised cost	Total
Other financial liabilities	1,307,187	1,307,187
Payables from exchange transactions	106,078,496	106,078,496
Consumer deposits	1,118,407	1,118,407
Other financial liabilities	71,188,270	71,188,270
	179,692,360	179,692,360

41. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	28,256,484	89,075,049
Total capital commitments		
Already contracted for but not provided for	28,256,484	89,075,049

This committed expenditure relates to property, plant and equipment and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

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42. Contingencies		
Various contractual claims are by contractors/suppliers, customers, community members and previous employees are currently in dispute and are subject to mediation. The potential extent of the liability cannot be determined, since its subject to litigation however an estimate for the expected outflow is as per below. A list of all files is kept within the municipality.		
Contingent liabilities		
Mathe Stephen Modise // RMLM	-	-
Abasebenzi (Pty)Ltd // RMLM	2,200,000	2,200,000
Ikageleng Community Trust // RMLM	-	425,000
Martinus Sephanus Smit // RMLM	-	-
Danel le Grande // RMLM	-	-
VimTsere Security and Protection Services // RMLM	-	5,442,819
Faizoonisha Kesam (previously Rajan) // RMLM	-	-
Langu Electrical Engineers // RMLM	1,567,000	-
Thapelo Merafe // RMLM	1,700,000	-
T. Mokoena // RMLM	-	-
Emmah Moloantwa // RMLM	-	-
	5,467,000	8,067,819

MATHE STEPHEN MODISE // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

The other side withdrawn as attorneys of record.

Uncertainty exists around the timing of the outflow, if any and possibility of reimbursement is unknown.

ABASEBENZI (PTY)LTD // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Claim against RMLM for services rendered in terms of LGSETA agreement, the claimant was appointed to train the youth of RMLM, parties are still in the process exchanging pleadings / notices and preparing for trial.

Pleadings have been fully exchanged and closed and parties are to finalise pre-trial process and apply for trial date. Arrangements to be finalised with Mr Mothami for consultation with LGSETA's Thando Nolwaza to confirm position of LGSETA.

Uncertainty exists around the ultimate timing of the outflow, if any, as it will be determined by the outcome of the trial, the matter is on-going, estimated legal costs to be paid to the municipality attorneys, M.E Tlou is R306 160,36.

Possibility of reimbursement is unknown.

IKAGELENG COMMUNITY TRUST // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Claim against RMLM by beneficiaries of Ikageng Community Trust in respect of RDP houses erected on their property.

MARTINUS SEPHANUS SMIT // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Malicious prosecution and unlawful arrest. Matter is pending.

Uncertainty exists around the timing of the outflow, if any. Possibility of reimbursement is unknown.

DANEL LE GRANDE // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

The matter relates to the recession of a default judgement.

Uncertainty exists around the timing of the outflow as the final decision lies with the judge handling the matter, the matter is still pending, estimated legal costs to be paid to Ntsamai Attorneys is R12 041,67. There is possibility of reimbursement.

VIMTSERE SECURITY AND PROTECTION SERVICES // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

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42. Contingencies (continued)

Claim in the amount of R5 442 819.12 for unpaid services rendered.

Uncertainty exist around the timing of the outflow, the matter is on-going and estimated legal costs to be paid to Motshabi Incorporated is R10 000.

DELANIE BEZUIDENHOUT // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Plaintiff has attached and removed Municipal assets, the attorney is in the process of drafting an application suspending execution. The plaintiff alleged that it suffered damages due to the negligent conduct of the Municipality.

Uncertainty exist around the timing of the outflow and the matter is on-going, estimated legal costs to be paid to Motshabi Incorporated is R40 000.

FAIZOONISH KESAM (PREVIOUSLY RAJAN) // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Applicant is interdicting Municipality from encroaching her ERF in order to allocate graves sites to community of Groot Marico (Ward 19).

Uncertainty exist around the timing and amount of the outflow, the matter is on-going.

LANGU ELECTRICAL ENGINEERS // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Langu Electrical Engineers claim relate to services they rendered without following the scm process.

Uncertainty exist around the timing of the outflow, the matter is on-going.

THAPELO MERAPE // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

Mr Merape is pursuing an unfair labour practice dispute wherein his claim relates to promotion to the position of Director Corporate Services.

Uncertainty exist around the timing of the outflow, the matter is on-going.

T MOKOENA // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

This matter relate to claim for damages (injuries) sustained by Mr Mokoena.

Uncertainty exist around the timing of the outflow, the matter is on-going.

EMMAH MOALOANTOA // RAMOTSHERE MOILOA LOCAL MUNICIPALITY

This matter relates to claim for damages occasioned from pothole.

Uncertainty exist around the timing of the outflow, the matter is on-going.

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43. Related parties

Relationships

Accounting Officer

Members of key management

Refer to accounting officers' report note 5

Refer to employee related cost note 29 for disclosure of remuneration of key management

Remuneration of management

Management class: Councillors

2025

Name	Basic salary	Cell Phone Allowance	Travel Allowance	Backpay	Other allowances	Total
PR Mogorosi	222,814	47,004	74,271	11,637	2,963	358,688
BG Monamodi	222,813	47,004	74,271	11,637	2,963	358,688
MP Moabi	297,085	47,004	-	7,819	3,073	354,981
LJ Selebogo	384,979	47,004	-	5,434	3,797	441,214
I Sayed Suliman	297,085	47,004	-	11,637	3,112	358,838
KB Kenosi	222,813	47,004	74,271	11,637	2,963	358,688
K Venter Jacobs	222,813	47,004	74,271	11,637	2,963	358,688
AN Nyamane	-	-	-	727	7	734
TJ Morebantwa	222,813	47,004	74,271	11,637	2,963	358,688
AB Cassanga	297,085	47,004	-	4,728	3,043	351,860
TB Sebolao	265,100	47,004	88,367	7,637	3,374	411,482
KE Pitso	297,085	47,004	-	11,637	3,112	358,838
TJ Keebine	222,813	47,004	74,271	11,637	2,963	358,688
KP Tsile	297,085	47,004	-	11,637	3,112	358,838
KP Lekwape	-	-	-	1,637	16	1,653
P Mokgathe	294,599	47,004	98,200	15,403	3,766	458,972
VO Mogale	294,599	47,004	98,200	15,403	3,766	458,972
E Motlogelwa	297,085	47,004	-	11,637	3,112	358,838
I Malatsi	222,813	47,004	74,271	11,637	2,963	358,688
MP Odiseng	297,085	47,004	-	11,637	3,112	358,838
TP Gaealashwe	285,950	47,004	95,317	14,952	3,670	446,893
TS Tlhame	222,813	47,004	74,271	11,637	2,963	358,688
OG Moseki	222,813	47,004	74,271	11,637	2,963	358,688
AN Thale	294,599	47,004	98,200	15,403	3,766	458,972
DA Seakentoa	222,813	47,004	74,271	11,637	2,963	358,688
LP Letshufi	563,432	47,004	187,598	29,452	6,773	834,259
JK Mokgathe	294,599	47,004	98,200	15,403	3,766	458,972
DM Modukanele	704,090	47,004	234,697	36,815	8,348	1,030,954
MIE Moarabi	222,813	47,004	74,271	11,637	2,963	358,688
TV Kena	294,599	47,004	98,200	15,403	3,766	458,972
O Diale	222,813	47,004	74,271	11,637	2,963	358,688
TG Katametsi	252,312	47,004	84,104	15,403	3,315	402,138
RA Kgakatsi	297,085	47,004	-	11,637	3,112	358,838
KD Molefe	297,085	47,004	-	11,637	3,112	358,838
RA Moiloanyane	-	-	-	4,000	40	4,040
M Moumakwa	222,813	47,004	74,271	11,637	2,963	358,688
E Lof	-	-	-	6,001	60	6,061
PM Keebine	222,813	47,004	74,271	11,637	2,963	358,688
KJ Ledikwa	228,678	47,004	76,226	14,697	3,056	369,661
KR Mosiane	222,813	47,004	74,271	11,637	2,963	358,688
MA Makgokgowa	297,085	47,004	-	11,637	3,112	358,838
BS Maleka	-	-	-	5,819	58	5,877
	10,470,582	1,739,148	2,371,374	499,787	126,801	15,207,692

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43. Related parties (continued)

2024

Name	Basic salary	Cell Phone Allowance	Travel Allowance	Backpay	Other allowances	Total
JG Pule	-	-	-	1,275	13	1,288
PR Mogorosi	216,451	45,453	72,150	26,553	3,029	363,636
MN Molokwane	-	-	-	1,275	13	1,288
RJ Mafora	-	-	-	1,275	13	1,288
MN Tshikovhi	-	-	-	1,275	13	1,288
BG Monamodi	216,450	45,453	72,150	24,084	3,004	361,141
SI Modibetsane	-	-	-	1,275	13	1,288
MP Moabi	145,633	23,502	-	25,405	1,727	196,267
SJ Rantwa	-	-	-	1,275	13	1,288
L Motsokwane	-	-	-	1,275	13	1,288
IT Moloantsoa	-	-	-	1,275	13	1,288
RSB Phetwe	-	-	-	1,275	13	1,288
SF Ngweye	-	-	-	1,275	13	1,288
C Dreyer	-	-	-	1,275	13	1,288
PK Mothoagae	-	-	-	1,275	13	1,288
NT Sapala	-	-	-	1,275	13	1,288
KI Manthoko	-	-	-	1,275	13	1,288
NT Moroeng Sizane	-	-	-	1,275	13	1,288
LJ Selebogo	84,467	13,631	-	1,275	885	100,258
I Sayed Suliman	288,600	45,453	-	24,084	3,148	361,285
B Pheloane	-	-	-	1,275	13	1,288
TR Moiloa	-	-	-	1,275	13	1,288
KB Kenosi	216,450	45,453	72,150	24,984	3,013	362,050
L Selebogo	-	-	-	1,275	13	1,288
K Venter Jacobs	216,450	45,453	72,150	24,984	3,013	362,050
AN Nyamane	30,917	3,400	-	18,388	481	53,186
PJ Molefe	-	-	-	1,275	13	1,288
SS Thembo	-	-	-	1,275	13	1,288
TJ Morebantwa	222,296	45,453	66,304	24,984	3,025	362,062
LK Mosadi	-	-	-	1,275	13	1,288
AB Cassanga	84,467	13,631	-	1,275	885	100,258
OP Modirwa	-	-	-	1,275	13	1,288
UR Morake	-	-	-	1,275	13	1,288
GS Motswenyane	-	-	-	1,275	13	1,288
TB Sebolao	121,361	23,502	24,272	17,286	1,652	188,073
TE Modisane	-	-	-	1,275	13	1,288
Y Suliman	-	-	-	1,275	13	1,288
KE Pitso	288,600	45,453	-	23,709	3,145	360,907
TJ Keebine	216,450	45,453	72,150	23,709	3,000	360,762
KP Tsile	288,600	45,453	-	23,709	3,145	360,907
KP Lekwape	53,502	7,779	-	22,655	769	84,705
P Mokgatlhe	286,179	45,453	95,393	42,110	3,928	473,063
VO Mogale	286,179	45,453	95,393	41,585	3,923	472,533
E Motlogelwa	288,600	45,453	-	23,709	3,145	360,907
I Malatsi	216,450	45,453	72,150	23,709	3,000	360,762
MP Odiseng	288,600	45,453	-	23,709	3,145	360,907
TP Gaealashwe	279,531	45,453	77,588	39,686	3,732	445,990
TS Tihame	222,296	45,453	66,304	23,709	3,012	360,774
OG Moseki	216,450	45,453	72,150	27,032	3,034	364,119
AN Thale	286,179	45,453	95,393	41,585	3,923	472,533
DA Seakentsoa	216,450	45,453	72,150	23,709	3,000	360,762
LP Letshufi	547,174	45,453	182,391	29,269	6,584	810,871
JK Mokgatlhe	286,179	45,453	95,393	41,585	3,923	472,533
DM Modukanele	683,967	45,453	227,989	52,573	8,276	1,018,258

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43. Related parties (continued)		
MIE Moarabi	216,450	45,453
KR Mogotsi	-	-
TV Kena	286,179	45,453
LS Sekopamotse	-	-
O Diale	216,450	45,453
TG Katametsi	286,179	45,453
RA Kgakatsi	288,600	45,453
KD Molefe	288,600	45,453
RA Moiloanyane	142,967	21,951
M Moumakwa	216,450	45,453
E Lof	148,294	30,537
PM Keebine	216,450	45,453
KJ Ledi kwa	274,204	45,453
KR Mosiane	216,450	45,453
MA Makgokgowa	288,600	45,453
BS Maleka	174,843	27,527
	10,055,644	1,665,409
	2,294,436	1,143,310
	128,600	15,287,399

44. Change in estimate

Intangible assets

Ramotshere Moiloa Local Municipality had decided to extend the remaining useful life (RUL) of assets who are still in use and will be reaching the end of their Expected Useful Life in 2024/25. Further investigation confirmed that the condition of the assets is also very poor and as such an additional 12mnts (1yr) service estimate has been provided based on their condition and service potential.

The effect of the change is as follows:

Decrease depreciation of Infrastructure from R 1 383 902 to R905 530 with a net decrease of R478 373
Decrease depreciation of Land and Buildings from R583 682 to R370 351 with a net decrease of R213 331
Decrease depreciation of Computer equipment from R93 to R33 with a net decrease of R60
Decrease depreciation of Motor vehicles from R9 875 to R3 215 with a net decrease of R6 660
Decrease depreciation of Office equipment from R55 114 to R26 107 with a net decrease of R29 007
Decrease depreciation of Other assets from R20 037 to R9 491 with a net decrease of R10 546
Decrease depreciation of Plant and machinery from R558 to R264 with a net decrease of R294

The change has been accounted for prospectively.

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45. Prior-year adjustments				
Prior period errors were identified during the current year and corrected in line with GRAP 3 - Accounting Policies, Changes in Accounting Policies and Errors.				
Below is a summary of the total effect that the prior period errors, changes in accounting policies and reclassification of comparatives had on the amounts disclosed in the annual financial statements, followed by a description of each of the individual prior period error with the amounts involved.				
Statement of financial position				
2024				
	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions		2,829,960	3,326,838	6,156,798
Receivables from non-exchange transactions		8,023,456	(2,683,778)	5,339,678
VAT receivable/payable		1,034,381	(1,050,816)	(16,435)
Consumer debtors		173,093,896	(116,715,301)	56,378,595
Cash and cash equivalents		15,233,751	(1,200,000)	14,033,751
Investment property		43,638,474	(50,000)	43,588,474
Property, plant and equipment		690,859,035	(3,780,202)	687,078,833
Payables from exchange transactions		(164,049,727)	37,496,726	(126,553,001)
Consumer deposits		(2,977,440)	1,859,034	(1,118,406)
Municipal debt relief arrangement		-	(71,188,270)	(71,188,270)
Impact on opening accumulated surplus - 2023 and preceding year errors		-	(34,410,844)	(34,410,844)
Impact on accumulated surplus		767,685,786	(188,396,613)	579,289,173

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Licences and permits		(6,582,271)	3,567,359	(3,014,912)
Municipal debt relief revenue		-	(16,712,899)	(16,712,899)
Fines, Penalties and Forfeits		(13,637,547)	10,245,797	(3,391,750)
Employee related costs		166,004,552	(285,381)	165,719,171
Depreciation and amortisation		30,640,254	51,796	30,692,050
Finance costs		18,845,579	(5,073,081)	13,772,498
Debt Impairment		25,656,163	194,059,030	219,715,193
Bulk purchases		92,006,912	(1,234,416)	90,772,496
(Gain)/Loss on disposal of assets and liabilities		(859,776)	(395,776)	(1,255,552)
Reversals of impairments		-	4,174,184	4,174,184
Surplus for the year		312,073,866	188,396,613	500,470,479

45.01 Receivables from exchange transactions

In the prior year, a receivable vote in the accounting system was erroneously classified to revenue, as licence and permits in the Statement of Financial performance.

Third-party vendors receivable arising from the sale of prepaid electricity were overstated in the prior financial year. The correction included restatements from receivables from non-exchange transactions.

Assets arising from insurance paid in advance were overstated by R51,749 in the prior financial year.

Amounts receivable arising from the sale of land to the value of R4,600,000 transferred to the customer in the 2020 financial year were not recognised in the books of the municipality. Receivables to this effect have been recognised, and the responding decrease of VAT receivable amounting to R600,000 has been recognised.

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45. Prior-year adjustments (continued)		
These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:		
Statement of Financial Position		
Decrease in Receivables from non-exchange transactions - Sundry debtors	-	(700,000)
Decrease in Receivables from exchange transactions - Third party vendors	-	(2,460,110)
Increase in Accumulated surplus	-	(3,904,684)
Decrease in VAT receivable	-	(1,050,816)
Decrease in Receivables from exchange transactions - Prepayments	-	(51,749)
Increase in Receivables from exchange transactions - Other receivables	-	4,600,000
Statement of Financial Performance		
Decrease in Licence and permits	-	3,567,359
	-	-

45.02 Receivables from non-exchange transactions

In the prior year, revenue earned from traffic fines was recognised at R3,053,000, however, as per the fines register, the revenue earned amounted to R3,391,750. As such, revenue was understated by R338,750.

Additionally, According to circular 20 of 2006 of the Magistrates' Courts Judiciary, warrants of arrest issued in terms of section 56(5) of the Criminal Procedure Act, No. 51 of 1977 in respect of traffic offences have a life span of two (2) years from the date of issue thereof. As such, the fines register records that unpaid traffic fines from 1 July 2022 to 30 June 2024 amounted to R5,299,800. The receivables amount has been restated accordingly.

The correction included restatements from receivables from exchange transactions.

Statement of Financial Position		
Decrease in Receivables from non-exchange transactions - Fines	-	(745,082)
Decrease in Accumulated surplus	-	1,083,832
Statement of Financial Performance		
Increase in Fines, Penalties and Forfeits	-	(338,750)
	-	-

45.03 Unauthorised expenditure

In the prior year, unauthorised expenditure was misclassified and inappropriately calculated, leading to the Auditor General expressing a limitation on the appropriateness of disclosures from the 2019 financial year. As such, unauthorised expenditure has been reassessed for disclosure, leading to a restatement of the opening balance to R395,812,675. Moreover, in the current year, council resolved to authorise expenditure in excess of the budget incurred in the 2024 financial year amounting to R46,759,691. The cumulative effect of the error correction is a decrease on the balance of unauthorised expenditure amounting to R45,303,031.

45.04 Contingencies

During the prior year it was noted that contingent liability was overstated with the following matters which were incorrectly disclosed as contingencies due to the reasons noted below:

Ivan John Kleynhans & SA Kleynhans t/a Tapologo Lodge // RMLM Court: Zeerust Mag Court:

The matter is an ongoing litigation, however, does not meet the definition of a contingent liability as there is no claimed amount.

Delanie Bezuidenhout // RMLM:

The matter has been finalised and resolved through payment to the plaintiff.

Dominus consulting (PTY) // RMLM:

The matter has been successfully defended, as such, no longer meets the definition of a contingency.

Additionally, the matter was not disclosed as contingent liability, the matter however bears no financial implications.

FAIZOONISHA KESAM (PREVIOUSLY RAJAN) / RMLM:

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45. Prior-year adjustments (continued)

45.05 Employee related costs - Overtime and Standby allowance

In the prior year, overtime and standby allowances were misstated due to cut-off errors in recognition of overtime and standby worked by employees in the prior and preceding periods. The municipality has reassessed overtime and standby records and made adjustments to correct misstatements as follows:

Statement of Financial Position		
Decrease in Accumulated surplus	-	1,443,918
Increase in Payables from exchange transactions - Net clearing salary	-	(1,158,537)
Statement of Financial Performance		
Decrease in Employee related costs - Overtime payments	-	(438,810)
Increase in Employee related costs - Standby allowance	-	153,429
	-	-

45.06 Commitments

Due to inaccurate record keeping, commitments were understated by R11,561,571 in the prior year relating to consultant fees, as well as a reduction of contractors fees. The adjusted value of commitments was restated to R89,075,049

45.07 Consumer deposits

The consumer deposits balance in the prior year included a take-on balance from the 2016/17 financial year amounting to R1,859,033. This balance could not be substantiated, as such, has been written off of the books of the municipality as follows:

Statement of Financial Position		
Decrease in Consumer deposits - Electricity	-	954,736
Increase in Consumer deposits - Water	-	904,297
Increase in Accumulated surplus	-	(1,859,033)
	-	-

45.08 Irregular expenditure

The balance disclosed in the prior year for irregular expenditure was incorrect due to various misstatements and limitations identified. In resolution of these errors, the balance as at the end of the 2024 financial year was restated to R403,385,345.

45.09 Property, plant and equipment

The opening balance of property, plant and equipment and investment property were adjusted due to reassessment of carrying values of various assets. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

Statement of Financial Position		
Decrease in Investment property	-	(50,000)
Increase in Property, plant and equipment - IT equipment	-	10,425
Increase in Property, plant and equipment - Buildings	-	224,419
Increase in Property, plant and equipment - Plant and machinery	-	75
Decrease in Property, plant and equipment - Infrastructure	-	(8,639)
Increase in Property, plant and equipment - Other assets	-	19
Decrease in Property, plant and equipment - Community	-	(4,006,544)
Increase in Property, plant and equipment - Motor vehicles	-	32
Increase in Property, plant and equipment - Office equipment	-	8
Increase in Property, plant and equipment - Furniture and fixtures	-	2
Statement of Financial Performance		
Increase in (Gain)/Loss on disposal of assets and liabilities	-	(395,776)
Increase in Depreciation and amortisation - Property, plant and equipment	-	4,225,979
	-	-

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45. Prior-year adjustments (continued)

45.10 Consumer debtors

In prior years, the balances of consumer debtors were misstated due to inaccurate billing, settlement of accounts, and misclassifications. The municipality therefore revisited the entire population for consumer debtors, ensuring that customers were billed at appropriate rates, and that where applicable, outstanding balances were assessed for impairment, per methodology applied in line with GRAP 104. These errors have been corrected and the opening balances were adjusted with the effect thereof as follows:

Statement of Financial Position	
Increase in Accumulated surplus	- (24,473,854)
Increase in Consumer debtors - Rates : Gross	- 345,302,022
Increase in Consumer debtors - Rates : Accumulated impairment	- (139,349,100)
Decrease in Consumer debtors - Electricity : Gross	- (438,891,295)
Decrease in Consumer debtors - Electricity : Accumulated impairment	- 3,949,211
Decrease in Consumer debtors - Water : Gross	- (144,933,241)
Increase in Consumer debtors - Water : Accumulated impairment	- (17,397,252)
Decrease in Consumer debtors - Sewerage and sanitation : Gross	- (21,130,041)
Increase in Consumer debtors - Sewerage and sanitation : Accumulated impairment	- (15,922,800)
Decrease in Consumer debtors - Refuse : Gross	- (58,625,799)
Increase in Consumer debtors - Refuse : Accumulated impairment	- (25,339,084)
Increase in Consumer debtors - Other services	- 387,721,058
Increase in Payables from exchange transactions - Debtors in credit	- (44,968,856)
Statement of Financial Performance	
Increase in Debt Impairment	- 194,059,031
	- -

45.11 Cash and cash equivalents

In the prior year, cash on hand was overstated as a result of incorrect reconciliation of POS control accounts to cash banked. This error has been corrected and the opening balance was adjusted with the effect thereof as follows:

Statement of Financial Position	
Decrease in Accumulated surplus	- 1,200,000
Decrease in Cash and cash equivalents	- (1,200,000)
	- -

45.12 Municipal debt relief arrangement

Eskom confirmed the municipality's debt that is the subject of the debt relief is R87 901 169.90 as of 31 March 2023. The adjustments to correct the amortisation of the arrangement were processed as follows:

Statement of Financial Position	
Decrease in Finance costs - Trade and other payables	- (10,584,547)
Decrease in Fines, Penalties and Forfeits - Eskom interest Write-off - Eskom Municipal	- 10,584,547
Debt write-off	-
Increase in Municipal debt relief revenue	- (20,785,011)
Statement of Financial Performance	
Decrease in Payables from exchange transactions - Trade payables	- 87,901,170
Decrease in Municipal debt relief arrangement - Non-Current Portion	- (47,649,822)
Decrease in Municipal debt relief arrangement - Current Portion	- (19,466,337)
	- -

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45. Prior-year adjustments (continued)		
45.13 Payables from exchange transactions		
In the previous year, invoices from Eskom were recorded in the incorrect period, leading to an incorrect recognition of accruals. This error has been corrected and the opening balance was adjusted with the effect thereof as follows:		
Statement of Financial Position		
Decrease in Payables from exchange transactions - Purchase Accrual	-	1,234,416
Statement of Financial Performance		
Decrease in Bulk Purchases	-	(1,234,416)
	-	-

45.14 Accounting by Principal Agent

In the prior year, a receivable vote in the accounting system was erroneously classified to revenue as licence and permits in the statement of financial performance. Therefore Accounting by principal agent disclosure was restated with the amount of R3,567,359. Refer to Note 44.01 of the AFS for detailed movement.

These errors have been corrected and the disclosures were adjusted in the effect thereof.

46. 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 minimize potential adverse effects on the municipality's financial performance.

Financial instruments carried at fair value at the end of the reporting period are further characterised by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and have been defined as follows:

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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46. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liabilities are managed by ensuring that contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

Financial liabilities that the municipality is exposed to are as follows:

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Other financial liabilities - at amortised cost	358,717	212,845	367,780
Payables from exchange transactions - at amortised cost	121,693,137	-	-
Consumer deposits - at amortised cost	1,365,259	-	-
Municipal debt relief arrangement - at amortised cost	22,240,438	37,387,405	-
	145,657,551	37,600,250	367,780
At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Other financial liabilities - at amortised cost	396,022	358,717	552,448
Payables from exchange transactions - at amortised cost	106,078,496	-	-
Consumer deposits - at amortised cost	1,118,407	-	-
Municipal debt relief arrangement - at amortised cost	11,580,429	59,607,841	-
	119,173,354	59,966,558	552,448

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46. Risk management (continued)

Credit risk

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

Receivables are amounts owing by consumers, and are presented net of impairment losses. The Entity has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The Entity is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. The objectives, policies and processes for managing and measuring the Entity's risk during the year in review have remained stable. The Entity's strategy for managing risk is inherent in its credit control and debt collection as well as tariff policy measures, which include encouraging residents to install prepaid electricity meters. In certain instances, a deposit is required for new service connections.

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The Entity has no significant concentration of credit risk, with exposure spread over multiple consumers and not concentrated in any particular sector or geographic area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. Interest is charged on outstanding amounts. Receivables are provided for based on estimated irrecoverable amounts, as explained in the accounting policy. Additional information relating to the analysis of receivables is given in notes 12,13,15.

Payments on accounts of consumer debtors who are unable to pay due to an adverse change in their circumstances are renegotiated as part of an ongoing customer relationship. Traffic fines can be disputed in writing, which can lead to a renegotiated fine.

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

Financial instrument	2025	2024
Receivables from exchange transactions - at amortised cost	8,558,494	5,525,874
Receivables from non-exchange transactions - at amortised cost	36,753	36,753
Consumer debtors - at amortised cost	33,286,957	56,378,595
Cash and cash equivalents - at amortised cost	8,758,971	14,033,751

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46. Risk management (continued)		
Market risk		
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.		
The municipality's interest rate risk arises from short term deposits. Short term deposits issued at variable rates expose the municipality to cash flow interest rate risk. On the other hand, short term deposits issued at fixed rates expose the municipality to fair value interest rate risk. As at 30 June 2025 and 30 June 2024, the municipality's deposits and bank balances at fixed rate were denominated in the Rand.		
Bank		
Bank FNB BANK - 62200495960 (B)	154,994	423,896
FNB BANK - 62224998023 (B)	227,634	795,881
FNB BANK - 54351140693 (B)	374,801	983,168
FNB BANK - 62063144431 (B)	1,985,878	4,673,602
ABSA 20-5825-7453 (B)	66,779	61,246
ABSA 93 0488 7397 (B)	78,661	73,636
ABSA 93 0779 6777 (B)	370,361	346,729
FNB 62689530775 (B)	258,347	735,807
FNB 62738773151 (B)	2,426,725	1,495,745
FNB 62738772418 (B)	1,015,487	4,040,577
FNB 62738773614 (B)	1,691,990	109,455
	8,651,657	13,739,742
Finance costs		
Finance costs - Trade payables	7,071,864	4,051,345
Finance income		
Finance income - Cash and cash equivalents	3,544,816	4,187,548

47. Going concern

The annual financial statements have been prepared on the going concern basis. Management has carefully assessed the municipality's ability to continue operating for the foreseeable future. The Statement of Financial Position of the municipality shows that the municipality is experiencing liquidity pressures, as evidenced by total liabilities exceeding total assets as at the reporting date. The municipality is therefore in a net current liability position. Despite this, the municipality has accumulated surpluses of over R500 million.

Management continuously monitors the budget and adjusts the budget every year in line with the operational requirements. This allows management to control costs and to implement revenue-enhancement strategies.

Based on the above considerations, the Accounting Officer is satisfied that the municipality will continue to operate as a going concern and that the annual financial statements can be prepared on that basis. 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. There are also no plans to liquidate or significantly curtail the operations of the municipality within the foreseeable future.

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48. Events after the reporting date

The National Treasury issued a formal instruction to Eskom to write off one-third of the Municipality's outstanding Eskom debt, amounting to R29,030,390. The approval follows the Municipality's participation in the national municipal debt-relief programme and the confirmation that the Municipality achieved 79% compliance with the conditions of the first debt-relief cycle, in line with the requirements of MFMA Circular No. 124. The write-off relates to the historical Eskom liability of R87,901,170 as assessed at 31 March 2023, adjusted for prior payment arrangements. Eskom was required to process the debt write-off in its financial system within 30 days and align the Municipality's Eskom statements and invoices within two months of the instruction (within two months from 23 June 2025). Eskom confirmed the write off of R29,030,390 subsequent to year end.

49. Unauthorised expenditure

Opening balance as previously reported	383,509,459	394,356,015
Prior period error	-	(57,606,247)
Add: Unauthorised expenditure - current	82,769,377	46,759,691
Less: Amount authorised - prior period	(46,759,691)	-
Closing balance	419,519,145	383,509,459

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	-	26,103,510
Cash	82,769,377	20,656,181
	82,769,377	46,759,691

Analysed as follows: cash

Property plant and equipment	-	13,949,629
Operating expenditure	82,769,377	32,810,062
	82,769,377	46,759,691

Unauthorised expenditure: Budget overspending – per municipal department:

Executive and Council	-	1,884,446
Finance and Administration	82,769,377	1,303,708
Community and Social Services	-	41,960,339
Planning and Development	-	1,611,197
	82,769,377	46,759,690

Recoverability of unauthorised expenditure

In the 2025 financial year, council resolved to authorise expenditure in excess of the budget incurred in the 2024 financial year amounting to R46,759,691.

50. Fruitless and wasteful expenditure

Opening balance as previously reported	42,373,716	42,232,197
Add: Fruitless and wasteful expenditure identified - current	8,911	141,519
Closing balance	42,382,627	42,373,716

Fruitless and wasteful expenditure is presented inclusive of VAT

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50. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

Interest and penalties on late payment	Disciplinary steps taken/criminal proceedings No consequence management followed	8,911	141,519
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Wavering of Interest Charged on Eskom Account

On the 01 December 2023, National Treasury approved the Municipality's application for debt relief in terms of MFMA Circular 134. As per the above mentioned Circular, the interest waived is regarded as revenue from a non-exchange transaction for the reporting entity.

Derecognition of interest charged on Eskom Account from Fruitless and Wasteful expenditure amounted to R10,584,547 in the 2024 financial year, and R1,295,264 in the 2025 financial year.

51. Irregular expenditure

Opening balance as previously reported	469,424,459	422,584,146
Add: Irregular expenditure - current	2,001,056	4,282,563
Add: Irregular expenditure - prior period	-	42,557,750
Closing balance	471,425,515	469,424,459

Cases under investigation

Municipal Supply Chain Management Policies or By-laws	2,001,056	4,282,563
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52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1,804,269	1,959,234
Amount paid - current year	(1,804,269)	(1,959,234)
	-	-

Audit fees

Opening balance	145,014	-
Current year subscription / fee	9,105,109	6,882,325
Amount paid - current year	(9,033,774)	(6,737,311)
	216,349	145,014

PAYE, UIF and SDL

Opening balance	-	2,214,666
Current year subscription / fee	31,247,069	29,887,910
Amount paid - current year	(31,247,069)	(32,102,576)
	-	-

Pension and Medical Aid Deductions

Opening balance	-	3,578,577
Current year subscription / fee	47,432,895	44,148,577
Amount paid - current year	(47,432,895)	(47,727,154)
	-	-

VAT

VAT receivable	4,068,416	-
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VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2025:

30 June 2025	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor LP Leshufi	487	-	487
Councillor AN Thale	2,414	49,378	51,792
Councillor MI Moarabi	-	(4,819)	(4,819)
	2,901	44,559	47,460

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53. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Buses and gym equipment were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

	Number of deviations in 2025	Number of deviations in 2024	Amount in 2025	Amount in 2024
Emergency	21	10	1,874,032	650,751
Sole supplier	1	11	3,743	292,973
Impractical	1	20	6,670	571,939
Urgent	-	1	-	288,600
	23	42	1,884,445	1,804,263

Reason	Date	Supplier	Description	2025
Service of Komatsu Grader by the dealer	16/09/2024	KOMATSU SOUTH AFRICA	Impractical	6,670
Supply and fit service kit KRD480NW	16/09/2024	ZEE TOY AUTO CC TA ZEERUST TOYOTA	Sole supplier	3,743
Supply and fit service kit, KRD480NW	29/10/2024	ZEE TOY AUTO CC TA ZEERUST TOYOTA	Emergency	6,017
Calibration of the equipment at the vehicle testing station.	15/11/2024	WORKSHOP ELECTRONICS	Emergency	14,000
Appointed service provider for assesment of directors before appointment	27/11/2024	GIJIMA HOLDING PTY LTD	Emergency	28,800
Repairs on the lift by the maufacturer of the lift	12/12/2024	OTIS PROPRIETARY LIMITED	Emergency	106,502
Installation of wifi by the current internet service provider to improve access to technology for staff members	12/12/2024	HEROTEL BUSINESS PTY LTD	Emergency	63,883
Payment of legal costs	06/02/2025	A G MASHELE SHERIFF-ZEERUSTLEHURUT SHE	Emergency	80,980
Profiling of mayors foreword	06/02/2025	NTSAE MEDIA	Emergency	158,231
40 000km service and labour	14/02/2025	M S E AUTO TA WESTVAAL LICHTENBURG	Emergency	15,958
Installation of arms on the truck at the manufacturer	25/02/2025	Zoeller Waste Trucks	Emergency	259,038
Calibration and repairs of the speed machines	20/02/2025	TRUVELO AFRICA ELECTRONICS DIVISIN	Emergency	12,310
Approval for a slot at a radio	28/02/2025	BOKONE - BOPHIRIMA FM NPO	Emergency	23,500
Payment of insurance excess fee	14/01/2025	MARICO PANEELKLOPPERS	Emergency	10,000

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53. Deviation from supply chain management regulations (continued)				
Gearbox repairs, wiring and clear faults	02/04/2025	NANA MOTORS	Emergency	29,500
Calibration and repairs of the speed machines	02/04/2025	TRUVELO AFRICA ELECTRONICS DIVISION	Emergency	2,517
Calibration of the equipment at the vehicle testing station	22/04/2025	WORKSHOP ELECTRONICS	Emergency	25,636
Advertisement of IDP on the Local News paper. The community can access the newspaper for free in tribal offices and the municipality	15/05/2025	NTSAE MEDIA	Emergency	65,000
Payment of insurance excess fee	05/06/2025	GERMAN MOTORS ta HEAVY FEATHER TRADING 12	Emergency	7,769
Procurement of Team-Mate software for internal audit	19/06/2025	WOLTERS KLUWER	Emergency	680,034
Backup Generator for Rietpoort	03/06/2025	MASAKA A MANTLE TRADING	Emergency	207,950
Urgent hiring of Water tankers for khunotswane during the disaster of floods. Tankers were used to remove water from the village	25/06/2025	LUZ TRADING & PROJECTS	Emergency	49,500
Urgent hiring of Water tankers for khunotswane during the disaster of floods. Tankers were used to remove water from the village	25/06/2025	MOREDI TRADING AND PROJECTS	Emergency	26,910
				1,884,448
Reason	Date	Supplier	Description	2024
Procurement of 25 kg heavy duty rope for borehole pumps.	12/07/2023	NWK Beperk	Emergency	4,520
Repairs on HNC613NW Toyota corolla. Other parts and services were needed when an engine was fitted in the vehicle	15/09/2023	Nana Motors	Impractical	7,271
Repairs on JNW 204 NW. Other parts and services were needed when an engine was fitted in the vehicle	15/09/2023	Nana Motors	Impractical	35,500
The front-end loader needed parts after strip and quote to replace bucket tooth washers' bolts nuts and shims.	01/07/2023	Babcock Equipment	Impractical	9,721
Training on speed machines	10/08/2023	Truvelo	Sole supplier	29,750
Strip, quote and repair Toyota Hilux HMZ 494 NW	26/07/2023	Nana Motors	Impractical	14,400
TLB hire for digging of seven graves in zeerust	05/07/2023	Serokolo construction	Emergency	29,750
Renewal of ARCGIS licence	10/08/2023	Esri South Africa	Sole supplier	89,710
Calibration of speed machines	20/10/2023	Truvelo Africa Electronics Division (Pty) Ltd	Sole supplier	12,310
Accommodation for officials to participate on sports at Durban.	22/09/2023	Bra Clay	Urgent	288,600
The brake Cylinder is not functional Nissan refuse truck JNW 204 NW.	19/12/2023	Nana Motors	Impractical	26,410
Advertisement for appointment of Senior Managers	12/12/2023	Basadzi Media and personnel (Pty) Ltd	Impractical	65,168
Fuel pump not functional HMZ 507NW and radiator not operational and needed to be replaced for FTS 899 NW	18/12/2023	Nana Motors	Impractical	13,150

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53. Deviation from supply chain management regulations (continued)		
Repair Bulldozer	07/11/2023	Piet Lister Trading Impractical 76,000
TLB Hire to repair electrical fault.	17/11/2023	J CAT Plant Hire Emergency 4,600
Repair electrical fault and supply of electrical material	02/11/2023	Botlhale re boneilwe Trading Emergency 42,550
Repair electrical fault and supply of electrical material	26/10/2023	Botlhale re boneilwe Trading Emergency 208,000
Pauper burial Thekiso Tuna bettie	15/10/2023	Ke Batho Botlhe Funeral Parlour Impractical 2,500
Pauper burial	18/10/2023	Ke Batho Botlhe Funeral Parlour Impractical 8,500
Repair electrical fault and supply of electrical material	31/10/2023	HJC Naude t/a HJC Electrics Emergency 32,488
Front and rear brakes were not functional refuse truck JNW 204 NW	18/10/2023	Nana Motors Impractical 15,750
Repair of fuel tank for JMF 138 NW	19/12/2023	Nana Motors Impractical 5,750
Repair the valve regulator and suction control for NP 300 JMF 138 NW	28/11/2023	Nana Motors Impractical 10,105
TLB Hire for sewer spillage	19/12/2023	Taurus B Trading Emergency 15,600
Pauper burial	24/01/2024	Ke Batho Botlhe Funeral Parlour Impractical 2,500
Calibration of Equipment	26/02/2024	Workshop Electronics Sole supplier 25,556
Excess fee	06/03/2024	German motors Sole supplier 8,525
Close specialised Training	01/03/2024	Ipeleng risk management services Sole supplier 52,000
Drivers license score sheet books	08/01/2024	Variprint systems Sole supplier 26,047
Purchasing of Cold Asphalt	15/02/2024	Carboncor Emergency 190,900
Repair and service of aircons in the server room	06/02/2024	Quick fix Impractical 5,600
Digging of graves in Groot Marico	06/02/2024	Nombokotho Trading and enterprise Emergency 20,000
Repair and service of aircons in the chamber, director corp and sec office of the speaker	08/02/2024	Quick fix Impractical 24,500
Puper Burial of Tebogo Victoria Phiri	02/01/2024	Ke Batho Botlhe Funeral Parlour Impractical 2,500
Legal fees	01/02/2024	Motshabi and Associates Emergency 102,344
Repairs at vehicle testing station	29/05/2024	Workshop Electronics Sole supplier 5,569
Drivers licence test and score sheets books	15/05/2024	Variprint system Sole supplier 26,047
Repair a bulldozer	23/05/2024	Piet Lister Trading Impractical 75,500
Service crane truck	02/05/2024	Palfinger Southern Africa Impractical 142,115
Calibration of speed machine	06/06/2024	Truvelo Sole supplier 14,587
Repair a bulldozer	16/06/2024	Piet Lister Trading Impractical 29,000
	09/05/2024	Lexis Nexis Sole supplier 2,874
		1,804,267

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54. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of five major functional areas: Executive and Council, Finance and Administration, Community and Social Services, Planning and Development, Technical Department. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives.

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.

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54. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Community and Social Services	Planning and Development	Technical Department	Unsegmented	Total
Revenue					
Service charges	-	-	131,802,527	-	131,802,527
Licences and permits	2,452,815	45,279	-	-	2,498,094
Connections and disconnections	-	-	466,568	-	466,568
Rental income	-	400	18,807	86,543	107,750
Sundry income	49,733	100,761	41,712	7,282,711	7,474,917
Sale of Land	-	7,974	-	27,956	35,930
Interest received	-	-	-	3,658,060	3,658,060
Property rates	-	-	-	78,613,555	78,613,555
Government grants & subsidies	62,463,051	19,109,017	132,711,533	89,776,453	304,060,054
Fines, Penalties and Forfeits	6,183,330	-	-	-	6,183,330
Total segment revenue	71,148,929	19,263,431	265,041,147	179,447,278	534,900,785
Entity's revenue					534,900,785

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	Community and Social Services	Planning and Development	Technical Department	Unsegmented	Total
54. Segment information (continued)					
Expenditure					
Employee related costs	(42,670,478)	(12,054,967)	(53,871,314)	(65,015,248)	(173,612,007)
Remuneration of councillors	-	-	-	(15,207,701)	(15,207,701)
Depreciation and amortisation	(757,431)	-	(1,760,035)	(27,990,734)	(30,508,200)
Finance costs	-	(5,570,053)	(6,164,670)	(7,150,466)	(18,885,189)
Lease rentals on operating lease	-	-	(120,000)	(1,480,593)	(1,600,593)
Debt impairment	(1,303,746)	-	-	(66,234,194)	(67,537,940)
Repairs and maintenance	(410,162)	-	(2,938,960)	(538,802)	(3,887,924)
Bulk purchases	-	-	(98,721,249)	-	(98,721,249)
Contracted services	(14,217,939)	-	-	(349,962)	(14,567,901)
(Gain)/Loss on disposal of assets and liabilities	-	-	-	(7,995,987)	(7,995,987)
General expenses	(2,089,436)	(2,987,244)	(2,065,413)	(64,407,770)	(91,549,863)
Reversals of impairments	-	-	-	(2,135,474)	(2,135,474)
Actuarial gains/losses	-	(344,779)	-	(175,975)	(520,754)
Total segment expenditure	(61,449,192)	(20,957,043)	(165,641,641)	(278,690,906)	(526,738,782)
Total segmental surplus/(deficit)	9,699,737	(1,693,612)	99,399,506	458,138,184	8,162,003
Assets					
Inventories	(13,036)	-	(11,322,709)	22,878,994	11,543,249
Receivables from exchange transactions	184,125	-	-	8,467,592	8,651,717
Receivables from non-exchange transactions	-	-	-	8,666,478	8,666,478
VAT receivable	-	-	-	4,068,416	4,068,416
Consumer debtors	-	-	-	59,159,116	59,159,116
Cash and cash equivalents	-	-	-	8,758,971	8,758,971
Investment property	-	-	-	42,071,024	42,071,024
Property, plant and equipment	72,081,497	204,745	490,426,917	139,980,929	702,694,088
Intangible assets	-	-	-	7,560	7,560
Heritage assets	-	-	-	404,550	404,550
Total segment assets	72,252,586	204,745	479,104,208	294,463,630	846,025,169

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	Community and Social Services	Planning and Development	Technical Department	Unsegmented	Total
54. Segment information (continued)					
Total assets as per Statement of financial Position					846,025,169
Liabilities					
Other financial liabilities	-	-	-	(939,342)	(939,342)
Payables from exchange transactions	-	-	(3,922,855)	(137,879,701)	(141,802,556)
Consumer deposits	-	-	-	(1,365,259)	(1,365,259)
VAT payable	-	-	-	(35,137)	(35,137)
Employee benefit obligation	-	-	-	(55,292,624)	(55,292,624)
Provisions	-	(5,976,100)	-	(46,584,146)	(52,560,246)
Municipal debt relief arrangement	-	-	-	(59,607,843)	(59,607,843)
Total segment liabilities	-	(5,976,100)	(3,922,855)	(301,704,052)	(311,603,007)
Total liabilities as per Statement of financial Position					(311,603,007)

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

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54. Segment information (continued)

2024

	Community and Social Services	Planning and Development	Technical Department	Unsegmented	Total
Revenue					
Service charges	-	-	75,624,557	29,992,762	105,617,319
Licences and permits	3,014,912	-	-	-	3,014,912
Connections and disconnections	-	-	300,255	-	300,255
Rental income	16,570	79,253	8,770	-	104,593
Sundry income	314,299	165,269	74,934	101,192	655,694
Sale of Land	-	72,103	-	-	72,103
Interest received	-	5,649,027	-	-	5,649,027
Property rates	-	63,118,933	-	-	63,118,933
Government grants & subsidies	45,609,599	5,334,169	156,532,003	69,209,910	276,685,681
Public contributions and donations	-	-	7,221,765	-	7,221,765
Municipal debt relief revenue	-	-	-	16,712,899	16,712,899
Fines, Penalties and Forfeits	3,391,750	-	-	-	3,391,750
Total segment revenue	52,347,130	74,418,754	239,762,284	116,016,763	482,544,931
Entity's revenue					482,544,931

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	Community and Social Services	Planning and Development	Technical Department	Unsegmented	Total
54. Segment information (continued)					
Expenditure					
Employee related costs	(33,453,806)	(7,418,982)	(61,504,221)	(63,342,163)	(165,719,172)
Remuneration of councillors	-	-	-	(15,288,683)	(15,288,683)
Depreciation and amortisation	(5,057,570)	(18,848,914)	-	(6,785,566)	(30,692,050)
Finance costs	-	(4,138,634)	(5,441,000)	(4,192,865)	(13,772,499)
Lease rentals on operating lease	-	-	(120,000)	(1,257,072)	(1,377,072)
Reversals of impairment	-	-	-	(4,174,184)	(4,174,184)
Debt Impairment	-	-	-	(219,715,193)	(219,715,193)
Repairs and maintenance	(141,535)	-	(2,032,343)	(153,609)	(2,327,487)
Bulk purchases	-	-	(90,772,496)	-	(90,772,496)
Contracted services	(14,542,061)	-	-	(363,517)	(14,905,578)
(Gain)/Loss on disposal of assets and liabilities	1,255,552	-	-	-	1,255,552
General expenses	(4,213,348)	(951,210)	(12,143,581)	(64,409,726)	(81,717,865)
Actuarial valuation movement	-	(2,403,260)	-	2,286,671	(116,589)
Total segment expenditure	(56,152,768)	(33,761,000)	(172,013,641)	(377,395,907)	(639,323,316)
Total segmental surplus/(deficit)	(3,805,638)	40,657,754	67,748,643	493,412,670	(156,778,385)
Assets					
Inventories	-	-	-	8,916,370	8,916,370
Receivables from exchange transactions	-	-	-	6,156,798	6,156,798
Receivables from non-exchange transactions	-	-	-	5,339,678	5,339,678
Consumer debtors	-	-	-	56,378,595	56,378,595
Cash and cash equivalents	-	-	-	14,033,752	14,033,752
Investment property	-	-	-	43,588,474	43,588,474
Property, plant and equipment	72,434,310	204,745	446,239,556	168,200,223	687,078,834
Intangible assets	-	-	-	15,121	15,121
Heritage assets	-	-	-	404,550	404,550
Total segment assets	72,434,310	204,745	446,239,556	303,033,561	821,912,172
Total assets as per Statement of financial Position					821,912,172

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	Community and Social Services	Planning and Development	Technical Department	Unsegmented	Total
54. Segment information (continued)					
Liabilities					
Other financial liabilities	-	-	-	(1,307,187)	(1,307,187)
Payables from exchange transactions	-	-	-	(126,553,001)	(126,553,001)
Consumer deposits	-	-	-	(1,118,406)	(1,118,406)
Employee benefit obligation	-	-	-	(48,818,353)	(48,818,353)
Provisions	-	-	-	(46,650,363)	(46,650,363)
VAT payable	-	-	-	(16,435)	(16,435)
Municipal debt relief arrangement	-	-	-	(71,188,270)	(71,188,270)
Total segment liabilities	-	-	-	(295,652,015)	(295,652,015)
Total liabilities as per Statement of financial Position					(295,652,015)

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55. Budget differences		
Material differences between budget and actual amounts		
55.01 Service charges		
Services charges were budgeted with the anticipation of increased revenue from new residential settlements and increased commercial property, as a result of increased economic activity and growth. This growth did not occur as anticipated.		
55.02 Licences and permits		
Licences and permits were budgeted with the anticipation of increased revenue from licencing services provided to the community.		
55.03 Rental income		
Rental income received exceeded budgeted amount due to improved revenue and debt management controls.		
55.04 Connections and disconnections		
Income from connections and disconnections was budgeted for under sundry income, as part of an auxiliary services.		
55.05 Sundry Income		
Sundry income was budgeted with the anticipation of increased revenue from auxiliary services provided to the community in pursuit of improved service delivery.		
55.06 Sale of land		
The sale of land proceeds were not budgeted for as the municipality did not anticipate any sale of land in the current financial year.		
55.07 Interest received		
Lower than expected interest revenue is due to lower than expected balances of interest earning short term investments held by the municipality, as well as interest forgone on consumer debtors written off.		
55.08 Government grants		
The actual grant income is more than the budgeted amount. This is due to additional MIG and EPWP grants that were received in the current year that were not budgeted for.		
55.09 Employee related costs - remuneration of councillors		
The remuneration of councillors actual amount is more than the budgeted amount. This is due to overspending on these costs than anticipated, as well as unmonitored overtime.		
55.10 Depreciation and amortisation		
Lower than expected depreciation and amortisation is due to the effect of disposals, changes in estimates, and lower than expected capitalisation of municipal assets.		
55.11 Impairment loss		
Lower than expected depreciation and amortisation is due to the effect of disposals, changes in estimates, and lower than expected capitalisation of municipal assets.		
55.12 Finance costs		
Increased finance costs are as a result of the incorporation of interest incurred on the amortisation of the municipal debt relief arrangement, which was not budgeted for.		

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Figures in Rand	2025	2024
55. Budget differences (continued)		
55.13 Lease rentals on operating leases		
The budgeted costs on lease rentals is allocated to contracted services for budgeting purposes, hence the variance.		
55.14 Debt impairment		
Lower than expected debt impairment is as a result of improved customer management and collection controls.		
55.15 Repairs and maintenance		
Lower than expected repairs and maintenance costs are as a result of improved expenditure and asset management controls.		
55.16 Bulk purchases		
Lower than expected bulk purchases are as a result of cash constraints faced by the municipality, and cost containment measures.		
55.17 Contracted services		
Lower than expected procurement contracted services are as a result of cash constraints faced by the municipality.		
55.18 General expenses		
Lower than expected operational expenditure is as a result of cash constraints faced by the municipality, as well as and cost containment measures.		
55.19 Loss on disposal of assets and liabilities		
Loss on disposal of assets and liabilities are non-cash movement not budgeted for by the municipality..		
55.20 Actuarial gains/losses		
Actuarial gains/losses are non-cash movement arising from third-party provisions not budgeted for by the municipality.		
55.21 Inventories		
Higer than expected balance of inventories are as a result of increased inventories on hand.		
55.22 Receivables from exchange transactions		
The balance of receivables was budgeted inclusive of consumer debtors (provision of exchange services) at unimpaired debt values.		
55.23 Statutory receivables		
The balance of statutory receivables was budgeted inclusive of rates and fines at unimpaired debt values.		
55.24 Receivables from non-exchange transactions		
The balance of receivables was not budgeted for as the municipality did not anticipate any movements in these balances		
55.25 VAT receivable		
Net VAT receivable is less than the budgeted amount. This is due less spending by the municipality on contracted services and general expenses in the current financial year.		
55.26 Consumer debtors		
Consumer debtors were budgeted for under receivables from exchange, statutory receivables and non-exchange transactions.		

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55. Budget differences (continued)		
55.27 Investment property		
Due to the nature of functions and activities, the bulk of investment property was budgeted for as part of property, plant and equipment.		
55.28 Intangible assets		
The carrying amount of intangible assets is less than the budgeted amount as there were no procurements of assets to be capitalised as intangible assets in the current year.		
55.29 Heritage assets		
Due to the nature of functions and activities, the bulk of investment property heritage assets budgeted for as part of property, plant and equipment. No additions were recognised in the current year.		
55.30 Other financial liabilities		
The other financial liabilities budgeted balance is less than the actual balance. This is due to payments made on the other financial liabilities, resulting in a lower actual balance than anticipated.		
55.31 Payables from exchange transactions		
Lower than expected balance of payables is as a result of improved expenditure controls and earlier settlement of incurred liabilities.		
55.32 VAT payable		
The budgeted amount is more than the actual amount. The municipality budgeted for a VAT payable but ended up in a net receivable position due to less spending on general expenses and contracted services in the current financial year.		
55.33 Consumer deposits		
Lower balance of consumer deposits is as a result of write-off of legacy balances and unclaimed amounts.		
55.34 Employee benefit obligation		
Actual employee benefit obligation is more than the budgeted amount. This is as a result of the economic conditions and assumptions applied by the Actuaries.		
55.35 Provisions		
Actual provisions is more than the budgeted amount. This is as a result of the economic conditions and assumptions applied by the Actuaries on the estimation of rehabilitation costs to landfill sites.		
55.36 Municipal debt relief arrangement		
Due to the novelty of the arrangement, the municipality had not budgeted for the liabilities, income, and finance costs arising from this arrangement.		
55.37 Accumulated surplus and cashflows		
The movement in cashflows and accumulated surplus are as a result of the cumulative effects of all other movements in the statements of financial position and performance.		
Changes from the approved budget to the final budget		
The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters and changes in the overall budget parameters. For details on these changes please refer to the annual report and the MBRR Adjustment Budget and Supporting Documents report.		

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56. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangements are as follows:

North West Department of Community Safety and Transport

The Department of Community Safety and Transport management entered into an agreement/contact with the local municipality for performing of the motor vehicle registration and licencing function as well as the motor vehicle renewal licences on an agency basis.

Entity as agent

Revenue recognised

North West Department of Community Safety and Transport	3,105,327	3,014,912
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Expenditure incurred

North West Department of Community Safety and Transport - Employee related costs	8,608,492	13,244,793
North West Department of Community Safety and Transport - Drivers license card printing	211,483	-
	8,819,975	13,244,793

Assets

North West Department of Community Safety and Transport - Licences and permits	252,514	312,130
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57. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

RAMOTSHERE MOILOA LOCAL MUNICIPALITY



ANNUAL PERFORMANCE REPORT 2024/25

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ABBREVIATIONS

Abbreviation	Description
AG	Auditor-General
AFS	Annual Financial Statement
CFO	Chief Financial Officer
CoGTA	Department of Cooperative Governance and Traditional Affairs
DMR	Department of Mineral Resources
DoRA	Division of Revenue Act
DTS	Director: Technical Services
DWA	Department of Water Affairs
EE	Employment Equity
EIA	Environmental Impact Assessment
EID	Economic and Infrastructure Development
EMP	Environmental Master Plan
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FAR	Fixed Asset Register
GRAP	Generally Recognised Accounting Practice
HH	Household

HR	Human Resources
IAS	International Accounting Standards
ICT	Information and Communications Technology
IDP	Integrated Development Plan
IGR	Inter-Governmental Relations
IT	Information Technology
ITP	Integrated Transport Plan
IWMP	Integrated Waste Management Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LGTAS	Local Government Turnaround Strategy
LLF	Local Labour Forum
MEC	Member of the Provincial Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MS	Municipal Scorecard
MSA	Municipal Systems Act
MTAS	Municipal Turnaround Strategy

MTREF	Medium Term Revenue and Expenditure Framework
NMMDM	Ngaka Modiri Molema District Municipality
NT	National Treasury
PMS	Performance Management System
RDP	Reconstruction and Development Programme
RMLM	Ramotshere Moiloa Local Municipality
SAMWU	South African Municipal Workers' Union
SAPS	South African Police Service
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SLA	Service Level Agreement
SMME	Small Medium and Micro Enterprises
SPF	Sector Policing Forum
VAT	Value Added Tax
WSDP	Water Services Development Plan
WSP	Workplace Skills Plan

1. INTRODUCTION

The Annual Performance Report of the Ramotshere Moiloa Local Municipality (RMLM) for the 2024/25 financial year has been compiled in accordance with the provisions of the Municipal Systems Act, 2000 and the Municipal Finance Management Act, 2003 and reflects the actual performance of the municipality against its pre-determined objectives contained in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP).

The Council approved the RMLM's Framework for Institutional Performance Management (PMS) in December 2013 which is reviewed on an annual basis. The salient features of the approved framework are included in this report.

The 2024/25 Annual Performance Report, which will be incorporated into the 2024/25 Annual Report in accordance with section 46 of Municipal Systems Amendment Act of 2003, therefore:

- covers the requirements of the legislative provisions in regard to performance management,
- reports on the municipality's actual performance against the service delivery targets contained in the approved 2024/25 SDBIP for each function and directorate per municipal key performance area (KPA) and IDP priority, and
- reflects on measures that were taken or are to be taken to improve performance in cases of non- or under-performance, and

The RMLM SDBIP comprises of the five (5) Key Performance Area's (KPA's), these are:

- Municipal Transformation and Institutional Development
- Basic Service Delivery and Infrastructure development
- Municipal Financial Viability and Management
- Local Economic Development and.
- Good Governance and Public Participation

It is expected that this report will assist all stakeholders to objectively assess the overall performance of the RMLM for the year under review and further clearly demonstrate the municipality's unwavering commitment to the principles of improved service delivery, good governance, and accountability.

2. MUNICIPAL MANDATE, POWERS AND FUNCTIONS

Municipal Mandate

The mandate (itemised below) is contained in Section 152 of the Constitution and serves as **focus areas** of the municipality:

- 1.1.1 To provide democratic and accountable government for local communities.
- 1.1.2 To ensure the provision of services to communities in a sustainable manner.
- 1.1.3 To promote social and economic development
- 1.1.4 To promote a safe and healthy environment.
- 1.1.5 To encourage the involvement of communities and community organisations in the matters of local government

Allocated Powers and Functions

Powers and Functions allocated to the municipality

Child Care Facilities (Childhood care and development that fall outside the National and Provincial competency)

Cemeteries, Funeral Parlours and Crematoria

Cleansing

Control of public nuisance

Control of undertakings that sell liquor to the public

Facilities for the accommodation, care and burial of animals

Fencing and Fences

Licensing and control of undertakings that sell food to the public

Local Amenities

Local Tourism

Local Sports Facilities

Markets

Municipal Abattoirs

Municipal Parks and Recreation

Municipal Planning

Municipal Public Transport

Noise pollution

Refuse Removal, Refuse Dumps and Solid Waste Disposal

Trading Regulations

Traffic and Parking

Powers and Functions that the municipality perform

Billboards and the Display of Advertisements

Cemeteries, Funeral Parlours and Crematoria

Cleansing

Control of public nuisance

Electricity Reticulation

Local Sport Facilities

Licensing and control of undertakings that sell food to the public

Municipal Planning

Municipal Parks and Recreation

Municipal Roads

Public Places

Refuse removal, Refuse dumps, and Solid Waste disposal

Storm Water

Municipal Abattoir

Street Trading

Street Lighting

Traffic and parking

3. LEGISLATIVE PROVISIONS

The relevant legal provisions regarding the performance management system and annual performance report as contained in the following laws and regulations are outlined below:

- Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
- Local Government: Municipal Planning and Performance Regulations, 2001 (Regulation No. R796 of 2001)
- Local Government: Municipal Systems Amendment Act, 2003 (Act No. 44 of 2003)
- Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- Municipal Systems Act, 2000

The following sections from Chapter 6 of the Municipal Systems Act, 2000 relate to the performance management system.

Establishment of performance management system

38. A municipality must—

(a) establish a performance management system that is—

(i) commensurate with its resources.

(ii) best suited to its circumstances; and

(iii) in line with the priorities, objectives, indicators and targets contained in its integrated development plan.

(b) promote a culture of performance management among its political structures, political office bearers and councillors and in its administration; and

(c) administer its affairs in an economical, effective, efficient and accountable manner.

Development of performance management system

- 39.** *The executive committee or executive mayor of a municipality or, if the municipality does not have an executive committee or executive mayor, a committee of councillors appointed by the municipal council must-*

- (a) manage the development of the municipality's performance management system;*
- (b) assign responsibilities in this regard to the municipal manager, and*
- (c) submit the proposed system to the municipal council for adoption*

Monitoring and review of performance management system

- 40.** *A municipality must establish mechanisms to monitor and review its performance management system.*

Core components

- 41. (1)** *A municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed—*
- (a) set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact. with regard to the municipality's development priorities and objectives set out in its integrated development plan.*
 - (b) set measurable performance targets with regard to each of those development priorities and objectives.*
 - (c) with regard to each of those development priorities and objectives and against the key performance indicators and targets set in terms of paragraphs (a) and (b)*
 - (i) monitor performance; and*
 - (ii) measure and review performance at least once per year.*
 - (d) take steps to improve performance with regard to those development priorities and objectives where performance targets are not met and*
 - (e) establish a process of regular reporting to—*
 - (i) the council, other political structures, political office bearers and staff of the municipality; and*
 - (ii) the public and appropriate organs of state.*

- (2) *The system applied by a municipality in compliance with subsection (1)(c) must be devised in such a way that it may serve as an early warning indicator of under-performance.*

Notification of key performance indicators and performance targets

44. *A municipality, in a manner determined by its council, must make known both internally and to the general public, the key performance indicators and performance targets set by it for purposes of its performance management system*

Audit of performance measurements

45. *The results of performance measurements in terms of section 41 (1)(c) must be audited-*
- (a) *as part of the municipality's internal auditing processes: and*
 - (b) *annually by the Auditor General*

4. MUNICIPAL PLANNING AND PERFORMANCE REGULATIONS, 2001

The paragraphs below from Chapter 3 of the Municipal Planning and Performance Regulations, 2001 stipulate the following in respect of the municipality's performance management system.

Nature of performance management system

- 7.** (1) *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.*
- (2) *In developing its performance management system, a municipality must ensure that the system-*
- (a) *complies with all the requirements set out in the Act.*
 - (b) *demonstrates how it is to operate and be managed from the*

planning stage up to the stages of performance review and reporting.

- (c) clarifies the roles and responsibilities of each role-player, including the local community, in the functioning of the system.*
- (d) clarifies the processes of implementing the system within the framework of the integrated development planning process.*
- (e) determines the frequency of reporting and the lines of accountability for performance.*
- (f) relates to the municipality's employee performance management processes; and*
- (g) provides for the procedure by which the system is linked to the municipality's integrated development planning processes.*

Adoption of performance management system

- 8.** *A performance management system must be adopted before or at the same time as the commencement by the municipality of the process of setting key performance indicators and targets in accordance with its integrated development plan.*

Monitoring, measurement and review of performance

- 13. (1)** *A municipality must, after consultation with the local community, develop and implement mechanisms, systems and processes for the monitoring, measurement and review of performance in respect of the key performance indicators and performance targets set by it.*
- (2)** *The mechanisms, systems and processes for monitoring in terms of sub-regulation (1) must-*
 - (a) provide for reporting to the municipal council at least twice a year.*
 - (b) be designed in a manner that enables the municipality to detect early indications of under-performance; and*
 - (c) provide for corrective measures where under-performance has been identified.*
- (3)** *Performance measurement in terms of sub-regulation (1) must include the measurement of –*

- (a) costs, resources and time used to produce outputs in accordance with the input indicators referred to in regulation 9.*
- (b) the extent to which the municipality's activities or processes produced outputs in accordance with the output indicators referred to in regulation 9; and*
- (c) the total improvement brought by outputs in accordance with the outcome indicators referred to in regulation 9.*

(4) The mechanisms, systems and processes for review in terms of sub regulation (1) must at least —

- (a) identify the strengths, weaknesses, opportunities and threats of the municipality in meeting the key performance indicators and performance targets set by it, as well as the general key performance indicators prescribed by regulation 10.*
- (b) review the key performance indicators set by the municipality in terms of regulation 9; and*
- (c) allow the local community to participate in the review process.*

5. MUNICIPAL SYSTEMS AMENDMENT ACT, 2003

Section 46 of the Municipal Systems Amendment Act, 2003 (Act No. 44 of 2003), provides for the following in relation to the annual performance report of a municipality.

(1) A municipality must prepare for each financial year a performance report reflecting—

- (a) the performance of the municipality and each external service provider during that financial year.*
- (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and*
- (c) measures taken to improve performance.*

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.

6. MUNICIPAL FINANCE MANAGEMENT ACT, 2003

Section 121 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states, *inter alia*, the following in regard to the preparation and tabling of annual reports:

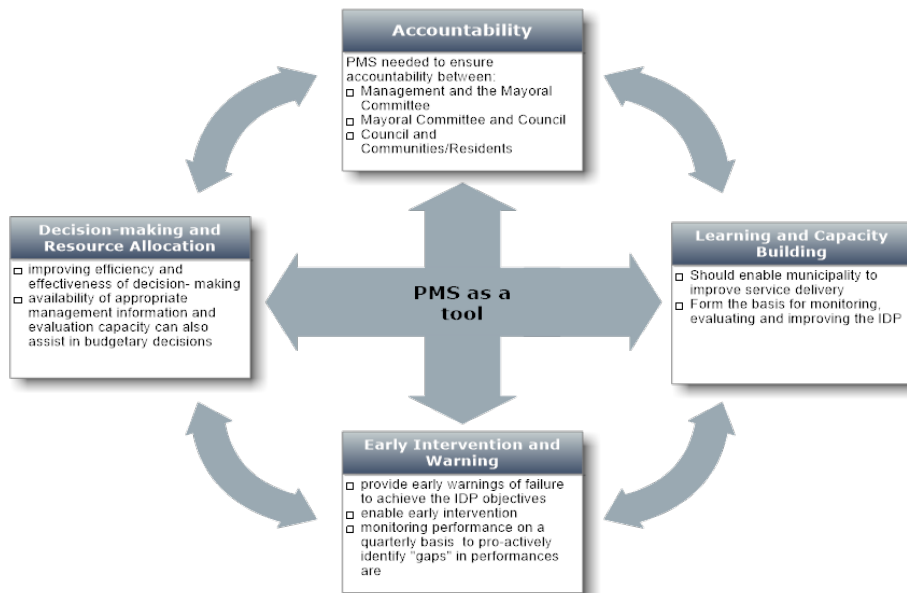
Section 121(2): The purpose of the annual report is –

- (a) To provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates.*
- (b) To provide a report on the performance against the budget of the municipality or municipal entity for that financial year; and*
- (c) To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.*

Section 121(3)(c) further states that *the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act.*

7. MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM (PMS)

The RMLM's Approved Performance Management Framework regulates the performance management system in the municipality and provides guidelines on the development and implementation of the organisational and employee performance management system.

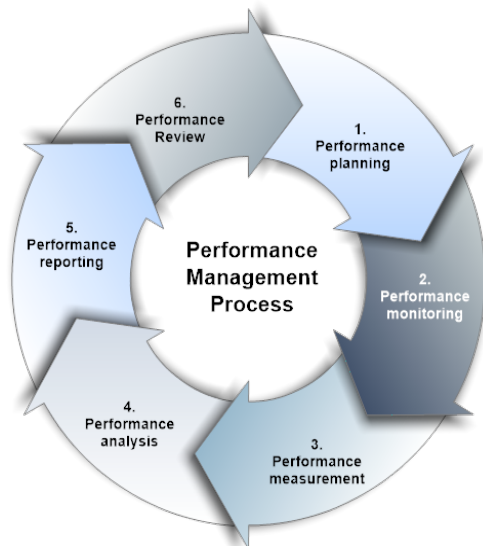


Adapted from the Balanced Scorecard by Robert S. Kaplan and Dave P. Norton, Harvard Business School Press, 1996.

The objectives of institutionalizing a Performance Management System, beyond the fulfilling of legislative requirements, is to serve as a primary mechanism to monitor, review and improve the implementation of the municipality's IDP. In doing so, it should fulfil the following functions:

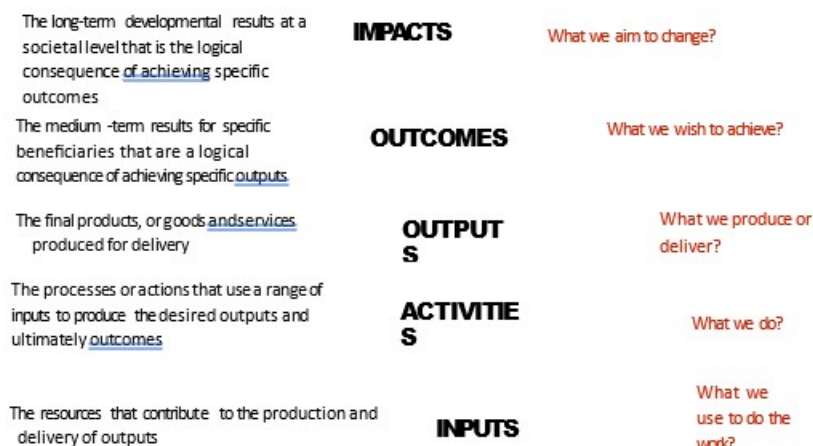
- Promoting accountability
- Decision-making and resource allocation
- Guiding development of municipal capacity-building programs
- Creating a culture for best practice, shared learning within the municipality
- Develop meaningful intervention mechanisms and early warning system
- Create pressure for change at various levels
- Contribute to the overall development of the Local Government System

The annual process of managing performance at institutional level in the Municipality involves the steps as set out in the diagram below.



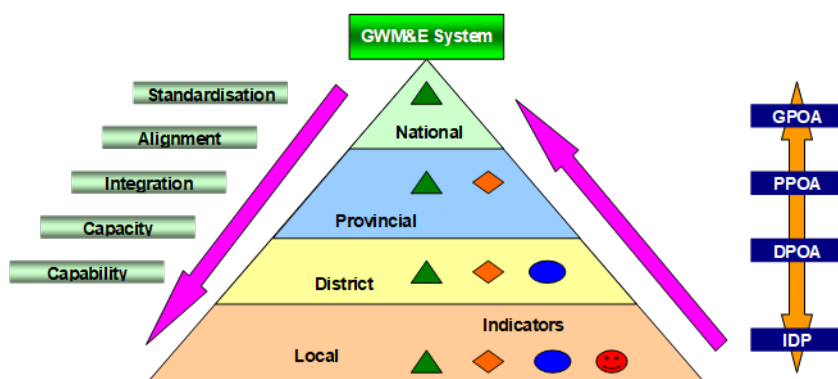
1. **Performance planning** - The performance of the Municipality is to be managed in terms of its IDP and the process of compiling an IDP and the annual review thereof therefore constitutes the process of planning for performance.
2. **Performance monitoring** - ongoing process by which a director accountable for a specific indicator as set out in the institutional scorecard or SDBIP continuously monitors current performance against targets set to ensure that appropriate and immediate interim (or preliminary) action is taken in case of under-performance.
3. **Performance measurement** - formal process of collecting and capturing performance data to enable reporting to take place for each key performance indicator and against the target set for such indicator.
4. **Performance analysis** - interpretation of the measurements as conducted in terms of the previous step to determine whether targets have been met and exceeded and to project whether future targets will be met or not.

The approved PMS is also aligned to the new **outcomes approach to performance management in government** which is designed to ensure that government is focused on achieving the expected real improvements in the life of all South Africans. The outcomes approach clarifies what we expect to achieve, how we expect to achieve it and how we will know whether we are achieving it. It will help spheres of government to ensure that results improve the lives of citizens rather than just carrying out our functions. This approach involves management using a logic model which links inputs, activities, outputs, outcomes and impacts. The diagram below demonstrates these links more clearly.



According to the *Monitoring and Evaluation Framework in support of Cooperative Governance*¹, a new set of national Key Performance Indicators (KPIs) have been developed and all provinces and key sector departments were consulted during this process. Although there is a need to have indicators for the different levels of the results chain, that is, inputs, activities, outputs, outcomes and impacts. There is however a need to have a set of national KPIs that address the reporting requirements for the local government sector at national level. The national KPIs will enable the reporting of local government performance at a strategic level. Line function departments will still need to continue to monitor their programmes as required by their mandate. Similarly, provinces and municipalities may still develop their own set of indicators which help measure the projects or programmes which are unique to their situation.

The diagram below illustrates this process, with the green triangles representing the national KPIs, the orange diamonds representing provincial KPIs, the blue circles representing district and circle with a smile representing local municipality KPIs.



The draft national set of KPIs addresses both the reporting requirements in terms of existing legislation, the various programmes within the department including the LGTAS, the Ten Point Plan and the Minister's Performance Agreement. Once approval is granted by the Minister, this set of national KPIs will be legislated to replace the seven currently found in the Municipal Planning and Performance Management Regulations of 2001. The reporting in terms of section 46, 47 and 48 of the Municipal Systems Act, 32 of 2000 (Act No. 32 of 2000) (MSA) will be informed by these national KPIs.

Municipal Scorecard

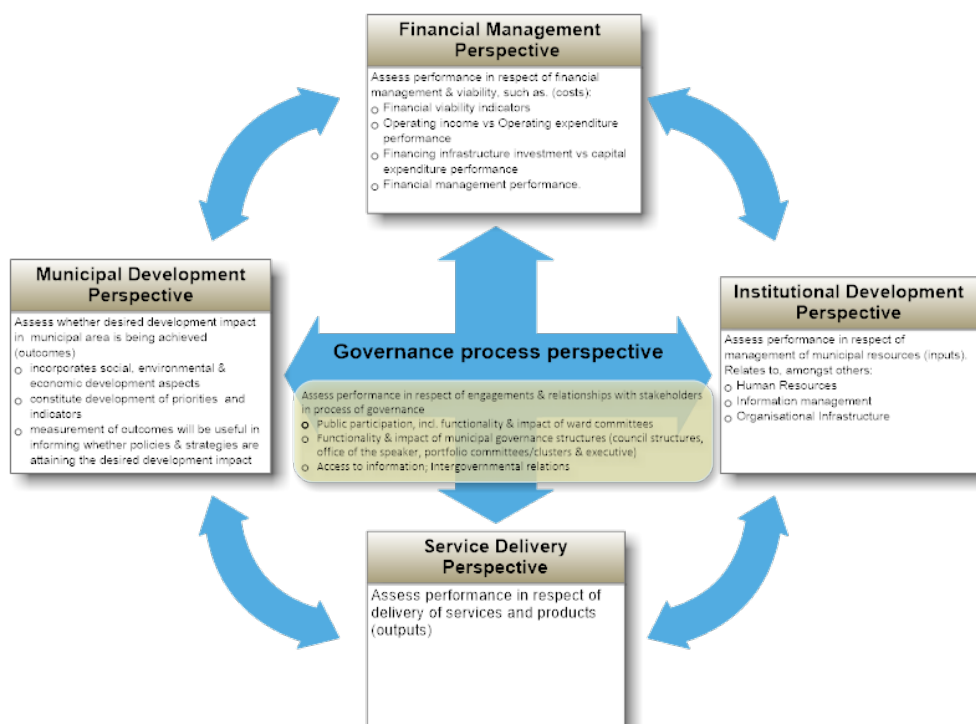
The RMLM has chosen the Municipal Scorecard (MS) as its preferred performance management model. In terms of the MS model all indicators are grouped together

¹ Draft Monitoring and Evaluation Framework in support of Cooperative Governance. Department of Cooperative Governance. October 2010

into five perspectives as depicted in the figure below e.g., inputs, process, outputs and outcomes.

A Municipal Scorecard Model is a balanced scorecard adapted for measuring key performance on developmental areas that are relevant to municipal service delivery and the public sector. This municipal scorecard model groups indicators together under the 5 Year Local Govt Strategic Agenda Key Performance Areas (KPA's). There are five KPA's that municipalities are required to align their strategic planning on and these cut across every functional area of a municipality. The municipal scorecard measures a municipality's performance through grouping the municipal indicators under these perspectives:

- I. The Municipal Development Perspective
- II. The Service Delivery Perspective
- III. The Institutional Development Perspective
- IV. The Financial Management Perspective
- V. Governance Process Perspective



Adapted from the Balanced Scorecard by Robert S. Kaplan and Dave P. Norton. Harvard Business School Press, 1996.

The table below indicates the issues that were raised in the final report of the Auditor-General for the 2023/24 financial year on predetermined objectives and the management actions taken during 2024/25 to address the findings.

Clarification on FMPPi applicability:

The Framework for Managing Programme and Performance Information (FMPPPI) issued by the National Treasury in 2007 was in accordance with the PFMA, Chapter 5 of the Treasury Regulations and the Regulations on Programme and Performance Information which are applicable to National and Provincial Department, Public Entities and Constitutional Institutional Institutions. The FMPPPI is therefore not applicable to the performance management of municipalities, which are governed by the provisions of the MSA and MFMA.

The performance management processes of municipalities are regulated by Chapter 6 of the Municipal Systems Act (2000), the Municipal Planning and Performance Regulations (2001), section 46 of the Municipal Systems Amendment Act (2003) and section 121 of the Municipal Finance Management Act (2003). Further, in terms of the section 7 of the Municipal Planning and Performance Regulations (2001), the RMLM developed a Performance Management Framework, *which 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.*

8. 2023/2024 REPORT OF THE AUDITOR-GENERAL

Audit Finding	Management actions taken to resolve findings
We could not confirm whether the indicators is well defined so that data can be collected consistently	The 2025/26 SDBIP has been crafted and approved by the Mayor, therein the indicators have been improved.
During the audit of performance against predetermined objectives it was noted that there are no formal standard operating procedures (SOPs) that predetermines how the key performance indicators' (KPIs) achievements.	The Standard Operating Procedures are in the process of being developed. The technical indicator description is in the process of being developed

ASSESSMENT OF SERVICE PROVIDERS

Assessment of service providers 2024/25										
PROJECT NAME	NAME OF SERVICE PROVIDER	SOURCE OF FUNDING	START DATE	COMPLETION DATE	PROGRESS TO DATE	CHALLENGES AND INTERVENTIONS	Assessment of service provider			
							(Scale 1-5) 1 - Poor, 2 - Fair, 3 - Average 4, - Good, 5 - Excellent			
							Quarter 1	Quarter 2	Quarter 3	Quarter 4
Preparation of Annual Financial Statements & Audit Support	Maine Management Consultants	Service Charges and FMG	01-04-2023	30-11-2025	In the last/Final year	- Hardly met key deadlines - Held meeting to address challenges - Withheld payment	3	3	3	3
Compilation of a Grap Asset register	PEZA Consulting	FMG	01-04-2023	30-11-2025	In the last/Final year	- Hardly met key deadlines - Held meeting to address challenges - Withheld payment	3	3	3	3
VAT Recovery	Maximum Profit Recovery	Vat refunds	01-12-2022	31-12-2025	In the last/Final Year	None	4	4	4	4
Mscoa System Support	CCG Systems	FMG/EQS	01-03-2024	28-02-2027	Year 2 of the contract	None	4	4	4	4
Identification of suitable land for cemetery for Zeerust and Ikageleng		Own funding	01-05-2025	31-12-2025	Phase 1 has been completed which is feasibility study	None	N/A	N/A	N/A	4
Provision of Land	Liberty Town	Own funding	01-04-2025	30-06-2025	Completed	None	N/A	N/A	N/A	4

Surveying Services for pegging of Township Zeerust Ext 7 (Corner Berg & Drooge Street)	Planners									
Provision of Land Surveying Services for pegging of Township Zeerust Ext 6 (Corner Kort & Buiten Street)	Liberty Town Planners	Own funding	01-04-2025	30-06-2025	Completed	None	N/A	N/A	N/A	4
Subdivision of 300 sites in Lehurutshe Unit 1	Bokamoso Geomatics	Own funding	01-04-2025	30-06-2025	Completed	None	N/A	N/A	N/A	4
Electrification of 65 households in Kruiserevier	Sesonke Africa Energy	INEP	05 Nov 2024	19 July 2025	Completed	None	N/A	N/A	N/A	4
Upgrading of Ikageleng Roads	Mafoko Brothers	MIG	22 Feb 2024	22 Nov 2025	Completed	None	N/A	N/A	N/A	4
Upgrading of Mmasebudule Roads	KP baikgaki Trading	MIG	29 Apr 2024	28 Feb 2025	Completed	None	N/A	N/A	N/A	4
Upgrading of Moshana Roads	Gebzas Trasport	MIG	22 Feb 2024	22 Nov 2025	Completed	None	N/A	N/A	3	N/A
Upgrading of Dinokana Ward 12 Roads	Dikgethlo	MIG	22 Feb 2024	22 Sept 2025	Completed	None	N/A	N/A	N/A	4
Upgrading of Lekgophung Roads	Thaka Holdings	MIG	11 April 2024	22 Feb 2026	Ongoing	The project is implemented in Multi Years	N/A	2	N/A	N/A
Upgrading of Dinokana Ward 11 Roads	Moredi Trading	MIG	22 Feb 2024	22 Nov 2025	Completed	None	N/A	N/A	3	N/A

1.1 KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

	Office of the MM (incl Off of Mayor, Speaker and IA)	Corporate Services	Technical Services	Community Services	Financial Viability	Municipal Planning and Development	Overall Performance	%
Number of planned indicators for Quarter 2	53	13	16	8	23	19	132	
Number of achieved planned indicators	31	11	12	3	21	11	89	67%
Number of not achieved planned indicators	21	2	4	5	2	8	42	33%

Explanation of colour-coding:

Outstanding Performance
Fully Effective
Performance significantly exceeds expectations.
Performance not fully effective
Unacceptable Performance

VOLUME II

KEY PERFORMANCE AREA (KPA 1) : MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION										
Department	Strategic Objective	Key Performance Indicator	Baseline	Annual Target	Annual Actual	Performance Assessment	Reason(s) for Variance	Corrective Measure	Means of Verification	Annual Budget
Corporate Services	To fill vacant positions to ensure municipality is functional	(59) Number of critical vacant positions filled	10	10 Critical positions filled by 30 June 2025	25	Performance significantly above expectations	Demand was high, many positions were critical	N/A	Recruitment Reports, appointment letter	0.00
	To conduct LLF meetings to ensure industry harmony	(62) Number of Local Labour Forum meetings held	3	4 Local Labour Forum Meetings by 30 June 2025	6	Outstanding Performance	Demand was high, Unions requested for special LLF Meetings	N/A	Minutes of meeting and Attendance Register	0.00
	To provide Council with progress on conciliations and arbitrations	(58) Number of Report on conciliation and arbitration handled	4	4 Report on conciliation and arbitration handled by 30 June 2025	4	Fully Effective	Achieved	N/A	4 Report on conciliation and arbitration handled by 30 June 2025	0.00
	To provide Council with progress on disciplinary matters	(61) Number of reports on disciplinary matters handled	Report on disciplinary matters handled	4 Reports on disciplinary matters handled 30 June 2025	4	Fully Effective	Achieved	N/A	Report on disciplinary matters handled	0.00
	To provide Council with status report on ICT	(65) Number of reports on ICT governance status submitted	New KPI	4 ICT governance status reports submitted by 30 June 2025	4	Fully Effective	Achieved	N/A	Reports on ICT governance	0.00
	To provide council with progress on litigations	(57) Number of reports on litigation for and against the Municipality handled submitted to Council	4	4 Reports on litigations for and against the Municipality handled by 30 June 2025	4	Fully Effective	Achieved	N/A	Litigation Reports	R2000, 000.00
	To maintain municipal facilities adequately	(60) Number of reports on maintenance of	Municipal facilities not adequately	4 Reports on maintenance of Municipal	4	Fully Effective	Achieved	N/A	Reports on maintenance of facilities	R2000, 000.00

		Municipal Facilities	maintained	Facilities by 30 June 2025						
	To comply with EE legislation	(64) Number of reviewed Employment Equity Plan submitted to Dept of Labour and Cogta	Reviewed employment equity plan submitted to Dept of Labour and Cogta	1 Reviewed employment equity plan submitted to Dept of Labour and Cogta by 30 October 2025	1	Fully Effective	Achieved	N/A	EE Plan, Acknowledgement receipt	0.00
	To comply with WSP legislation	(66) WSP submitted to LGSETA	WSP for 2022/23 Submitted to LGSETA	WSP submitted to LGSETA by 30 April 2025	1	Fully Effective	Achieved	N/A	WSP and acknowledgement receipt	0.00

KEY PERFORMANCE AREA (KPA 2) : GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
Department	Strategic Objective	Key Performance Indicator	Baseline	Annual Target	Annual Actual	Performance Assessment	Reason(s) for Variance	Corrective Measure	Means of Verification	Annual Budget
Office of the Municipal Manager	To approve the Oversight report to comply with Sec129 of the MFMA	(17) 2023/24 Oversight Report adopted by Council	2022/23 Oversight Report adopted by Council	2023/24 Oversight Report adopted by Council by 31 March 2025	Achieved	Fully Effective	N/A	N/A	Oversight Report and Council Resolution	0.00
	To give effect to the amended 2025/26 IDP Process Plan	(4) 2025/26 Approved IDP and Budget Process Plan	2025/26 Approved IDP and Budget Process Plan adopted	2025/26 Approved IDP and Budget Process Plan by 31 August 2024	Achieved	Fully Effective	N/A	N/A	Approved 2024/25 IDP and Budget Process Plan, Council Resolution	0.00
	To approve MPAC Plan to ensure oversight	(18) 2025/26 Approved MPAC Annual Work plan	2024/25 Approved MPAC Annual Work plan	2025/26 Approved MPAC Annual Work plan by 31 May 2025	Not Achieved	Fully Effective	Delay in tabling the Annual Workplan	The Annual workplan will be tabled at council in the first quarter of the new year	2025/26 Approved Work plan and Council Resolution	0.00

To approve the audit and risk committee charter to comply with legislation	(41) 2025/26 ARCOM Charter Reviewed	2024/25 ARCOM Charter in place	2025/26 ARCOM Charter Reviewed by 30 June	Not Achieved	Fully Effective	The charter will be approved in July 2025	The charter will be approved in July 2025	ARCOM Charter and Council Resolution	0.00
To conduct risk assessment to ensure good governance and compliance with legislation	(22) 2025/26 Conduct Operational Risk Assessment Session2025/26 Conduct Operational Risk Assessment Session	Operational Risk Assessment conducted	2025/26 Conduct Operational Risk assessment Sessions held by 30 June 2025	Achieved	Fully Effective	N/A	N/A	Operational Risk Assessment/Regis ter Signed off by the Municipal Manager	0.00
To table the 2024/25 Draft SDBIP to comply with legislation	(8) 2025/26 Draft SDBIP tabled	2024/25 Draft SDBIP not tabled	2025/26 Draft SDBIP tabled by 31 May 2025	Achieved	Fully Effective	N/A	N/A	Draft SDBIP and Council Resolution	0.00
To approve the internal audit charter to comply with legislation	(40) 2025/26 Internal Audit Charter Reviewed	2024/25 Internal Audit Charter in place	2025/26 Internal Audit Charter Reviewed by 30 June 2025	Achieved	Fully Effective	The charter will be approved in July 2025	The charter will be approved in July 2025	Approved Internal Audit Charter	0.00
To approve the 2024/25 SDBIP to comply with legislation	(11) 2025/26 SDBIP Approved by the Mayor	2024/25 SDBIP approved on 28 June 2024	2025/26 SDBIP Approved by the Mayor by 28 June 2025	Achieved	Fully Effective	N/A	N/A	SDBIP approved by the Mayor	0.00
To conduct risk assessment to ensure good governance and compliance with legislation	(21) 2025/26 Strategic Risk Assessment conducted	2025/26 Strategic Risk Assessment conducted by 30 April 2025	2025/26 Strategic Risk Assessment conducted by 30 April 2025	Achieved	Fully Effective	N/A	N/A	Strategic Risk Assessment signed and attendance registers off by the MM	0.00
To approve the Social Media Policy for the municipality	(27) Approved 2023 – 26 Social Media Policy	Draft Social Media Policy	Approved 2024 – 27 Social Media Policy by 31 December 2024	Not Achieved	Performance not fully effective	Communication Manager position vacant	Work to be done after position is filled	Approved 2023 – 26 Social Media Policy and Council Resolution	0.00

To approve the APR to comply with legislation	(12) Approved 2023/24 Annual Performance Report	2022/23 Annual Performance Report	Approved 2023/24 Annual Performance Report by 31 August 2024	Achieved	Fully Effective	N/A	N/A	APR with MM's signature of approval	0.00
To approve the communication policy for the Municipality	(25) Approved 2024-2027 Communication Policy	Draft community strategy in place	Approved 2024-2027 Communication Policy by 31 December 2024	Not Achieved	Unacceptable Performance	Communication Manager position vacant	Work to be done after position is filled		0.00
To approve the Annual workplan to ensure good governance to comply with legislation	(20) Approved 2025/26 Risk Management Annual Work plan	Risk Management Annual workplan	Approved 2025/26 Risk management Annual Work plan by 30 June 2025	Not Achieved	Performance not fully effective	Annual workplan will be submitted to ARCOM in July 2025	Annual workplan will be submitted to ARCOM in July 2025	Approved Risk Management Annual Workplan	0.00
To approve the strategy for communications within the municipality	(25) Approved Communication Strategy 2024-2027 by 30 December 2024	Draft Communication Strategy in place	Approved Communication Strategy 2024-2027 by 30 December 2024	Not Achieved	Unacceptable Performance	Communication Manager position vacant	Work to be done after position is filled	Approved Communication 2023-2026 Strategy and Council Resolution	0.00
To submit the Risk based internal audit plan to comply with legislation	(39) Approved Risk Based Internal Audit Plan	New KPI	Approved Risk Based Internal Audit Plan 30 June 2025	Not Achieved	Performance not fully effective	The Plan has been submitted to ARCOM	The plan will be approved in July 2025	Minutes of Audit Committee approving the plan. Approved Plan	0.00
To improve security of municipal workshops	(36) Constructed a perimeter wall at Lehurutshe workshop		Constructed a perimeter wall at Lehurutshe workshop by 30 June 2024	Not Achieved	Unacceptable Performance	N/A	N/A	Specifications, advert, appointment letter, progress report, completion certificate	R750, 000.00
To ensure community safety	(30) Developed Community Safety Plan		Developed Community Safety Plan by 31	Not Achieved	Performance not fully effective	The draft plan has been submitted to	The plan will be finalised after inputs have been received	Signed and approved Community	0.00

			December 2024			the department of safety for inputs		Safety	
To improve awareness around security	(32) Developed Information Security Policy		Information Security Policy Developed by September 2024	Not Achieved	Unacceptable Performance	Still in draft	N/A	Approved Security Policy	0.00
To improve security of municipal workshops	(37) Installation of Electric Fence (Municipal Workshop)		Installation of Electric Fence (Municipal Workshop) by J30 June 2025	Not Achieved	Unacceptable Performance	N/A	N/A	Specifications, advert, completion Certificate	R700, 000.00
	(35) Installed CCTV Cameras (Municipal Workshop)		Installed CCTV Cameras (Municipal Workshop) by 30 June 2025	Achieved	Fully Effective	N/A	N/A	Specifications, advert, Appointment letter, completion Certificate	R 800, 000.00
To improve security of Municipal Buildings	(38) Installed integrated Electronic Security System (Main Building)		Installed integrated Electronic Security System (Main Building) by 30 June 2025	Achieved	Fully Effective	N/A	N/A	Specifications, advert, completion certificate	R2 000,000, 00
To improve security around municipal buildings	(33) Installed integrated locking system		Installed integrated locking system by 31 December 2024	Not Achieved	Unacceptable Performance	N/A	N/A	Specification, Advert and Completion Certificate	R250 000.00
To ensure that the Municipality participates in Mandela Day celebration	(42) Mandela Day Celebration	Mandela day activities conducted in July 2023	Mandela Day Celebration conducted by 18 July 2024	Achieved	Fully Effective	N/A	N/A	Report of activities/event held	R400,000.00
To provide for Mayoral special projects/programs	(49) Number of labor day activities conducted	1 activity held	1 activity for labor day held by 30 Sept 2024	Not Achieved	Unacceptable Performance	Funds not available for the program	To be reconsidered for the new year	Report of work done	0.00

	To ensure collaboration when it comes to security around RMLM	(29) Number of Community Safety Forum meetings and programmes held by June 2025	4	4 Community Safety Forum meetings and programmes to be held by J30 June 2025	Achieved	Fully Effective	N/A	N/A	Meeting minutes and attendance registers	0.00
Corporate Services	To Ensure effective council administration and compliance with legislation	(56) Number of Council Agenda's and minutes compiled	Compiled Council Agenda's and minutes for 8 Council meetings.	8 Council Agenda's and minutes compiled by 30 June 2025	12	Performance significantly above expectations	Demand was high, there was a compliance matters that need special council meetings	N/A	Compiled Council Agenda	0.00
Office of the Municipal Manager	To conduct Exco meetings to comply with legislation	(47) Number of EXCO meetings held	8 EXCO meetings held by 30 June 2025	8 EXCO meetings held by 30 June 2025	8 meetings	Fully Effective	N/A	N/A	Attendance Registers and Minutes of Meetings	0.00
	To communicate any news about the municipality to the public	(26) Number of external media statements issued	12	12 external media statements issued by 30 June 2025	12 statements	Fully Effective	N/A	N/A	12 submissions of contributions issued	0.00
	To provide for Mayoral special projects/programs	(45) Number of GBV awareness programme	1 program done	4 GBV awareness programmes conducted by 30 June 2025	3 programs	Performance not fully effective	programme postponed in 2nd quarter	N/A	Report of work done	R200,000.00
		(44) Number of Heritage day activities done	Programme not done due to non-availability of funds	1 activity by 30 September 2024	Achieved	Fully Effective	N/A	N/A	Report of work done/activities undertaken	0.00
	To enhance public participation and to obtain inputs from external sector	(6) Number of IDP Rep Forum Meetings held.	1 IDP Rep Forum held	2 Forum Meetings by 30 June 2025	0 meetings held	Performance not fully effective	Unavailability of stakeholders	Engage the IGR structures	Attendance Register and Minutes	0.00

	departments.								
	To ensure collaboration when it comes to security around RMLM	(28) Number of Joint Security Operational Meetings	12	12 Joint Security Operational Meetings 30 June 2025	Achieved	Fully Effective	N/A	N/A	Meeting minutes and attendance registers 0.00
	To provide for Mayoral special projects/programs	(46) Number of mayoral cleaning campaigns conducted	2 programs done	4 Mayoral cleaning campaigns conducted by 30 June 2025	2 Campaigns	Performance not fully effective	New schedule to be drawn	New schedule to be drawn	Report of work done 0.00
	To enhance public participation	(48) Number of Mayoral Imbizos held	8 imbizos held	8 Mayoral Imbizos held by 31 December 2024	Achieved	Fully Effective	N/A	N/A	Attendance Registers and Report R800,000.00
	To ensure that all findings raised in the AG's report are addressed.	(5) Number of meetings held to track progress on PAAP implementation	2 Meetings to track PAAP Implementation	4 Meetings by 30 June 2025	0 meetings held	Performance not fully effective	Meetings held were initiated by the AG	KPI will be refined in the future	Attendance Register and a report on the progress on PAAP implementation 0.00
	To provide for Mayoral special projects/programs	(43) Number of Older persons & disability programme done	Programme not done due to non-availability of funds	4 programmes by 30 June 2025	3 programs	Performance not fully effective	Mayor was not available for one program	N/A	Report of work done/activities undertaken R300,000.00
	To sign Performance agreements to comply with legislation	(13) Number of Performance Agreements signed	6 Performance agreements signed	6 Performance Agreements signed by 30 July 2025	6 Agreements signed	Fully Effective	N/A	N/A	Signed Performance Agreements 0.00
Community Services	To sign Performance Reports with unit managers to	(82) Number of Performance Agreements signed with unit	New KPI	2 Performance Agreements signed by the 31st of July	Not Achieved	Performance not fully effective	1 Manager waiting for LLF to give him go ahead	To be achieved in the next quarter	Signed PA's 0.00

	comply with legislation	managers		2024.						
Office of the Municipal Manager		(3) Number of Performance Agreements signed with unit managers		8 Performance Agreements	Not Achieved	Not Applicable	Agreements have been drafted, only awaiting signature	Will be signed in the new year	Signed Performance Agreements	0.00
Corporate Services		(54) Number of Performance Agreements signed with unit managers		5 Performance Agreements signed by the 31st of July 2024	4	Unacceptable Performance	One Manager didn't sign because of pending dispute	N/A	Signed PA's	0.00
Technical Services		(67) Number of Performance Agreements signed with unit managers	New KPI	4 Performance Agreements signed by the 31st of July 2024.	Not Achieved	Unacceptable Performance	PA's not signed		Signed PA's	0.00
Office of the Municipal Manager	To compile and submit quarterly performance reports to compile with MFMA Sec52	(14) Number of performance reports submitted to Council	4	4 Quarterly performance reports submitted to Council	4 Reports	Fully Effective	N/A	N/A	Quarterly Performance Reports and Council Resolution	0.00
	To assess/review the performance of senior managers to comply with legislation	(15) Number of Performance Reviews conducted	2	2 Performance Reviews conducted by 30 June 2025	Not Applicable	Performance not fully effective	1 Review conducted	Annual Review to be conducted after year end	Attendance Register, scoresheets and Performance Assessment Report	0.00
	To enhance public participation	(53) Number of public meetings held	4	3 meetings per quarter at each ward by 30 June 2025	3 Meetings held	Fully Effective	N/A	N/A	Attendance Register and minutes of meetings held	0.00
		(52) Number of public participation campaigns held		8 public participation campaigns held by 30 June 2025	8 campaigns	Fully Effective	N/A	N/A	Public participation campaign reports and attendance registers	R250,000.00

	To provide progress in PMA oversight to comply with legislation	(19) Number of reports on the implementation of the MPAC plan submitted to Council	2 Reports on the implementation of the MPAC Plan	4 Reports on the implementation of the MPAC Plan submitted to Council by 30 June 2025	3 reports	Performance not fully effective	N/A	N/A	4 Reports and Council Resolution	0.00
	To improve awareness around security	(31) Number of Security Awareness workshops conducted	12	2 Security Awareness workshops conducted by 30 June 2025	Not Achieved	Unacceptable Performance	N/A	N/A	Attendance Register and Presentation copy	0.00
	To enhance public participation	(51) Number of Ward Committee meetings	12 ward committee meetings held	12 ward committees per ward by 30 June 2024	12 ward committees	Fully Effective	N/A	N/A	Minutes of meetings held and attendance registers	0.00
	To provide for Mayoral special projects/programs	(50) Number of youth programs held	1 program held	4 youth programs held by 30 June 2025	3 Programs	Performance not fully effective	Cash not available for one program	Better budgeting in the future	Report of work done	R70, 000.00
Corporate Services	To ensure that all findings raised by the AG are monitored and addressed adequately	(55) Percentage of assigned audit findings raised in the AG Reports and management report resolved	New KPI	Resolving of at least 90% of assigned audit findings raised in the 2022/23 and 2023/24 Audit Report and Management Report by 30 June 2025	54%	Performance not fully effective	N/A	N/A	PAAP for 2022/23 and PAAP for 2023/24	0.00
Technical Services		(68) Percentage of assigned audit findings raised in the AG Reports and management report resolved			54%	Performance not fully effective	N/A	N/A	PAAP for 2022/23 and PAAP for 2023/24	0.00
Office of the Municipal Manager		(2)Percentage of assigned audit findings raised in the AG Reports and		Resolved AG Audit findings	90%	Fully Effective	N/A	N/A	PAAP progress report for 2022/23 and PAAP progress report for	0.00

		management report resolved							2023/24	
Planning and LED		(115) Percentage of assigned audit findings raised in the AG Reports and management report resolved		Resolving of at least 90% of assigned audit findings raised in the 2022/23 and 2023/24 Audit Report and Management Report by 30 June 2025	N/A	Not Applicable	Audit Findings not assigned	N/A	PAAP 2022/23 PAAP 2023/	0.00
Budget and Treasury Unit		(91) Percentage of assigned audit findings raised in the AG Reports and management report resolved			54%	Not Applicable	N/A	N/A	PAAP for 2022/23 and PAAP for 2023/24	0.00
Community Services		(83) Percentage of assigned audit findings raised in the AG Reports and management report resolved			90%	Fully Effective	No audit findings found in this Directorate	N/A	PAAP for 2022/23 and PAAP for 2023/24	0.00
Office of the Municipal Manager	To improve security around municipal buildings	(34) Refurbished Municipal Parking		Refurbished Municipal Parking by 30 June 2025	Achieved	Fully Effective	N/A	N/A	Specification, Advert and Completion Certificate	R 650,000.00
	To approve the 2025/26 IDP Review to comply with legislation.	(9) Reviewed 2026/27 Approved IDP	2025/26 Reviewed IDP approved in May 2024	2026/27 Approved IDP (Reviewed) by 31 May 2025	Achieved	Fully Effective	N/A	N/A	2026/27 IDP and Council Resolution	0.00
	To train others about risk management to enable compliance	(23) Risk awareness Training conducted	Risk awareness Training not conducted	Risk awareness Training 30 June 2025	Achieved	Fully Effective	N/A	N/A	Attendance Register and Presentation	0.00
	To enhance public participation and	(7) Number of IDP steering	2 IDP steering committee held	12 steering Committee	Meetings not held	Performance not fully	Unavailability of stakeholders	The meetings will be combined with future	Attendance Register and	0.00

	to obtain inputs from external sector departments.	Committee meetings held		meetings 30 June 2025		effective		Budget steering committee meetings	Minutes	
	To table the 2023/24 Annual Report to comply with Sec 121 of the MFMA	(16) Tabled 2023/24 Annual Report	2022/23 Annual Report Tabled	Tabled 2023/24 Annual Report by 31 January 2025	Achieved	Fully Effective	N/A	N/A	Tabled Annual Reports and Council Resolution	0.00
	To table the 2025/26 IDP Amendments to comply with legislation	(8) Tabled Draft 2026/27 IDP (Reviewed)	2025/26 Draft IDP tabled in 30 March 2024	Tabled Draft 2026/27 IDP (Reviewed) by 31 March 2025	Achieved	Fully Effective	N/A	N/A	2026/27 Draft IDP and Council Resolution	0.00

KEY PERFORMANCE AREA (KPA 3) : SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
Department	Strategic Objective	Key Performance Indicator	Baseline	Annual Target	Annual Actual	Performance Assessment	Reason(s) for Variance	Corrective Measure	Means of Verification	Annual Budget
Community Services	To maintain municipal parks and stadiums	(88) Construction of a perimeter wall at Borakalalo stadium	New KPI	Constructed a perimeter wall at Borakalalo stadium by 30 June 2025	Achieved	Fully Effective	N/A	N/A	Specifications, Appointment letter, Progress Report EIA Report	R2M
	To extend the DLTC building in order to increase revenue	(90) Extended the DLTC building		Extended the DLTC building by 30 June 2025	Not Achieved	Unacceptable Performance	Not done due to bidding price that was higher than the budget	To be implemented in the next financial year	Specifications, Appointment letter, Progress Report, Completion certificate	R1,5M
	To maintain municipal parks	(89) Maintained parks and sports		Parks and sports fields	Not Achieved	Performance not fully	Due to budget cut during the	To be implemented in the next financial year	Specifications, Appointment	R2M

	and stadiums	filed		maintained by 30 June 2025		effective	budget adjustment		letter, Progress Report, Completion certificate	
	To maintain cemeteries in the Municipal area	(86) Number of cemeteries fenced in Zeerust.	NEW KPI	1 cemetery fenced (in Zeerust) by 30 June 2025	Not Achieved	Unacceptable Performance	Awaiting SCM processes to unfold	Follow up on SCM processes.Specification and adjudication committees must adhere to sitting schedule	Specifications, Appointment letter, Progress Report, completion certificate	R2M
		(85) Number of EIA conducted for the establishment of new cemeteries (Zeerust and Groot marico)	New KPI	1 EIA conducted for the establishment of new cemeteries in Zeerust and Groot Marico by 30 June 2025	Not Achieved	Performance not fully effective	Project Implementation delayed due to strict adherence to the series of Environmental Regulations	To be implemented in the next financial year	Specifications, Appointment letter, Progress Report EIA Report	R600,000.00
	To improve maintenance of current roads by performing road blading	(77) Number of kilometres of road blading/grading		100 km of road bladed by June 2025	53,8km	Performance not fully effective	Shortage of material	Will be done in the new year	Reports of work done	R5,2M
	To improve maintenance of current roads by patching roads	(78) Number of square meters of road patched	3000 m2	4000 m2 of road patched by June 2025	18251.53m2	Outstanding Performance	N/A	N/A	Reports of work done	0.00
Technical Services	To improve access to roads in Dinokana, ward 11	(74) Number of kilometres of Road paved in Dinokana Ward 11		1.5 km of Road paved in Dinokana Ward 11 by June 2024	1.5km road designs completed	Outstanding Performance	The project was completed at the end of March 2025	N/A	Progress Reports, Practical Hand over certificate	R5.7M
		(70) Number of kilometres of Road paved in Dinokana, Ward 12	New KPI	1.5 km of road paved in Dinokana Ward 12 by June 2025	1.5km road designs completed	Outstanding Performance	The project was completed at the end of March 2025	N/A	Progress Reports, Practical Hand over certificate	R6.3M
	To improve access	(73) Number of		2km of road	2km road	Outstanding	The project was	N/A	Progress	R11.5M

	to roads in Ikageleng	kilometres of Road paved in Ikageleng Ward 15		paved in Ikageleng ward 15 June 2025	designs completed	Performance	completed at the end of March 2025		Reports, Practical Hand over certificate	
	To improve access to roads in Lekgopung	(69) Number of kilometres of Road paved in Lekgophung ward 1.	2.5 km of Road paved in Lekgophung Villa Ward 1	2.5 km of Road Box Cutting, Road Bed and Base at Lekgophung by 15 June 2025	Project still in progress	Fully Effective	N/A	N/A	Progress Reports	R9.4M
	To improve access to roads in Masebudule	(72) Number of kilometres of Road paved in Masebudule, Ward 17	New KPI	2.4 km of road paved Masebudule Ward 17 by June 2025	2.4km of road designs completed	Outstanding Performance	The project was completed at the end of March 2025	N/A	Progress Reports, Practical Hand over certificate	R7.3M
	To improve access to roads in Moshana	(71) Number of kilometres of Road paved in Moshana Village, Ward 2		1.7 of Road of Road Box Cutting, Road Bed, Base and Laying Kerbs at Moshana Ward 2 by June 2025	1.7km of Road Box cutting, road bed, base and laying kerbs completed	Outstanding Performance	The project was completed at the end of March 2025	N/A	Progress Reports, Practical Hand over certificate	R8.6M
	To comply with the legislation governing the management of the landfill sites of Municipalities	(84) Number of landfill sites fenced in Lehurutshe		1 Landfill site fenced in Lehurutshe by 30 June 2025	Not Achieved	Unacceptable Performance	Awaiting Evaluation Committee to evaluate panel of Service Providers	Follow up on SCM processes. Specification and Adjudication	Specifications, Appointment letter, Progress Report, Completion certificate	R4M
Community Services	To increase refuse removal in the municipal area	(87) Number of refuse bins purchased		10 refuse bins purchased by 30 June 2025	Achieved	Fully Effective	N/A	N/A	Specifications, Appointment letter, Progress Report, Proof of Receipt	R600,000.00
Technical Services	To improve access to electricity by increasing	(80) Percentage of paid electricity applications	46 Connections	60% of paid electricity applications	100% (40 applications received)	Outstanding Performance	N/A	N/A	Job Cards applications and receipts	R3M

	connections	connected		connected by June 2025	and 40 connections made)					
	To improve access to sewer by increasing sewer connections	(75) Percentage of paid sewer applications connected	60%	60% of paid sewer applications connected by June 2025	86% (14 applications received and 12 connections made)	Outstanding Performance	N/A	N/A	Job Cards, applications and receipts	R3,95M
	To improve access to water by increasing water connections	(76) Percentage of paid water applications connected	65%	65% of paid water applications connected by June 2025	84% (25 applications received and 21 connections made)	Outstanding Performance	N/A	N/A	Job Cards, applications and receipts	R1,56M
	To improve maintenance of storm water	(79) Number of meters of storm-water maintained	512m2	1000m of stormwater maintained by 30 June 2025	512m2	Performance not fully effective	Inadequate Resources and shortage of staff	Position of manager has been advertised	Reports of work done	0,00



				Resolving 80% of all power failures/outages complaints in the RMLM licensed area (telephonic, written and verbal) received in accordance to NRS- 047-1 Electricity Supply Quality of Service (Minimum Standard) by 30 June 2025 (Time to resolve customer complaints received in person/telephonic – 24 hours. Time to resolve customer written complaints - 2 weeks)						
	To address challenges brought by power outages	(81) Percentage of power failure/outage complaints resolved	New KPI		100%(794 power outages resolved)	Outstanding Performance	N/A	N/A	Reports of work done	0.00

KEY PERFORMANCE AREA (KPA 4) : FINANCIAL VIABILITY AND MANAGEMENT										
Department	Strategic Objective	Key Performance Indicator	Baseline	Annual Target	Quarter Actual	Performance Assessment	Reason(s) for Variance	Corrective Measure	Means of Verification	Annual Budget
Budget and	To compile a	(94) 2024/2025.	2023/24.	2024/25.	Achieved	Fully Effective	Item to be sent	item to be sent to	2023/24.	0.00



Treasury Unit	funded and realistic budget annually for approved by Council by the end of May each year.	Adjusted budget submitted to Council for approval	Adjusted budget submitted to council.	Adjusted budget submitted to Council for approval by 28 February 2025.			to Council	council in February for the adjustment of budget	Adjusted budget submitted to council.	
		(95) 2025/2026 draft budget tabled to council	2024/25 Draft budget tabled to council on 31 March 2024.	2025/26 draft budget tabled to council by 31 March 2025	Achieved	Fully Effective	Item to be sent to Council	item to be sent to council for noting	Draft Budget and Council Resolution	0.00
		(96) 2025/26 budget tabled to council for approval	2024/25 Budget tabled to council on 31 May 2024.	2025/26 budget tabled to council for approval by the 31 May 2025.	Achieved	Fully Effective	N/A	N/A	2024/25 Budget tabled to council on 31 May 2024.	0.00
	To ensure 100% compliance annually to legislatively prescribed financial report requirements.	(99) Annual Financial Statements submitted to the Auditor General	AFS submitted to AG on 31 August 2023	Annual Financial Statements submitted to the Auditor General by 31 August 2024	Achieved	Fully Effective	N/A	N/A	AFS and Council resolution	0.00
		(100) Approved procurement plan	Procurement plan approved	Approved procurement plan by 30 June 2024	Achieved	Fully Effective	N/A	N/A	Approved procurement plan and Council Resolution	0.00
	To promote Financial Viability and accountability	(107) Audit Action Plan submitted to Council	Action plan submitted and approved by Council by 31 Jan 2024	Audit Action plan submitted to Council by 31 January 2025	Achieved	Fully Effective	N/A	N/A	Audit Auction Plan and Council Resolution	0.00
		(93) Net debtors' days	Net debtors' days on 30 June 2024.	Net debtors' days by 30 June 2025.	Achieved	Fully Effective	Item to be sent to Council	item to be sent to council in February for the adjustment of budget	Debtors age analysis, Revenue/Billing Report and Write off reports if applicable. (circular 71	0.00

									ratios)	
Corporate Services	To train municipal employees	(63) Number of learning interventions conducted	10	10 learning interventions conducted d by 30 June 2025	13	Outstanding Performance	Demand was high, training supported by SALGA and COGTA as well	N/A	Attendance Registers,	R500,000.00
Budget and Treasury Unit	To promote Financial Viability and accountability	(109) Number of Municipal Property Rates Act submitted to council	4	4 reports on Municipal Property Rates Act submitted to council by 30 June 2025	Achieved	Fully Effective	N/A	N/A	Report and council resolution	0.00
	To ensure 100% compliance annually to legislatively prescribed financial report requirements.	(97) Number of Performance and budget reports (Sec 52) submitted to council		4 Quarterly performance and budget reports submitted to council by 30 June 2025	Achieved	Fully Effective	N/A	N/A	Section 52 (d) reports and council resolution	0.00
		(102) Number of reports on management of contracts	4 reports on the management of contracts	4 reports on the management of contracts by 30 June 2024	4 Reports	Fully Effective	N/A	N/A	4 Reports and Council resolution	0.00
	To ensure 100% compliance annually to legislatively prescribed financial report requirements	(103) Number of reports on management of UIF&W	4 Reports on management of UIF&W	4 Reports on management of UIF&W by 30 June 2024	4 Reports	Fully Effective	N/A	N/A	4 Reports and Council resolution	0.00
	To promote Financial Viability and accountability	(108) Number of Reports on the implementation of the Audit Action Plan submitted to Council	0	2 reports submitted to Council	Achieved	Fully Effective	N/A	N/A	Progress reports submitted to Council	0.00

	To ensure 100% compliance annually to legislatively prescribed financial report requirements	(101) Number of SCM Reg 6(3)&(4) Report submitted to Council	4 SCM Reg 6(3)&(4) Report submitted	4 SCM Reg 6(3)&(4) Reports submitted 30 June 2025	Achieved	Fully Effective	N/A	N/A	4 reports and Council Resolution	0.00
	To promote Financial Viability and accountability	(98) Number of Section 71 reports submitted within 10 working days after month end	12 Section 71 reports submitted within 10 working days after month end by 30 June 2024	12 Section 71 reports submitted within 10 working days after month end by 30 June 2025.	Achieved	Fully Effective	N/A	N/A	Section 71 reports, proof of submission to the Mayor and provincial treasury and acknowledgement of receipts from the Mayor	0.00
Office of the Municipal Manager	MIF Funding spent to ensure the upgrading and maintenance of infrastructure in the Municipality	(1) Rand Value spent on MIG grants allocated to the Ramotshere Moiloa Local Municipality	New KPI	100%	100%	Outstanding Performance	N/A	N/A	MIG Expenditure Report. Projects Progress Reports	R 45, 209, 000
Budget and Treasury Unit	To promote Financial Viability and accountability	(110) Receipts from debtors expressed as a % of total revenue for the period from 1 July 2020 to 30 June 2025.		90% Receipts from debtors expressed as a % of total revenue for the period from 1 July 2020 to 30 June 2022.	Achieved	Fully Effective	N/A	N/A	List of debtors' receipts, Revenue Report Control levy summary	0.00
		(111) Supplementary valuations conducted	1 Supplementary valuations conducted by 30 June 2021.	Supplementary valuations conducted by 30 June 2025.	Achieved	Fully Effective	N/A	N/A	Supplementary valuations roll	0.00
	To promote Financial Viability	(92) Number of physical	4 physical verification of	4 physical verification of	Achieved	Fully Effective	N/A	N/A	Physical verification	0.00

	and accountability	verification of assets conducted	assets conducted	assets to be conducted by 30 June 2025					reports	
	To ensure 100% compliance annually to legislatively prescribed financial report requirements.	(104) Number MFMA sec 66 Reports submitted	12 MFMA SEC66 reports submitted	12 MFMA SEC66 reports submitted by 30 June 2025	Achieved	Fully Effective	N/A	N/A	12 reports and Council Resolution	0.00
	To ensure 100% compliance annually to legislatively prescribed financial report requirements	(105) Number of Sec 11 reports submitted	4 reports	4 sec 11 reports submitted by 30 June 2025	Achieved	Full Effective	N/A	N/A	4 reports and council resolution	0.00
	To ensure 100% compliance annually to legislatively prescribed financial report requirements	(106) Percentage of creditors/ suppliers invoices submitted to BTO to be paid within 30 days.	Creditors paid within 30 days	100% of creditors/ suppliers invoices submitted to BTO to be paid within 30 days. by 30 June 2024	Achieved	Full Achieved	N/A	N/A	4 reports and council resolution	0.00
	To promote financial viability and accountability	(112) Number of billing reports submitted to Council	12 Billing reports	12 Billing reports submitted by 30 June 2025	Achieved	Fully Effective	N/A	N/A	Billing reports and Council Resolution	0.00
		(113) Number of reports on debtors management	12 reports on debtors management	12 reports on debtors management submitted to Council by 30 June 2025	Achieved	Fully Effective	N/A	N/A	12 Reports on debtors management and Council resolution	0.00

KEY PERFORMANCE AREA (KPA 5) : ENSURING INTERATED DEVELOPMENT PLANNING FOR THE MUNICIPALITY										
Department	Strategic Objective	Key Performance Indicator	Baseline	Annual Target	Quarter Actual	Performance Assessment	Reason(s) for Variance	Corrective Measure	Means of Verification	Annual Budget
Planning and LED	To sign Performance Reports with unit managers to comply with legislation	(114) Number of Performance Agreements signed with unit managers	New KPI	Performance Agreements signed by the 31st of July 2024	Not Achieved	Not Applicable	NO VARIANCE	NOT AVAILABLE	Signed PA's	0.00

KEY PERFORMANCE AREA (KPA 6) : MUNICIPAL PLANNING AND DEVELOPMENT										
Department	Strategic Objective	Key Performance Indicator	Baseline	Annual Target	Quarter Actual	Performance Assessment	Reason(s) for Variance	Corrective Measure	Means of Verification	Annual Budget
Planning and LED	Enhanced Sustainable Environmental Management and Social development	(121) 100% Building control inspection conducted	New KPI	100% Building control inspection conducted by 30 June 2025	ACHIEVED	Fully Effective	NO VARIANCE	NOT AVAILABLE	Inspector Register	0.00
Budget and Treasury Unit		(116) 100% building plans considered within 60 days		100% building plans considered within 60 days by 30 June 2025	Not Applicable	Not Applicable			Building Plans Register	0.00
Planning and LED		(117) 100% Land development		100% Land development	Not Achieved	Not Applicable	NO VARIANCE	NOT AVAILABLE	Register and (Dis)approvals	0.00

			applications considered within 120 days (Date received and Approved)		applications considered within 120 days (Date received and Approved) by 30 June 2025	Not Achieved	Not Applicable	NO VARIANCE	NOT AVAILABLE	Register and (Dis)approvals	0.00
			(120) 100% land use inspections on valuations roll discrepancies		100% land use inspections on valuations roll discrepancies by 30 June 2025	Not Achieved	Not Applicable	NO VARIANCE	NOT AVAILABLE	Report to Revenue on identified discrepancies	0.00
						Not Achieved	Not Applicable	NO VARIANCE	NOT AVAILABLE	Report to Revenue on identified discrepancies	0.00
			(118) 100% Township established considered within 6 months		100% Township established considered within 6 months (Date received and Approved) by 30 June 2025	ACHIEVED	Fully Effective	NO VARIANCE	NOT AVAILABLE	Register and (Dis)approvals	0.00
			(132) Develop Liberation Route Strategy		Developed Liberation Route Strategy	Not Achieved	Unacceptable Performance	NO REPORT	NOT AVAILABLE	Specification, Appointment, Progress Report and Strategy	0.00
			(128) Development of (SADEC) N4 Corridor Strategy	Developed (SADEC) N4 Corridor Strategy by 30 June 2025	Developed (SADEC) N4 Corridor Strategy by 30 June 2025	ACHIEVED	Fully Effective	NO VARIANCE	NOT AVAILABLE	Specification, Appointment, Progress Report and Strategy	0.00
			(127) Development of Local Economic Development Strategy, Implementation and Investment	Developed Local Economic Development Strategy by 2023/24	Developed Local Economic Development Strategy, Implementation and Investment Plan by 30 June	ACHIEVED	Fully Effective	NO VARIANCE	NOT AVAILABLE	Specification, Appointment, Progress Report and Local Economic Development Strategy,	0.00
	Increased Investment into the economy										

	Plan		2025					Implementation and Investment Plan	
Enhanced Sustainable Environmental Management and Social development	(123) Established Township for Ikageleng for Ext3 New Sites	New KPI	Established Township for Ikageleng for Ext3 New Sites by 30 June 2025	ACHIEVED	Fully Effective	Awaiting for appointment of panel for professional services (Town Planning)	appointment of the panel be finalized	Specification, Appointment, Application and Approval	R500,000.00
	(122) Identification of land suitable for cemetery for Groot Marico and Zeerust (EIA and land development application)		Identification of land suitable for cemetery for Groot Marico and Zeerust (EIA and land development application) by 30 June 2025	ACHIEVED	Fully Effective	NO VARIANCE	NOT AVAILABLE	Draft Basic Assessment Report and Land Application	R1M
Increased Investment into the economy	(129) Number of LED Forum Meetings held	4	4 meetings held for LED Forum by 30 June 2025	Not Achieved	Unacceptable Performance	NO MEETINGS WERE HELD AS THE DEPARTMENT DDINT HAVE A DIRECTOR	NOT AVAILABLE	Minutes, Attendance, Registers	0.00
	(130) Number of LED Submit	New KPI	1 LED Submit held by 30 June 2025	Not Achieved	Unacceptable Performance	NO VARIANCE	NOT AVAILABLE	Agenda, Register and Invitations	R100,000.00
Increased Access to Housing	(124) Number of reports on Facilitation of Human Settlement Projects	4	4 Reports on Facilitation of Human Settlement Projects by 30 June 2025	ACHIEVED	Fully Effective	NO VARIANCE	NOT AVAILABLE	Report to Council	0.00
	(126) Number of	New KPI	4 Reports on	Not	Unacceptable	NO REPORT	NOT AVAILABLE	Report to Council	0.00

		Reports on formalization of informal settlement		formalization of informal settlement	Achieved	Performance				
	Increased Investment into the economy	(131) Number of reports on Monitoring of Social Labour Plans	4	4 Reports on monitoring of Social Labour Plans by 30 June 2025	ACHIEVED	Fully Effective	NO VARIANCE	NOT AVAILABLE	Reports to Council	0.00
	Increased Access to Housing	(125) Number of reports on Profiling and informal settlement coordination	New KPI	4 Report on profiling and informal settlement coordination by 30 June	ACHIEVED	Fully Effective	NO VARIANCE	NO VARIANCE	Report to Council	0.00
	Enhanced Sustainable Environmental Management and Social development	(119) Percentage Respond to illegal land invasion within 48 hours	New KPI	100% Respond to illegal land invasion within 48 hours by 30 June 2025	ACHIEVED	Fully Effective	NO VARIANCE	NOT AVAILABLE	Report to Municipal Manager	0.00