DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY (DC39)

ANNUAL REPORT 2024-2025

CONTENTS

CONTENTS 2

REVISED ANNUALREPORT TEMPLATE 6

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY 7

COMPONENT A: MAYOR'SFOREWORD 7

- THE OFFICE OF THE SPEAKER 9

COMPONENTB:EXECUTIVESUMMARY 10

1.1. MUNICIPAL MANAGER'S OVERVIEW 10
1.2. MUNICIPAL FUNCTIONS,POPULATION AND ENVIRONMENTAL OVERVIEW 12
1.3. SERVICE DELIVERY OVERVIEW 25
1.4. FINANCIAL HEALTH OVERVIEW 46
1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW 46
1.6. AUDITOR GENERAL REPORT 47
1.7. STATUTORY ANNUAL REPORT PROCESS 47

CHAPTER2–GOVERNANCE 49

COMPONENTA:POLITICAL AND ADMINISTRATIVE GOVERNANCE 49

2.1 POLITICAL GOVERNANCE 50
2.2 ADMINISTRATIVE GOVERNANCE 55

COMPONENT B: INTERGOVERNMENTAL RELATIONS 61

2.3 INTERGOVERNMENTAL RELATIONS 63

COMPONENTC: PUBLICACCOUNTABILITY AND PARTICIPATION 67

2.4 PUBLICMEETINGS 68
2.5 IDPPARTICIPATION ANDALIGNMENT 71

COMPONENT D: CORPORATE GOVERNANCE 77

2.6 RISK MANAGEMENT 77
2.7 ANTI-CORRUPTION AND FRAUD 80
2.8 SUPPLY CHAIN MANAGEMENT 81
2.9 BY-LAWS 82
2.10 COMMUNICATION AND WEBSITES 83
2.11 PUBLIC SATISFACTIONONMUNICIPAL SERVICES 85

CHAPTER3–SERVICEDELIVERY PERFORMANCE (PERFORMANCEREPORTPARTI) 86

COMPONENTA:BASIC SERVICES 86

3.1. WATER PROVISION.. 87

3.2 WASTEWATER (SANITATION) PROVISION 88

3.3 ELECTRICITY..102

3.4 WASTE MANAGEMENT (THISSECTIONTOINCLUDE:REFUSECOLLECTIONS, WASTEDISPOSAL,STREET CLEANING ANDRECYCLING) 103

3.5 HOUSING 113

3.6 FREE BASIC SERVICESAND INDIGENTSUPPORT 114

COMPONENTB:ROADTRANSPORT 115

3.7 ROADS 117

3.8 TRANSPORT(INCLUDING VEHICLE LICENSING &PUBLIC BUSOPERATION).............118

3.9 WASTEWATER (STORMWATER DRAINAGE) 119

COMPONENTC: PLANNING AND DEVELOPMENT 120

3.10 PLANNING.. 121

3.11 LOCAL ECONOMIC DEVELOPMENT(INCLUDING TOURISM AND MARKET PLACES).. 123

COMPONENTD:COMMUNITY&SOCIALSERVICES 125

3.12 LIBRARIES;ARCHIEVES; MUSEUMS;GALLERIES; COMMUNITYFACILITIES; OTHER (THEATRES,ZOOS, ETC)
125

3.13 CEMETORIESAND CREMATORIUMS 126

3.14 CHILDCARE;AGEDCARE;SOCIALPROGRAMMES 127

COMPONENTE:ENVIRONMENTALPROTECTION 130

3.15 ENVIRONMENTAL POLLUTION CONTROL...131

3.16 BIO-DIVERSITY;LANDSCAPE(INCL.OPEN SPACES); ANDOTHER(EG.COASTAL PROTECTION)
132

COMPONENTF: HEALTH 133

3.17 CLINICS.. 133

3.18 AMBULANCE SERVICES 134

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION.................135

COMPONENTG:SECURITYANDSAFETY..138

3.20 POLICE ... 138
3.21 FIRE ... 139
3.22 OTHER(DISASTERMANAGEMENT,ANIMAL LICENCING AND CONTROL,CONTROL OFPUBLICNUISANCES ANDOTHER) ... 142

COMPONENTH: SPORT ANDRECREATION ... 153
3.23 SPORTANDRECREATION ... 153

COMPONENTI:CORPORATE POLICY OFFICES ANDOTHERSERVICES ... 154
3.24 EXECUTIVEAND COUNCIL ... 155
3.25 FINANCIALSERVICES ... 157
3.26 HUMAN RESOURCE SERVICES ... 158
3.27 INFORMATION AND COMMUNICATION TECHNOLOGY(ICT)SERVICES ... 159
3.28 PROPERTY;LEGAL;RISKMANAGEMENT ANDPROCUREMENT SERVICES ... 162

COMPONENT J: MISCELLANEOUS ... 164

COMPONENTK:ORGANISATIONALPERFOMANCESCORECARD ... 165

CHAPTER4–ORGANISATIONALDEVELOPMENTPERFORMANCE ... 195

(PERFORMANCE REPORTPART II) ... 195

COMPONENT A: INTRODUCTIONTO THEMUNICIPAL PERSONNEL ... 195
4.1 EMPLOYEETOTALS,TURNOVER ANDVACANCIES ... 195

COMPONENTB: MANAGINGTHE MUNICIPAL WORKFORCE ... 197
4.2 POLICIES ... 197
4.3 INJURIES,SICKNESS AND SUSPENSIONS ... 199
4.4 PERFORMANCE REWARDS ... 201

COMPONENTC:CAPACITATING THEMUNICIPAL WORKFORCE(4.5) ... 202

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE ... 204
4.6 EMPLOYEE EXPENDITURE ... 204

CHAPTER5–FINANCIALPERFORMANCE ... 205

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE ... 206
5.1 STATEMENTS OF FINANCIAL PERFORMANCE ... 207
5.2 GRAP COMPLIANCE ... 208

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS 209

COMPONENT A: and B AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 209

6.1 AUDITOR GENERAL REPORTS YEAR 2023-2024 209

6.2 AUDITER GENERAL REPORTS 2024-2025...209

GLOSSARY...210

ANNEXURES 213

Annexure A Recommendations of the Audit and Performance Committee. 213

Annexure B Auditor General Report 2024 - 2025 219

Annexure C Audit Action Plan to address AG queries/findings...233

Volume ii Audited Annual Financial Statements 2024-2025 FY...246

REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year-1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit National Treasury

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

It is a great honour and privilege to present the Annual Report of the Dr Ruth Segomotsi Mompati District Municipality.

Our projects and programs, as outlined in this Annual Report, are a direct response to our constitutional mandate. We have made significant progress towards improving democracy and accountability; ensuring provision of services in a sustainable manner; promotion of social and economic development; promotion of a safe and healthy environment; and involving our communities and community organizations in matters of local government.

In this financial year we continued with our efforts to ensure that we collaborate with other key service delivery stakeholders by reviewing our approaches towards agreements and building local partnerships. SLAs with local municipalities in the District which were a previous challenge, however we managed to sign SLAs with our local municipalities in 2023 2024 which are valid for 3 FY and now strive to monitor the SLAs that we have signed. This has really affected the relationship that once existed between this municipality and local municipalities. One can only say that the relationships are growing.

We have also made strides in terms of Magalies debt by reaching consensus on moneys owed. An agreement is in place to repay what is owed which puts the District in a favourable financial position going forward

This report confirms that we are continuing to improve democratisation and transformation of local government; improve access to water; flush/chemical toilets, and refuse removal, notwithstanding the inherent challenges bequeathed by our abhorrent past. There are historic and current challenges such as ageing infrastructure, theft and vandalism of infrastructure; lack of sufficient and reliable water sources; lack of land for proper residential and economic activities; and the infrastructure that was designed to service the privileged few. We are preoccupied with finding solutions to these and other challenges, current and prospective water supply projects, which are anticipated for completion by the end of 2024/2025. The need for the redistribution of land to unlock the economic potential of all South Africans and to achieve our vouched radical socio-economic transformation cannot be deferred any further.

It has been directed that the District Development Model gives opportunities to strengthen IGR mechanism by ensuring all three spheres of government work jointly, plan together and act in one compact force to push the frontiers of poverty backward and accelerate service delivery at the municipal doorstep. Thus, this model is seen as the joint and collaborative planning that will culminate in having a single strategically focused Joined-Up plan (One Plan) from the focal point of the District Municipality.

The Dr Ruth Segomotsi Mompati district is proud to say that we have managed to complete the District Development Plan, however, there have been critical challenges with regard to service delivery during the financial year, and that one would like to highlight because these contributed towards be unable to implement and/or complete some of the infrastructure projects due to:

- Shortfall amounts (projects not fully funded).
- Stoppages of projects by community and SMMEs demanding to be considered as service providers and jobs.
- Lack of MOU between DRSM, LMs and Tribal Authorities.

– Delay in approving budget to be spent on projects by Department of Water & Sanitation.

– Poor performance by consultant to determine the exact funding the project will require.
– Some projects completed but no electricity connection.

The management has since put in place contingency plan to remedy the situation by continuous engaging key funding departments such as COGTA and DWS by:

• Requesting and follow-up with the DWS on the approvals of shortfalls.
• Sourcing additional / external funds for some of the projects and implement in the next financial year.
• Engaging COGTA regarding application made to DWS to approve the shortfall amount of uncompleted projects.
• Continuously engaging with tribal Authorities and ensure implementation of resolutions.
• Resolve issues regarding appointment of SMMEs and community members.

As it was noted earlier, service delivery is at the heart of those responsible for the functioning of local government. My closing remark in our IDP has pledged commitment towards becoming part of an A-Team, which places the interest of its citizens first. The plotting of a strategic pathway towards an improved forecasted economic performance has remained central to the realisation of the District vision of excellence and through innovation, we shall remain true to translating our municipality into a well functioning service delivery model through decisive governance and adequate resources. The management of our intellectual property, through efficient and effective good governance practice, public participation and communication.

The Municipality as a Water Services Authority will continuously strive to archiving equitable and sustainable delivery of water and sanitation services to all its residents along with providing initiatives that seek to re-stimulate the District economy.

We are indebted to our vigilant communities and all the Municipality's oversight structures such as the Council; Portfolio Committees; Municipal Public accounts Committee; our principal advisory committee, the Audit Committee; and our supporting sector Departments in the Provincial and National spheres of our government.

May I take this opportunity to thank all the role players as well as our municipal officials for their unwavering determination and hard work.

We should and will approach the new financial year in high spirit and determination as we have to deliver services to our people.

CLLR M A MAJE
EXECUTIVE MAYOR

The Office of the Speaker

The Office of the Speaker encourages participation of the community and community organisations in the local government matters and to adhere to the democratic values and principles as enshrined in the Constitution of the Republic of South Africa, 1996 which governs the public administration through,

The preparation and review of the Integrated Development Plan
The Oversight report that has to be approved or adopted by the public
Monitoring and review of the performance, including the outcomes and impact of such performance and preparation of the municipal budget.

Public participation also helps to build informed and responsible communities with a sense of belonging to the current government and also the developments of projects. It allows municipalities to get buy-in and to develop partnerships with stakeholders

SPEAKER OF DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY

The functions of the Speaker are set out in sec 37 of the Municipal Structure Act as follows:

- Presides at the meetings.
- Performs the duties and exercise the powers delegated to the speaker by the council.
- Must ensure the council meets at least quarterly.
- Must maintain order during council meetings.

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

The District Municipality, an organization that prides itself as the home of excellence and opportunities for all. Indeed, it is. The Municipality has excelled in the manner in which it has set out systems to achieve its constitutional objectives and functions as spelt out in sections 156 and 229 of the Constitution of the Republic of South Africa, 1996. We have our work cut out to take this excellence to the next level. We are cognisant of the challenges that need to be confronted if we are to add more quality and sustainability to every service we are enjoined to provide, and to serve the population of our District.

Our priorities are to perfect our systems and professionalize our workforce. We need systems that improve our turn - around time for every service we render; systems that promote openness and transparency; and systems that give us value for money. We are committing ourselves to live by, and instill a professional culture in the Municipality by recognizing and rewarding good performance; becoming intolerant of mediocrity; to be open-minded; never to act unprofessionally; never to discriminate; to encourage and support open and effective communication; and to support team- work, collaboration and knowledge sharing.

In June , the council adopted the IDP & MTREF Budget, followed by the approval of the SDBIP by the Executive Mayor. The Council adopted the IDP/Budget Process in August which detailed how it will embark on the review process for on-coming Financial Year.

The IDP & MTREF Budget have been implemented against the backdrop of serious administrative and financial challenges experienced, namely, absence of the substantive CFO, resignations of Senior Managers at critical times. However, these were later resolved after engaging our stakeholders, being COGTA, National and Provincial Treasuries.

During the financial year administratively, we have managed to fill some critical vacant posts. In addition, all other Senior Posts were advertised and are at shortlisting inn terms of the HR processes. We have managed to retain a qualified audit opinion mainly due to the fact that critical posts were not filled and consequences not managed. We believe we are now making strides in this arena and hope to prosper going forward in all areas of the organisation.

We are concerned by our grant dependency status, Sedibeng/Magalies water account and reached an agreement to repay what is owed. We have a duty to do so. Members of the public also have a legal duty to pay for the municipal services they consume. We are also in consultation with our National and Provincial Treasury Departments to explore other available revenue sources so we can respond to identified needs and go even further than the limit of the Division of Revenue Act (DORA) allocation.

In conclusion, there needs to be consistency in improving our Qualified Audit outcome obtained in the Auditor General of South Africa (AGSA) report for the financial year under review. This calls for serious internal controls and consequence management to be implemented where needs be as to ensure Accountability and responsibility as custodians of public funds.

MR I R JONAS
MUNICIPAL MANAGER

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Section 83 (1) states that: A Municipality has the functions and powers assigned to it in terms of sections 156 and 229 of the Constitutions.
Section 83(3) of the Structures Act describes the developmental mandate of District Municipalities, in terms of four aspects:

(1) Ensuring district-wide integrated development planning;
(2) Providing district-wide bulk services,
(3) Building the capacity of local municipalities, and
(4) Promoting the equitable distribution of resources

Powers and functions as included in IDP

Function	**Definition offunction**
Integrated Development Planning (IDP)	Integrated Development planning for the District as a whole, including a framework for IDPs of all municipalities in the area of District Municipalities
Municipal roads and Stormwater	Municipal Roads which forms an integral part of a road transport system for the area of the district municipality as a whole.
Regulation of passenger transport services	Regulation of passenger transport services
Municipal airport	Municipal airports serving the area of the district municipality as a whole
Municipal health services	Municipal Health Services
Water (Bulk & Potable)	Establishment or procurement, operation, management, and regulation of a potable water system, including the services and infrastructure required for the regulation of water conservation, purification, reticulation and distribution
Fire Fighting Services	1) Planning; Coordination and regulation of fire services; 2) Specialised fire fighting services; 3) coordination of the standardisation of infrastructure, vehicles, equipment and procedures (iv) training of fire officers.
Bulk Supply of Electricity	The transmission, distribution, and where applicable, the generation
Abattoirs	The establishment, conduct & control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the District.
Cemeteries and Crematoria	The establishment, conduct and control of cemeteries and crematoria serving the area of a major proportion of municipalities in the District.

Function	Definition offunction
Sanitation Solid waste disposal sites	Establishment or procurement, where appropriate, provision, operation, management, maintenance and regulation of a system, including infrastructure for the collection, removal and disposal or purification of human excreta and domestic waste-water. In so far as it relates to 1) The determination of waste disposal strategy 2) Regulation of waste disposal 3) The establishment, operation and control of waste disposal sites, bulk waste transfer facility for more than one local municipality in the district
Local Tourism	Promotion of Local Tourism for the area of the District Municipality
Municipal Public Works	Municipal Public Works relating to any of the above functions or any other functions assigned to the District Municipality
Grants	The receipt allocation and, if applicable, the distribution of Grants made to the District Municipality
Taxes & Levies	The imposition of taxes and levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.

Introduction to background data

The vision of the Dr. Ruth S. Mompati District Municipality is "Developmental district, where sustainable service delivery is prioritised and realised". This vision is supported by the deliverables of the DRSM DM Integrated Development Plan. Which seeks to align and integrate with policies at the national and provincial level as well as with other spheres of government through the following key performance areas: Municipal transformation and institutional development; Basic Services and infrastructure development; Local Economic development; Financial Management and Viability; Good governance and community participation.

Each priority is supported by strategic objectives that address developmental challenges and provide actions to successfully achieve the goals identified in the key performance areas for the District.

These include:

- Corporate services and administration: including recruiting, selecting and retaining skilled personnel, provision of good governance and ensuring the alignment of the municipal structure to the IDP;
- Basic services and infrastructure: Provision of Water to communities, provision of sanitation to communities, and develop sustainable roads management plan;
- Local Economic Development: Build cohesive and sustainable communities for economic development and growth, create decent work and sustainable livelihoods.

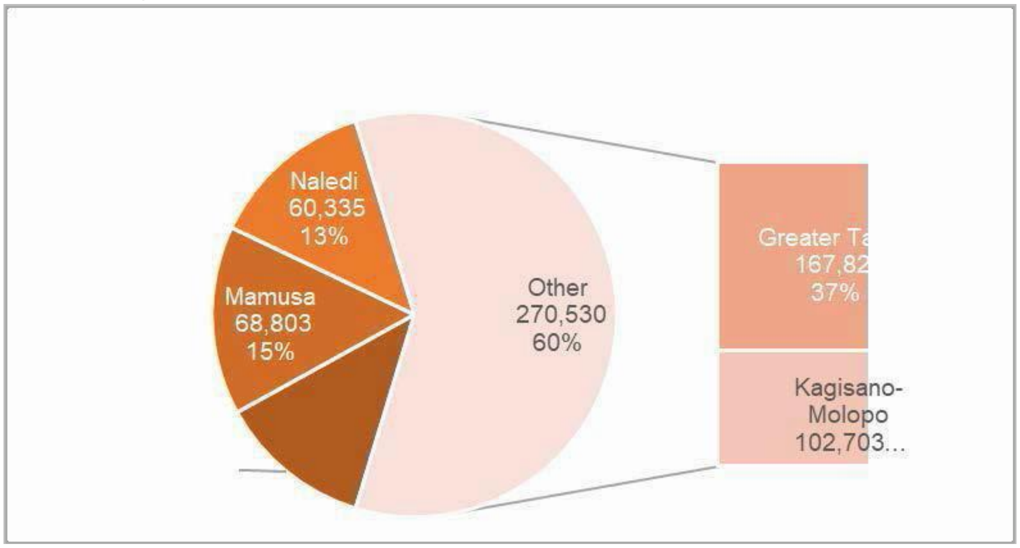
The Dr. Ruth S. Mompati District IDP acts as a broad business plan for the district, and aims to tackle the challenges of poor infrastructure, high unemployment, poverty, provision of education, minimal access to water and sanitation, and the structure of the local economy amongst other challenges that it faces. Emphasis will be put on projects linked to budgets that support the objectives and priorities it outlines.

Demographic Profile

Over a five-year period, the population of the District declined from 463,815 in 2011 to 455,713 in 2016. Some of the primary reasons put forward by persons leaving the District was to pursue economic opportunities in other Districts or provinces. This may have an adverse impact on local economic development as it may result in a shortage of locally available skills as well as the much- needed investment for economic growth and development.

Through the implementation of local economic development initiatives, the District must seek to retain the currently available skills and resources as well as to attract an inflow of capacity, skills and resources from other districts, provinces as well as outside the county.

The following chart is an illustration to the population size of the District, per local municipality:



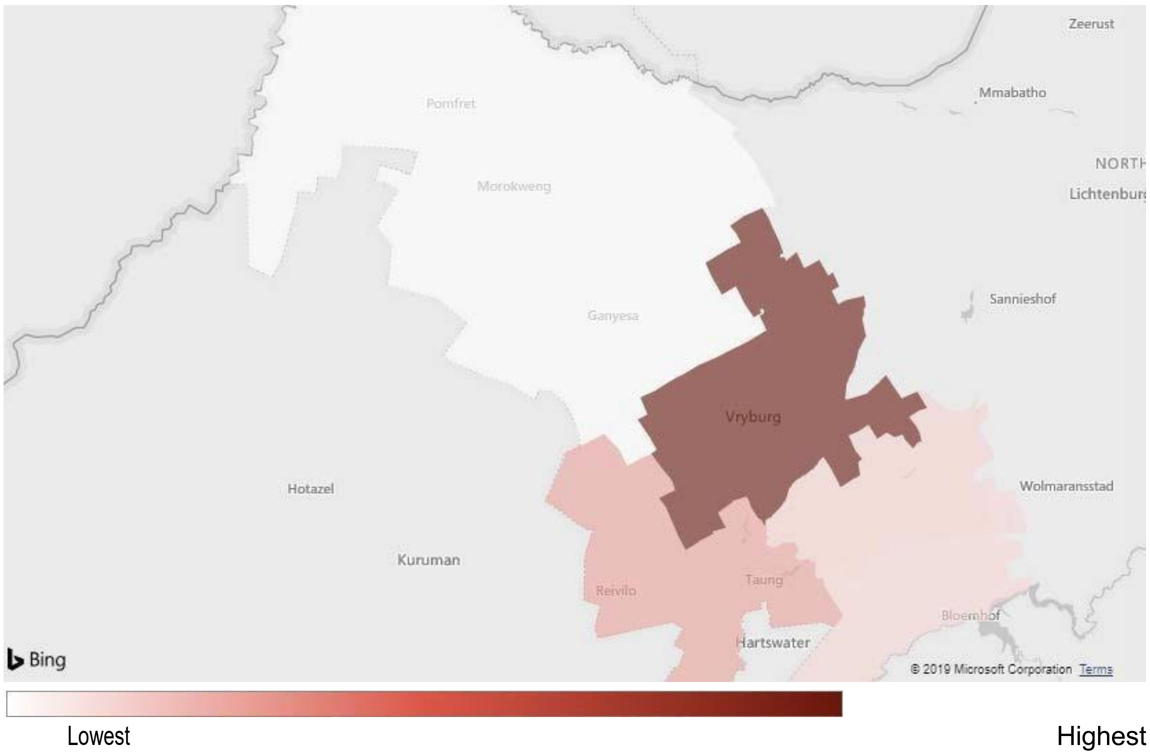
Source:CommunitySurvey:2016

Population Density

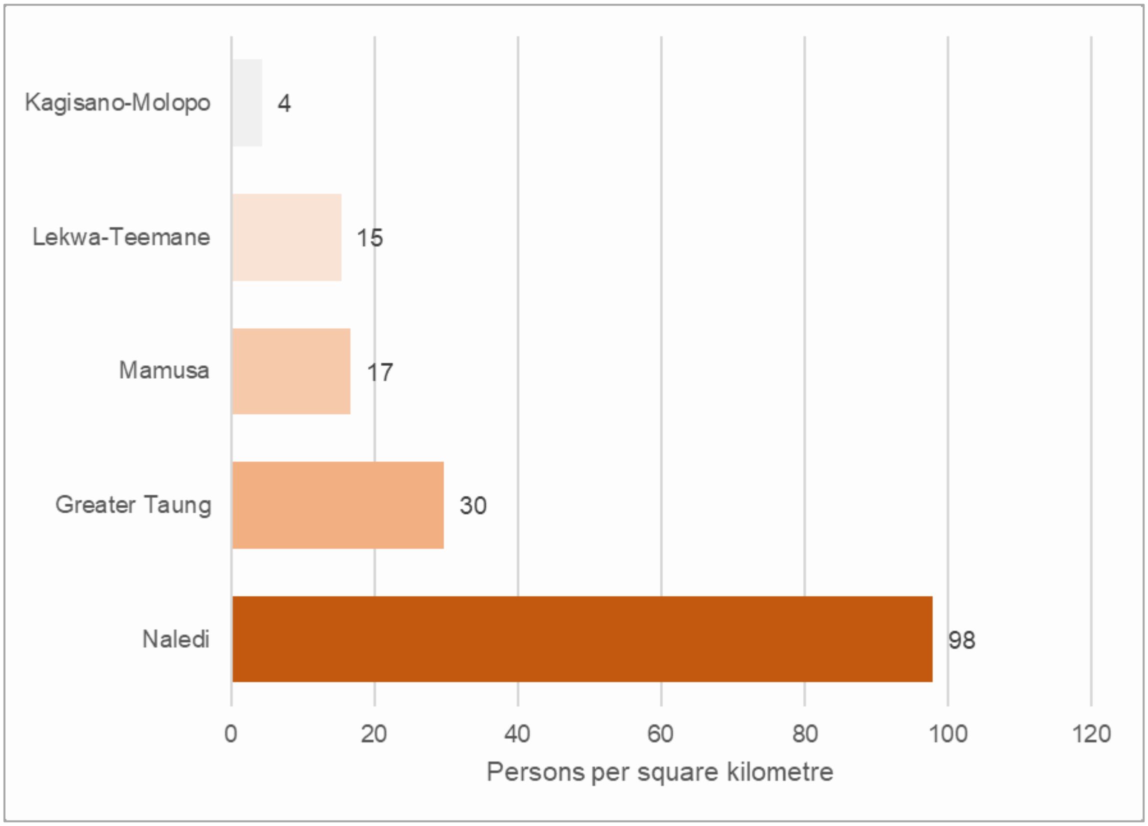
Over a 5 year period, the District's population density has declined from 13 persons per square kilometre in 2011 to 12 persons per square kilometre in 2016. This is indicative of a declining population growth rate. The negative growth rate is potentially driven by a lack of access to economic opportunities, as previously discussed, as well as access to institutions of higher learning such as university access since the nearest universities are located in Mahikeng, Potchefstroom and Kimberly. Naledi has the highest population density in the District and this is indicative of its higher levels of urbanisation if compared to Kagisano-Molopo which has the lowest population density and is predominantly rural.

The following map is an illustration of the population density distribution of the District per local municipality, whereas the chart thereafter shows the population density per local municipality:

Map2: Population density distribution by Local Municipality



Source: CommunitySurvey: 2016

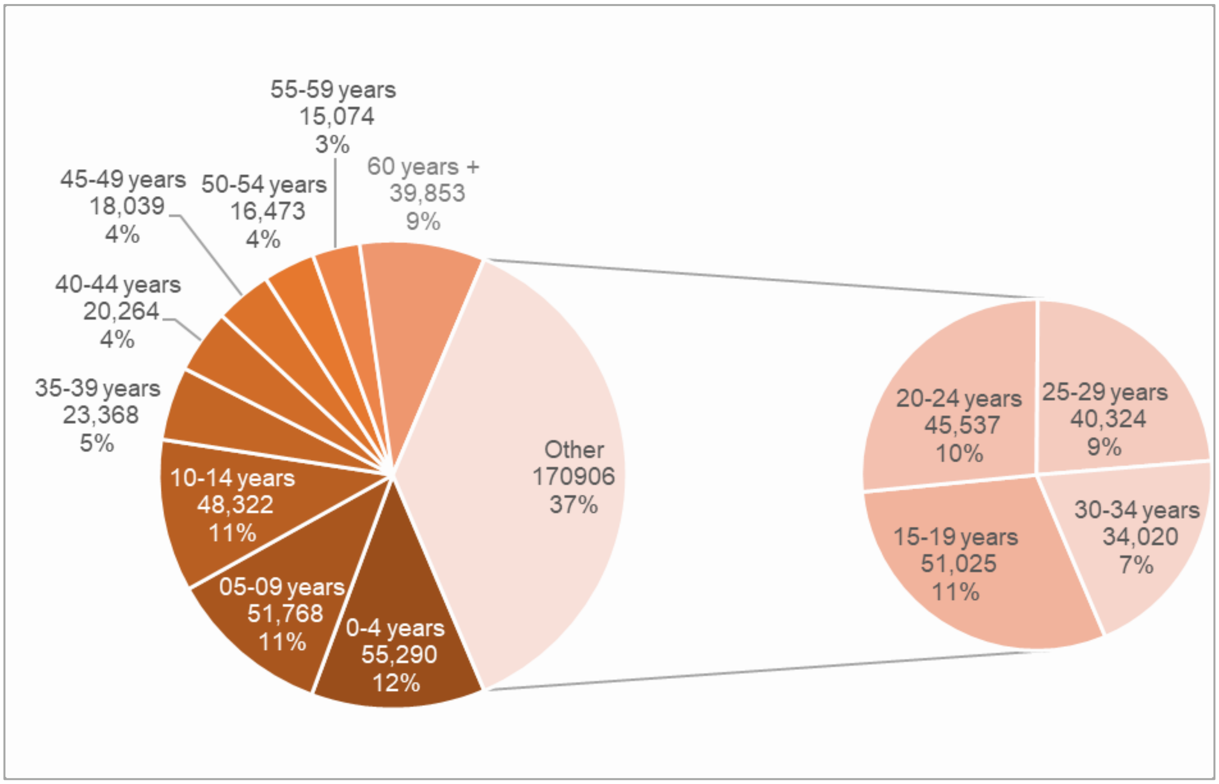


Source:CommunitySurvey:2016

Age Distribution

Approximated 107,906 or 37% of the District's population is between the ages of 15 and 34 years. The smallest population age group, estimated at 15,074 or 3.3% of the population, is between 55 and 59 years. Persons below the age of 15 years are estimated at 155,380 or 34% of the population.

The following chart is an illustration of the District's population size categorised by age group:
Chart 1: Population by Age Group

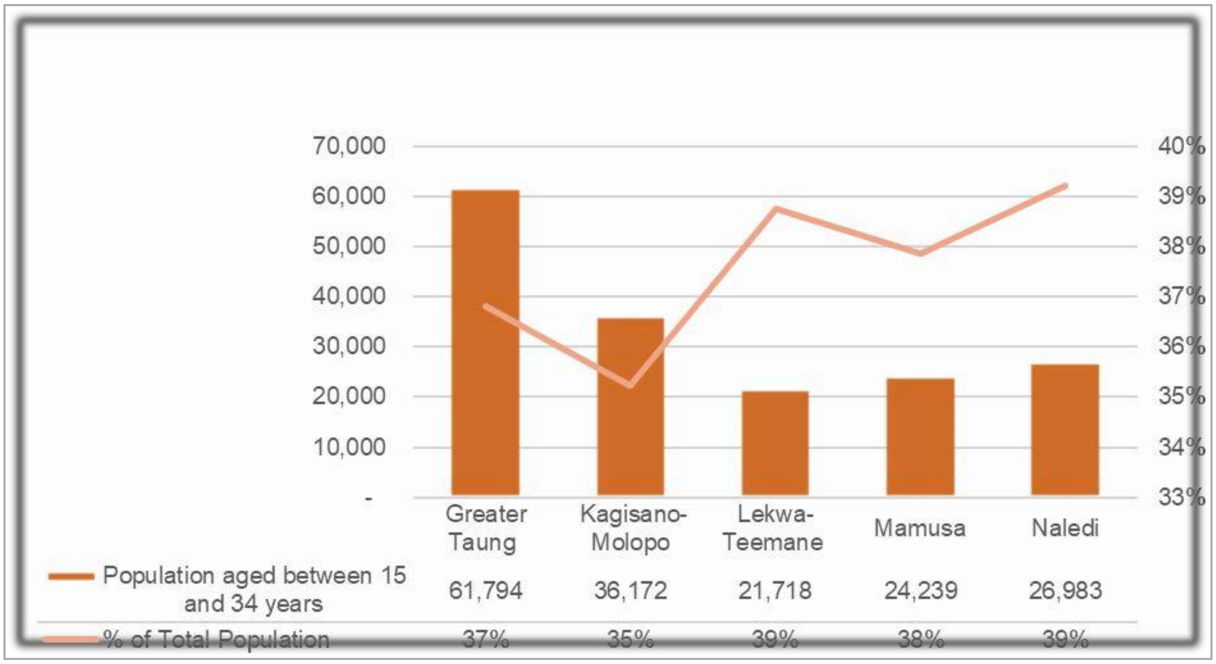


Source:CommunitySurvey:2016

Greater Taung and Kagisano-Molpo have the highest number of persons between the ages of 15 and 34 years which emphasises the need for local economic growth and development efforts to not only put a specific emphasis on the youth but to also include the youth population that live in predominately rural localities, in the District.

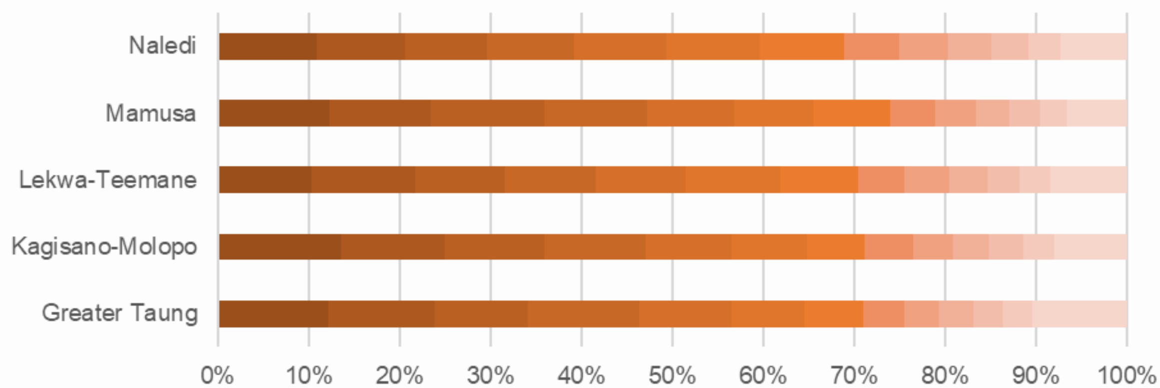
The following chart is an illustration of the number of persons aged between 15 and 34 years per local municipality and the chart thereafter shows the population per age group and local municipality:

Population aged between 15 and 34 years by Local Municipality



Source: Community Survey: 2016

Population by Age Group and Local Municipality

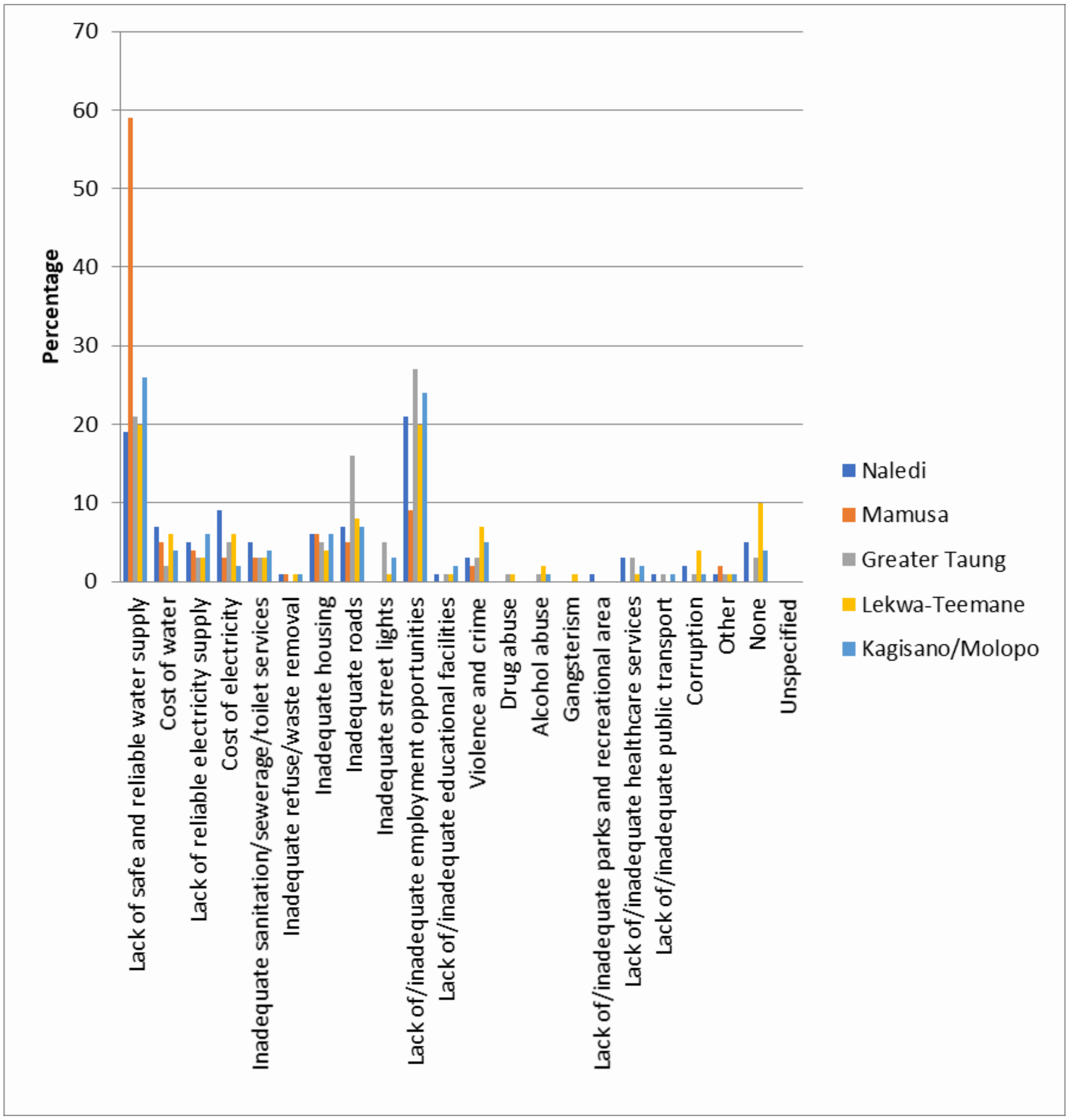


	Greater Taung	Kagisano-Molopo	Lekwa-Teemane	Mamusa	Naledi
0-4 years	20,303	13,866	5,815	7,842	7,464
05-09 years	19,715	11,766	6,398	7,170	6,719
10-14 years	17,295	11,289	5,498	8,034	6,206
15-19 years	20,417	11,392	5,547	7,147	6,522
20-24 years	17,041	9,740	5,563	6,183	7,010
25-29 years	13,437	8,417	5,796	5,552	7,122
30-34 years	10,899	6,623	4,812	5,357	6,329
35-39 years	7,612	5,451	2,885	3,203	4,217
40-44 years	6,444	4,540	2,724	2,899	3,657
45-49 years	6,185	3,964	2,346	2,286	3,258
50-54 years	5,574	3,886	1,993	2,168	2,852
55-59 years	5,356	3,446	1,935	1,924	2,413
60 years +	17,549	8,323	4,712	4,234	5,035

Source: Community Survey: 2016

Population Details				
AGE	MALE	FEMALE	TOTAL	SEXRATIO
Age:0-4	204891	202618	407509	101
Age:5-9	186564	186620	373184	100
Age:10-14	167772	167887	335658	100
Age:15-19	177002	170518	347520	104
Age:20-24	181188	167526	348714	108
Age:25-29	185584	167153	352737	111
Age:30-34	152110	148469	300579	103
Age:35-39	137857	118875	256732	116
Age:40-44	118389	101728	220117	116
Age:45-49	105011	90474	195485	116
Age:50-54	89123	75913	165037	117
Age:55-59	75844	68494	144338	111
Age:60-64	54441	56667	111109	96
Age:65-69	31612	42682	74294	74
Age:70-74	22466	33031	55498	68
Age:75-79	10421	18665	29087	56
Age:80-84	5339	11761	17100	45
Age:85+	3972	9767	13738	41

SOCIO-ECONOMIC STATUS



Overview of local Municipalities within Dr Ruth Segomotsi Mompati District Municipality		
Municipality	**Population**	**Household**
Naledi	68803	20692
Greater Taung	167827	46168
Lekwa-Teemane	56025	16496
Mamusa	64000	15473
Kagisano-Molopo	102703	28274

NATURAL RESOURCES	Relevance to community
Salt oil	Export commodity for economic growth
River Sand Harvesting	Business opportunity
Land for cultivation and livestock production	Food production and sustainability

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The Dr. Ruth Segomotsi Mompati District Municipality is among the areas that have been characterised by socio-economic inequalities that result in high levels of poverty in the areas. However, the district consists of high potential agricultural land and tourism sites. There is also lack of access to basic needs such as portable water supply, which in turn affects the developmental objectives of the district municipality. Most of the rural areas in Dr. Ruth Segomotsi Mompati district municipality are still currently characterised by service delivery backlogs. The inability for communities to access these basic services has led to constraints in improving the quality of life of the rural communities and also achieving economic development within those areas.

The compartmentalized spatial form of settlements and lack of economic opportunities in the district results in community members depending on services located far from their places of living. Consequently, rural communities have to spend more money and time in order to access places of employment and other opportunities. The land development in these regions is scattered with an absence of a strong nodal hierarchy. There are certain factors that influence land use patterns currently which mainly include uneven topography and membership of the community and traditional land allocation practices. Furthermore, the current land use pattern has evolved in response to the economic trends, settlement patterns, rural character of the districts, applicable planning policies and land use management practices such as formal and customary.
Rural

The Dr. Ruth S Mompati District Municipality identifies local economic development (LED) as one of its key performance areas (KPAs)/thematic areas, with its overarching objective to create an environment that promotes the development of the local economy and facilitates job creation. The intended outcome of this objective is improved municipal economic viability.

The Dr. Ruth S Mompati District Municipality is faced with a number of challenges in respect of local economic development, some of which are outlined in the table below:

- Key Challenges High levels of unemployment, poverty and inequality;
- Limited budget for development;
- Low skills level, human capital and experience;
- Attraction of major investment to the district; Poor infrastructure conditions.

The Dr. Ruth S Mompati District economic growth remains a challenge because of poor infrastructure conditions, including roads, water networks or reticulation, communication, electricity and transport networks. The Dr. Ruth S. Mompati District IDP acts as a broad business plan for the district, and aims to tackle the challenges of poor infrastructure, high unemployment, poverty, provision of education, minimal access to water and sanitation, and the structure of the local economy amongst other challenges that it faces. Emphasis will be put on projects linked to budgets that support the objectives and priorities it outlines.

SOCIAL STATISTICS

	Naledi	**Mamusa**	**Greater Taung**	**Lekwa-Teemane**	**Kagisano/ Molopo**
Lack of safe and reliable water supply	19	59	21	20	26
Cost of water	7	5	2	6	4
Lack of reliable electricity supply	5	4	3	3	6
Cost of electricity	9	3	5	6	2
Inadequate sanitation/sewerage/toilet services	5	3	3	3	4
Inadequate refuse/waste removal	1	1	0	1	1
Inadequate housing	6	6	5	4	6
Inadequate roads	7	5	16	8	7
Inadequate street lights	0	0	5	1	3
Lack of/inadequate employment opportunities	21	9	27	20	24
Lack of/inadequate educational facilities	1	0	1	1	2
Violence and crime	3	2	3	7	5
Drug abuse	0	0	1	1	0
Alcohol abuse	0	0	1	2	1
Gangsterism	0	0	0	1	0
Lack of/inadequate parks and recreational area	1	-	0	0	0
Lack of/inadequate health care services	3	-	3	1	2
Lack of/inadequate public transport	1	0	1	-	1
Corruption	2	0	1	4	1
Other	1	2	1	1	1
None	5	0	3	10	4

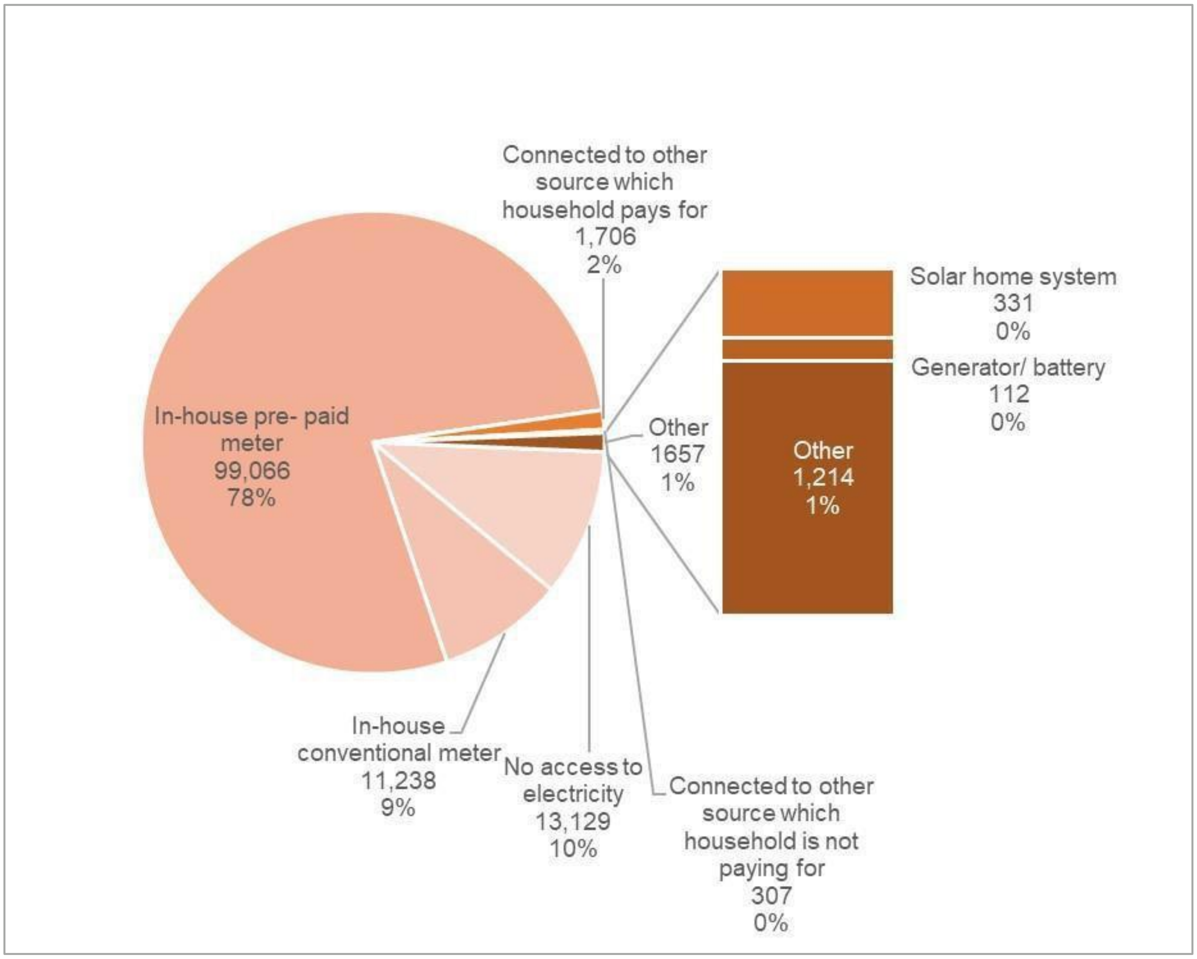
<u>Access to Services</u>

Electricity

Electricity is a basic service and a primary source of energy for most of the households in the District. An estimated 90% of households have access to electricity, with 99,066 (or 78%) households having in-house paid meters. Therefore, it is expected that up to 90% the population have access to 50kWh of free basic electricity per month. Only 1% of households rely on other sources of electricity such as solar home system (331) and generator or battery (112).

The following chart illustrates the number of households with or without electricity by source:

Households with access or no access to electricity by source

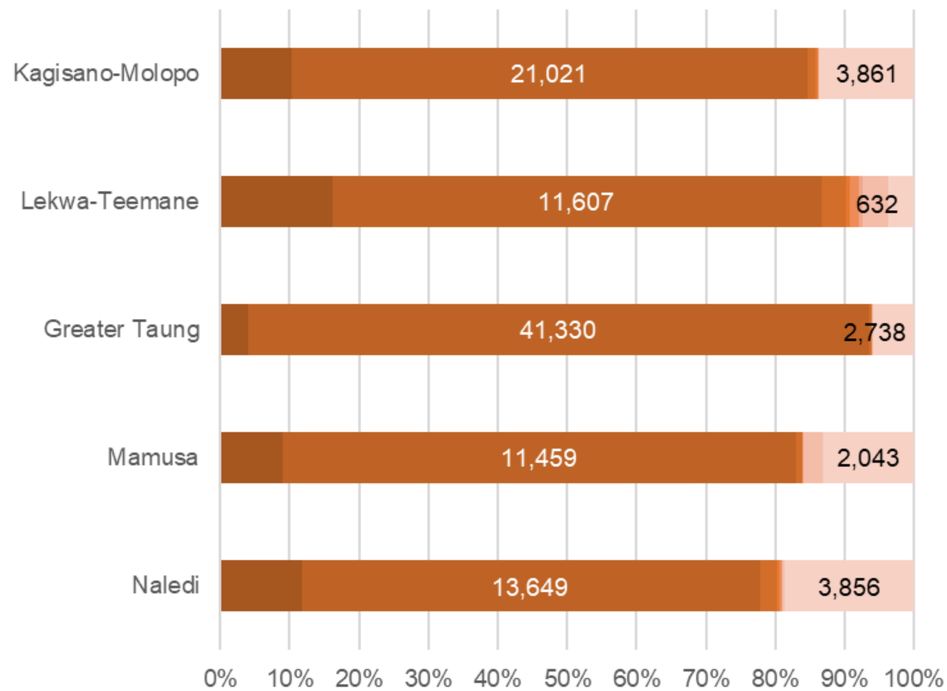


Source: Community Survey:2016

The Kagisano-Molopo and Naledi local municipalities have the highest number of households no access to electricity, including free basic services. Such households may be excluded from the economic opportunities in the District; hence it is critical to ensure that in an effort to implement an all-inclusive strategy such households are considered and included.

The following chart is an illustration of the number of households with or without access to electricity by source and local municipality:

Households with access or no access to electricity by source and local municipality



	Naledi	Mamusa	Greater Taung	Lekwa-Teemane	Kagisano-Molopo
In-house conventional meter	2,441	1,380	1,828	2,677	2,912
In-house pre- paid meter	13,649	11,459	41,330	11,607	21,021
Connected to other source which household pays for	522	134	147	600	303
Connected to other source which household is not paying for	50	0	60	80	117
Solar home system	83	9	6	217	16
Generator/ battery	0	17	5	80	10
Other	91	430	54	603	35
No access to electricity	3,856	2,043	2,738	632	3,861

Source: Community Survey:2016

In terms of households with access to electricity, Eskom is the main supplier of in the District, supplying up to 90.1% of all households. The municipality supplies only 8.8% and the remaining 1.1% of all households rely on other sources. A total of 92.9% of all households with access to electricity use prepaid meters and 6.1% use conventional meters which are read and billed 30 days in arrears, and payable anther 30 days after receiving the bill. Therefore it is expected that households in the District have very low debt, on average, owed to Eskom or the local municipality for electricity.

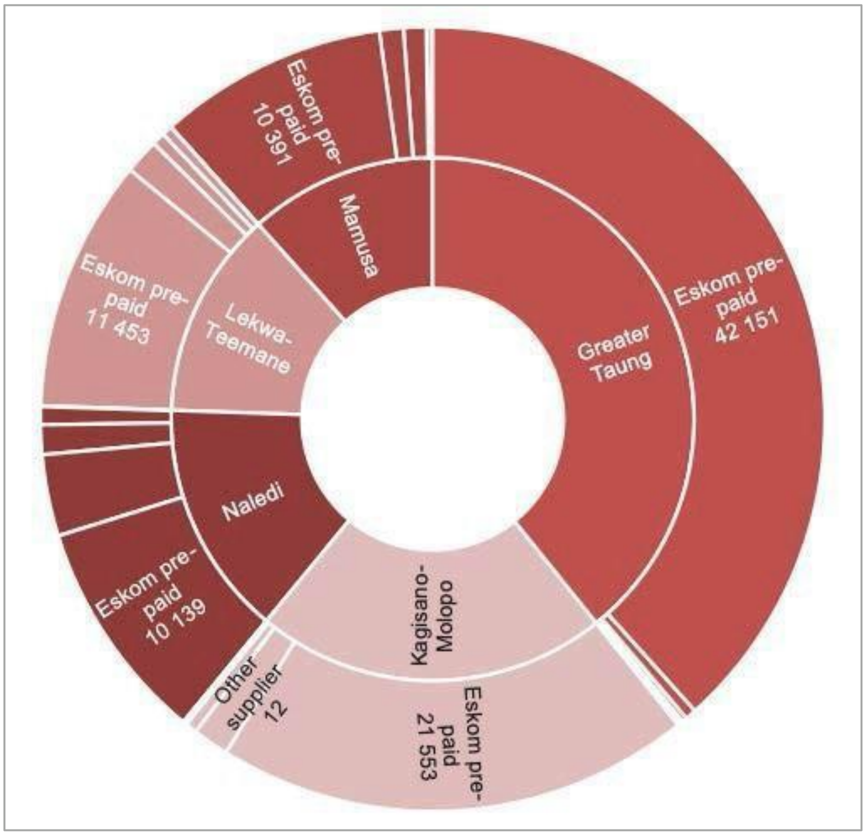
The following chart shows the number of households with access to electricity by the supplier of such electricity and the type of meter:

Number of households with access to electricity by Supplier

Source:CommunitySurvey:2016

The following chart shows the number of households with access to electricity by the supplier of such electricity and the type of meter per local municipality:

Number of households with access to electricity by supplier



Source:CommunitySurvey:2016

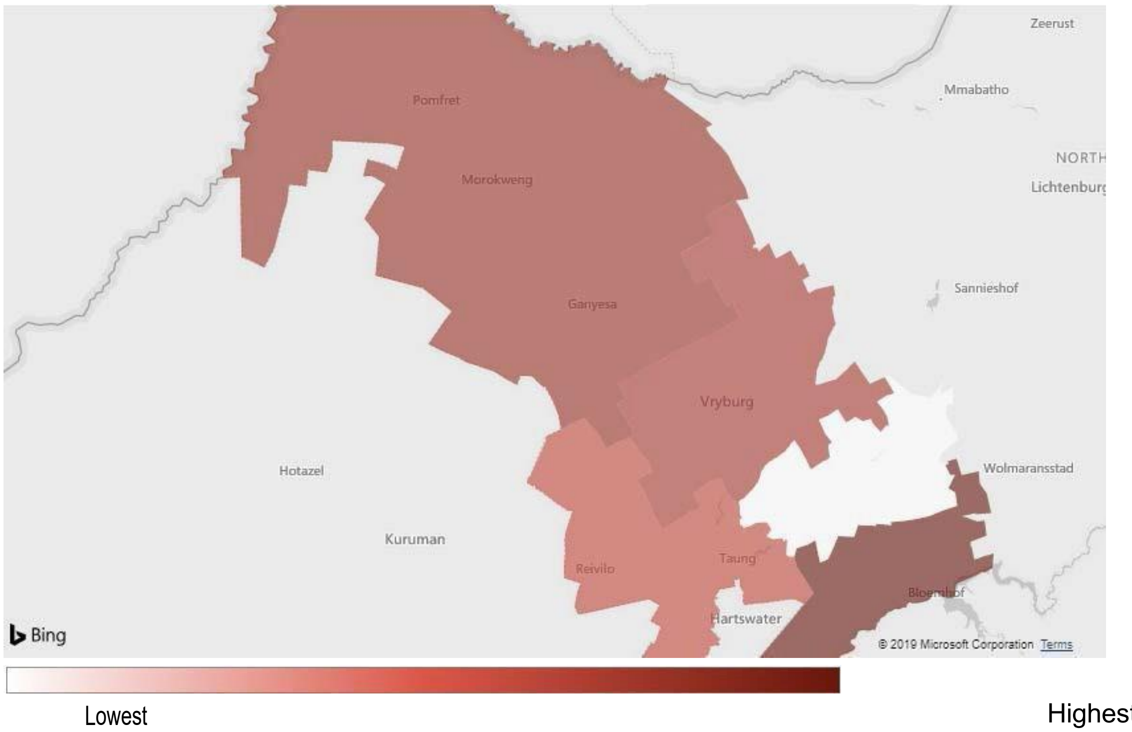
Water

In South Africa access to clean drinking water, also referred to as potable water, is considered a human right, In 1994 the then Department of Water Affairs (DWAF) established the Community Water Supply and Sanitation Programme (CWSS) and its key mandate was to ensure access to potable water for every South Africans and in 2000 a policy to provide indigent households with at least 6KL for free on a monthly basis. Presently, over 85.9% of all households in the District have access to potable water.

The District is a Water Services Authority, with the responsibility to ensure that all households in its jurisdiction have access to potable water, though it has given the local the responsibility to provide this service thereby making them Water Services Providers. Through its role as an authority, the District should ensure access to water which is a key resource for economic growth and development.

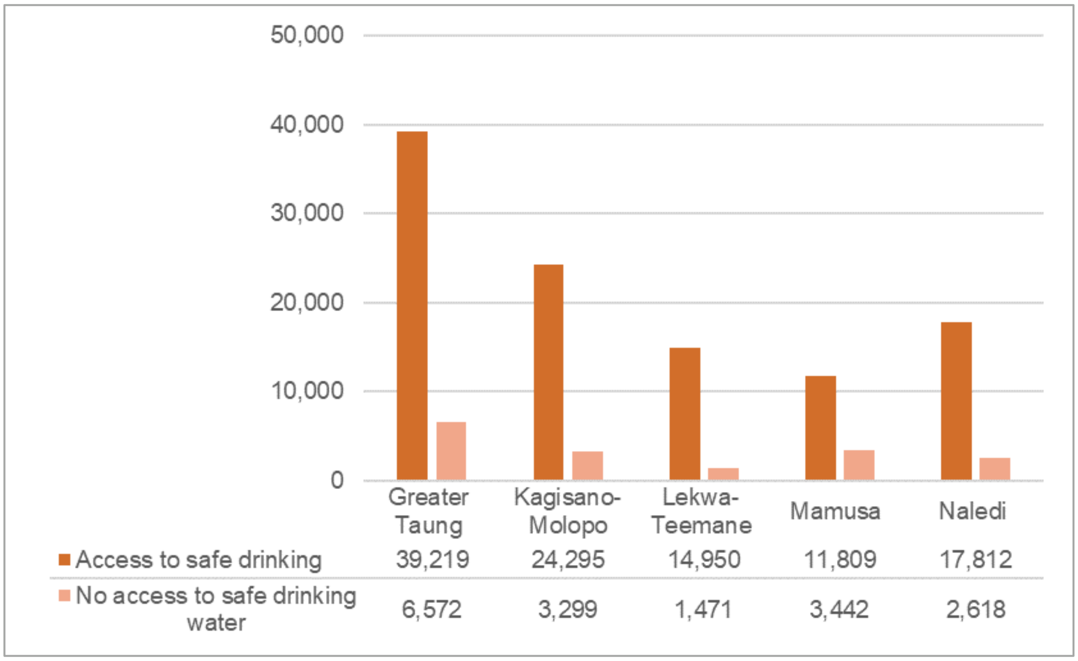
The map that follows illustrates that Lekwa-Teemane Local Municipality has the highest percentage of households with access to potable water at 91.04% whereas Mamusa Local Municipality, at 77.43%, has the lowest percentage households with access to potable water:

Percentage of households with access to potable water by Local Municipality



Source: Community Survey:2016

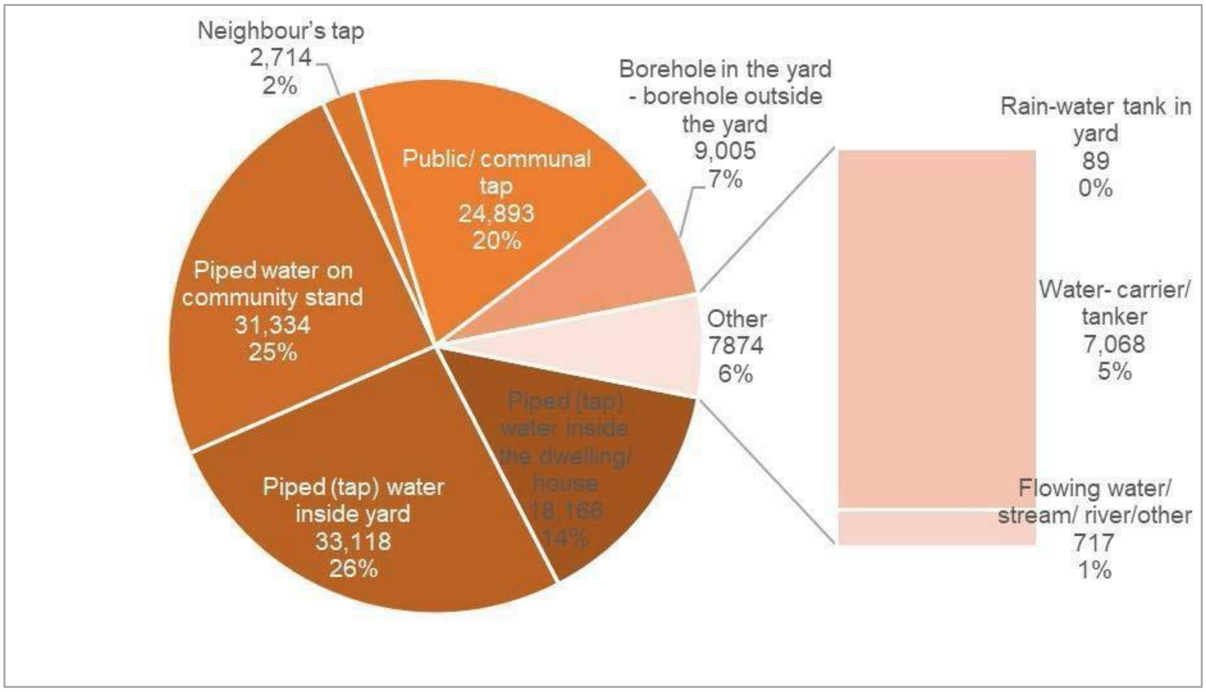
Number of households with access to potable water and without access by Local Municipality



Source:CommunitySurvey:2016

The chart that follows illustrates that 26% of households that have access to water have such access through piped water in the yard and a further 25% have access through a piped water on a communal stand. Only 6% or 7,874 households rely on other sources of water such as rain-water tank in yard, water-carrier or tanked as well as flowing water, stream, river and/or other water sources:

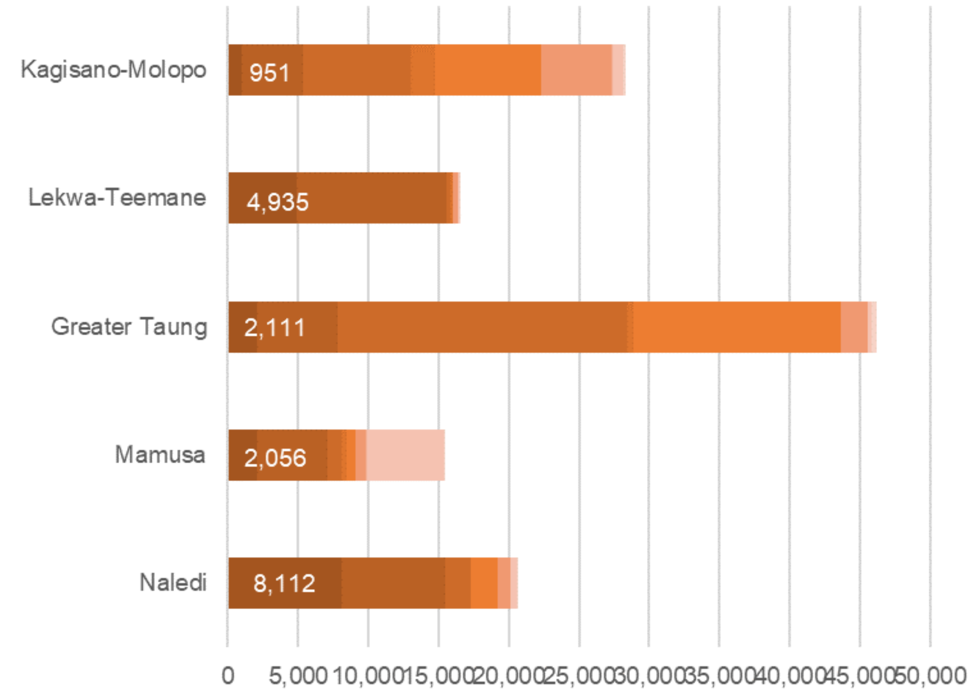
Number of households with access to potable water by main source



Source: Community Survey:2016

The chart that follows illustrates that Naledi Local Municipality has the highest number of households with access to piped water in the yard whereas Greater Taung has the highest number of households that rely on piped water in a community stand.

Number of households with access to potable water by main source and local municipality



	Naledi	Mamusa	Greater Taung	Lekwa-Teemane	Kagisano-Molopo
Piped (tap) water inside the dwelling/ house	8,112	2,056	2,111	4,935	951
Piped (tap) water inside yard	7,339	5,058	5,662	10,628	4,431
Piped water on community stand	1,808	987	20,592	305	7,642
Neighbour's tap	66	365	487	114	1,682
Public/ communal tap	1,842	599	14,778	48	7,625
Borehole in the yard - borehole outside the yard	945	801	1,867	373	5,018
Rain-water tank in yard	0	34	28	10	18
Water- carrier/ tanker	467	5,486	287	39	789
Flowing water/ stream/ river/other	113	87	356	43	118

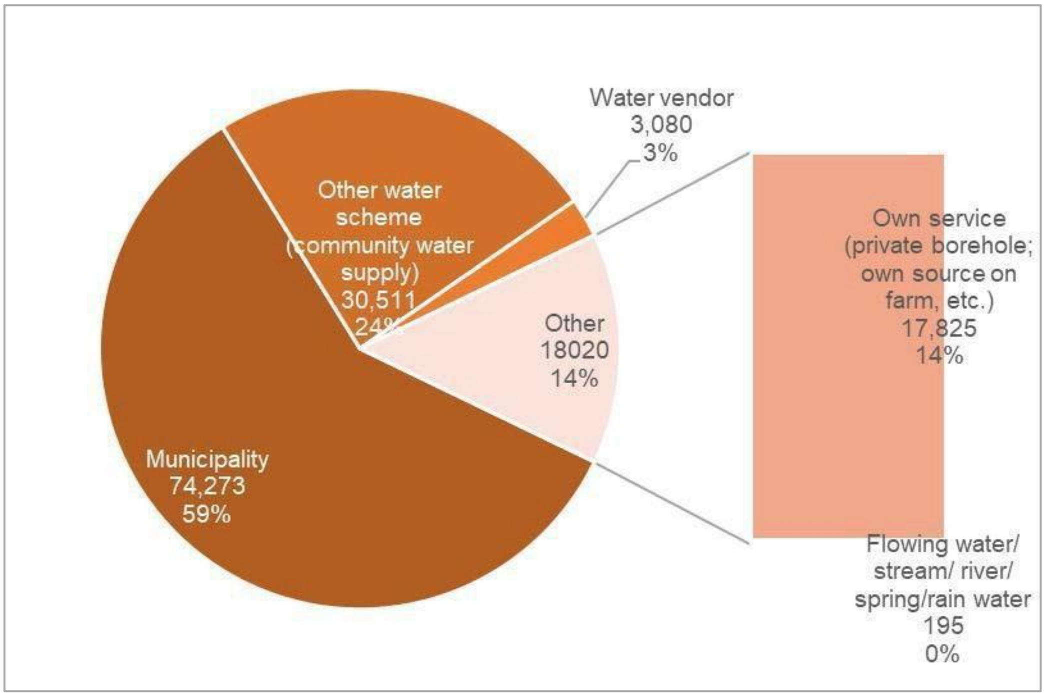
Source: Community Survey:2016

Local municipalities in the district are the primary suppliers of access to potable water and 59% of households in the District rely on the local municipalities as the main supplier of potable water. Households that receive water services from the local municipalities and have piped water inside the yard typically receive the free 6KL and any consumption over and above the free basic service is billed 30 days in arrears and payable after another 30 days after receiving the bill.

Therefore it is expected that such households will have higher debt levels, on average, owed to the municipality for the provision of water if compared to the debt levels owed to the municipality for the provision electricity.

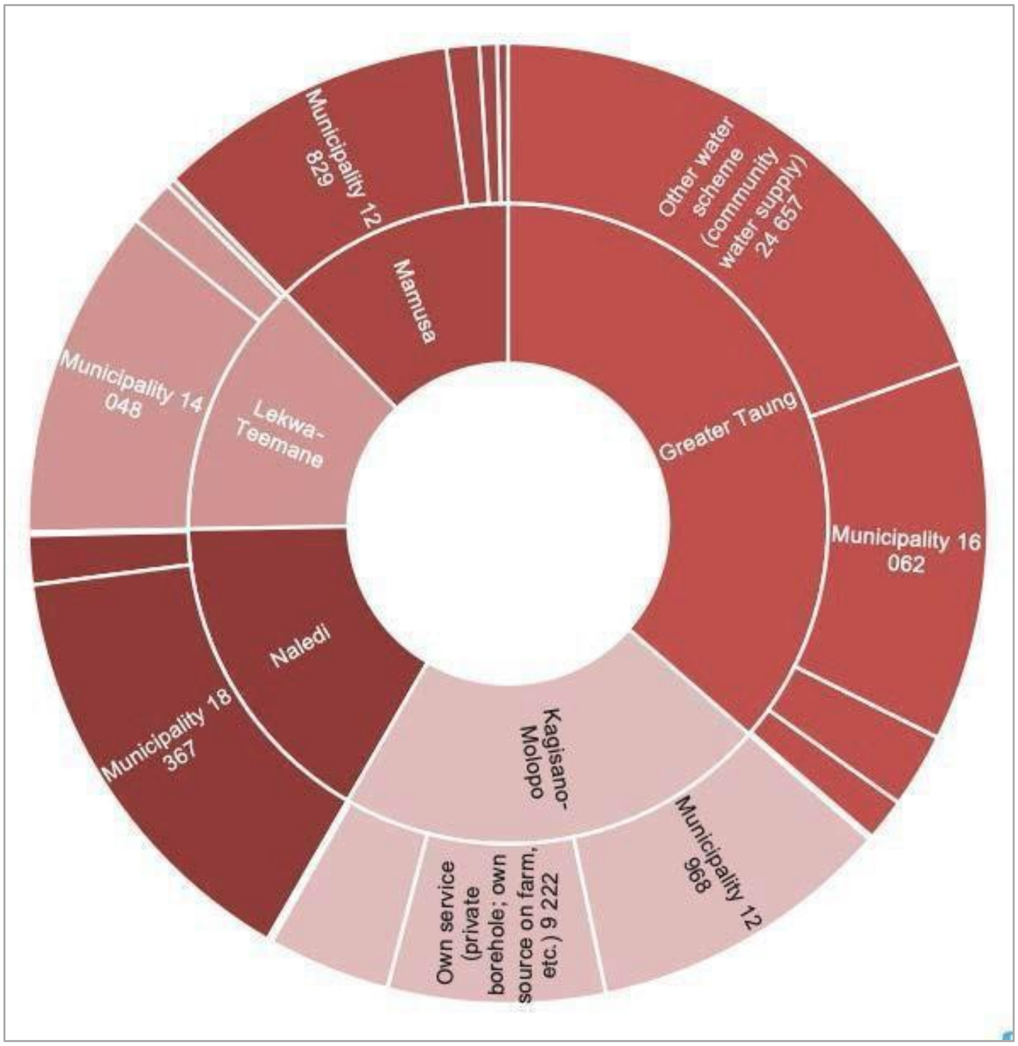
The following chart is an illustration of the number of households with access to water by supplier per municipality:

Households with access to potable water by supplier



Source: Community Survey:2016

Number of households with access to potable water by supplier and local municipality



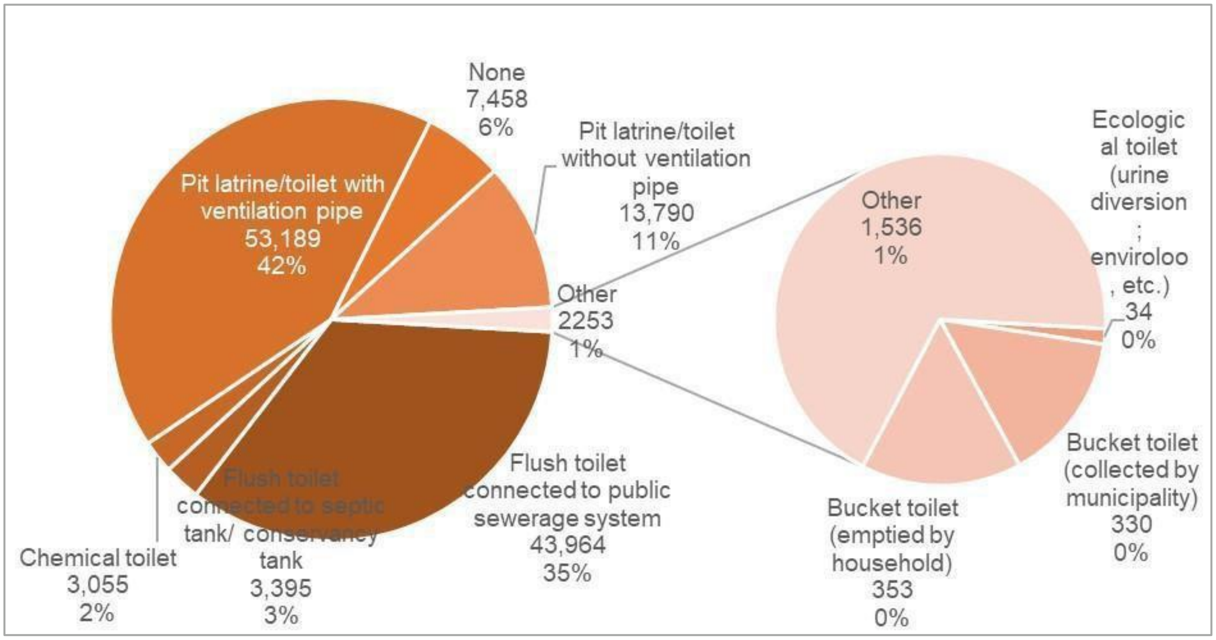
Source: Community Survey:2016

Sanitation

Access to sanitation services is also a fundamental right that is provided for in the Republic of South Africa's Bill of Rights. It is the District's responsibility to ensure that households in its jurisdiction have access to basic sanitation services. In exercising this mandate the District can create economic opportunities by using wastewater as feedstock to generate energy, in the form of electricity or biogas, by establishing an anaerobic digester plant.

The following chart illustrates the number of households with access to sanitation services by type of toilet facility (94.1%) as well as households with no access to a toilet facility, which represents 7,458 or 5.9% of all households:

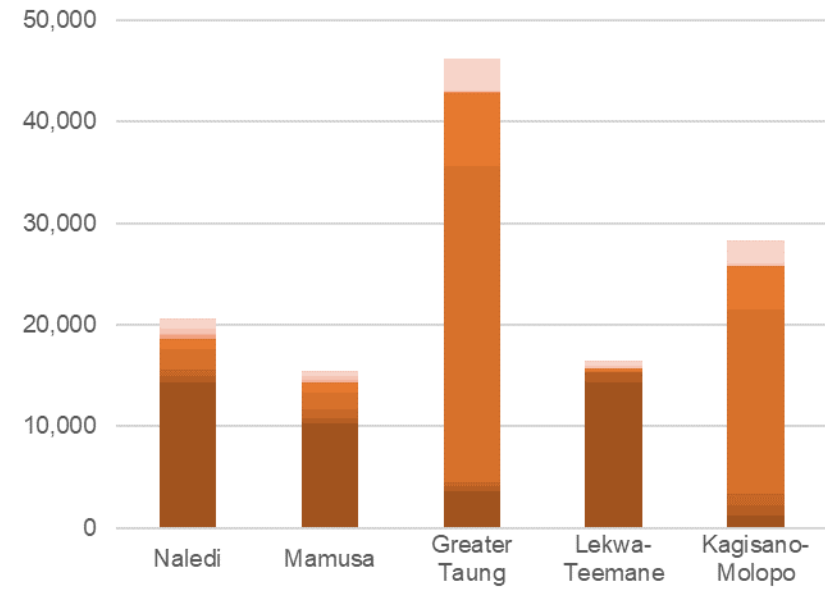
Number of households by access to sanitation services



Source:CommunitySurvey:2016

Greater Taung Local Municipality has the highest number of households with no access to toilet facilities as well as the number of households with pit latrines or toilet with a ventilation pipe. Conversely, Lekwa-Teeman and Naledi local municipalities have the highest number of households with access to a flush toilet. Only the Greater Taung and Kagisano-Molopo local municipalities do not have bucket systems that are collected by the respective municipalities whereas Naledi Local Municipality has the highest number of households with bucket systems that are collected by the municipality. Mamusa has the highest number of households with bucket systems that are emptied by the households.

Number of households with access to sanitation services by type of toilet facility and local municipality



	Naledi	Mamusa	Greater Taung	Lekwa-Teemane	Kagisano-Molopo
None	1,119	441	3,086	534	2,279
Other	495	461	170	235	174
Bucket toilet (emptied by household)	134	185	34	0	0
Bucket toilet (collected by municipality)	282	23	0	25	0
Ecological toilet (urine diversion; enviroloo, etc.)	0	0	34	0	0
Pit latrine/toilet without ventilation pipe	1,085	976	7,186	289	4,254
Pit latrine/toilet with ventilation pipe	2,017	1,713	31,194	75	18,190
Chemical toilet	615	900	350	28	1,162
Flush toilet connected to septic tank/ conservancy tank	588	418	452	944	993
Flush toilet connected to public sewerage system	14,358	10,356	3,663	14,365	1,222

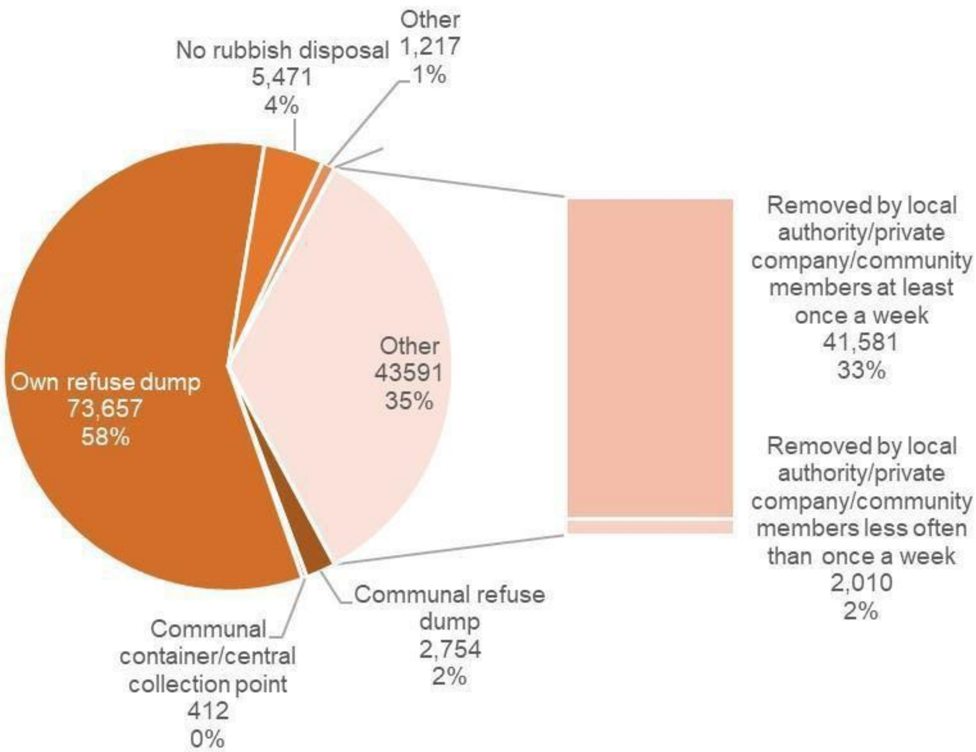
Source: Community Survey:2016

Refuse Removal

The provision of refuse removal services, particularly for households, is a responsibility of local government. The typical value-chain for refuse removal ends with waste being disposed of in a landfill site. By 2011, municipalities in South Africa were expected to be diverting at least 25% of waste from landfill, however, an estimated 90% of all waste generated in the country still ends up in landfill sites.

In the District, an estimated 33, 7% of households have access to refuse removal services from the local authority or private company. Households that have access to a weekly service represent 32.7% and the remaining 1.6% have access to a collection that is less often than once a week. A further 58% own a refuse dump and 4% does not have access to refuse removal and/or disposal services.
The following chart shows the number of households by type or access to refuse removal services:

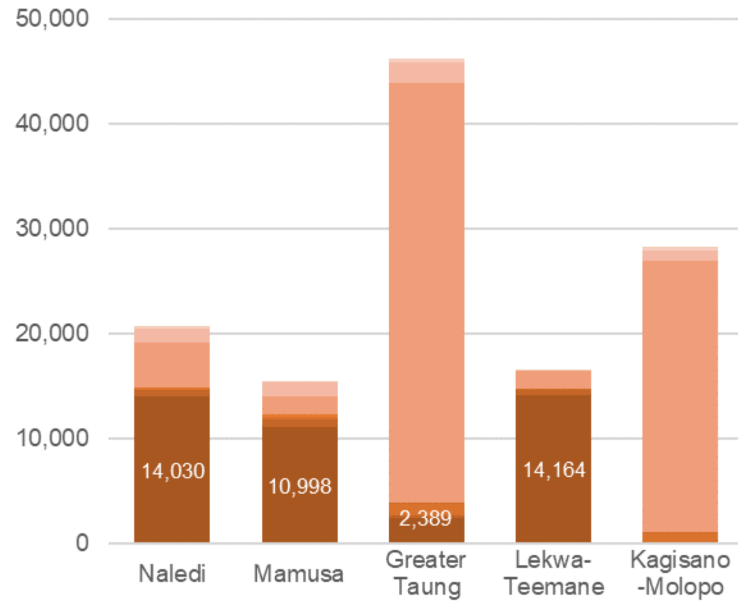
Number of households by type or access to refuse removal services



Source: Community Survey:2016

Mamusa, Lekwa-Teemane and Naledi local municipalities have the highest number of households with access to a weekly refuse removal service. Greater Taung represents only 5.7% whereas Kagisano-Molopo does not have any households with access to a weekly collection by a local authority. Households in Greater Taung and Kagisano-Molopo rely mostly on their own refuse dump, at 39,972 and25,945.

Number of households by type or access to refuse removal services and Local Municipality



	Naledi	Mamusa	Greater Taung	Lekwa-Teemane	Kagisano-Molopo
Other	249	193	381	10	383
No rubbish disposal	1,296	1,237	1,920	101	918
Own refuse dump	4,311	1,805	39,972	1,623	25,945
Communal container/central collection point	60	185	50	93	24
Communal refuse dump	189	293	1,183	101	989
Removed by local authority/private company/community members less often than once a week	558	761	272	404	15
Removed by local authority/private company/community members at least once a week	14,030	10,998	2,389	14,164	0

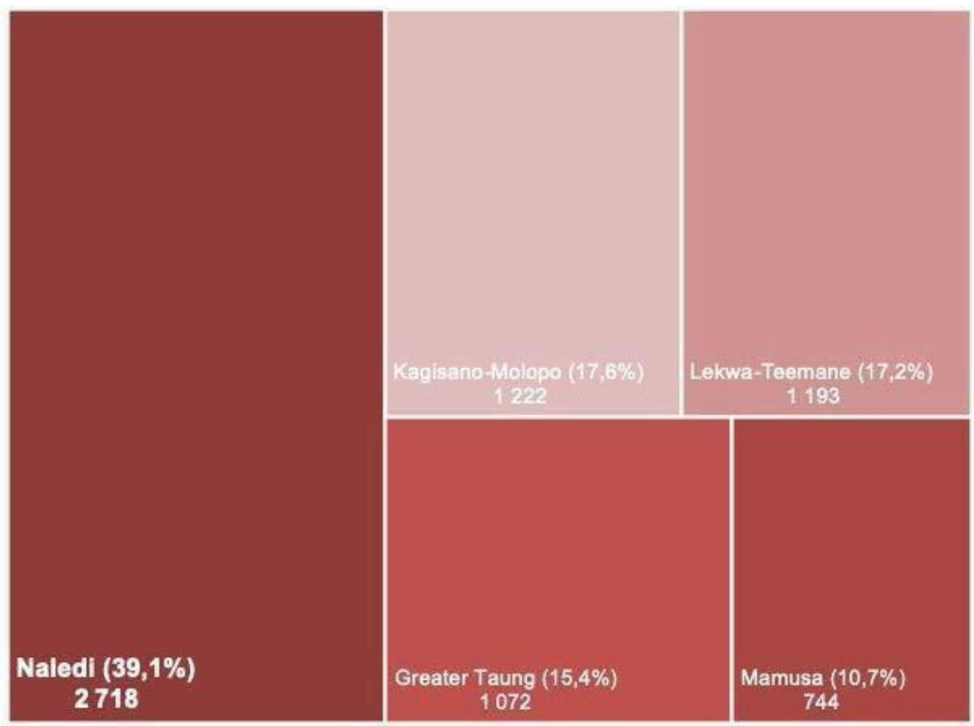
Source:CommunitySurvey:2016

Based on the Department of Environmental Affairs (DEA) 2017. Operation Phakisa: Lab Report the waste economy contributed approximately R24.3 billion to the South African GDP in 2016. It provided 36 000 formal jobs and supported an estimated 80 000 informal jobs or livelihoods. A further R11.5 billion per year could be unlocked by 2023 by diverting up to 20 million tonnes of waste. This should be taken into consideration when identifying local economic development opportunities in the District. Access to Internet Services

South Africa has a high concentration of cell phone wherein, on average, a typical adult South African has more than one cell phone. However, access to the internet is hampered by the relatively high cost of data and data connectivity, if compared to similar countries. In the modern-day data-driven economies lack of access to the internet may exclude certain sectors of the District's population from accessing economic opportunities.

The following chart illustrates that approximately 94.2% of households in the District do not have access to the internet. Of the 5, 8% or 6,950 households that have internet access, Naledi represents 39.1% of such households followed by Kagisano-Molopo (17.6%) and Lekwa-Teemane (17.2%).

Number of households with access to the internet by Local Municipality



Source:Community Survey:2016

The table that follows illustrates a comparative analysis of the number of households with and without access to the internet by municipality:

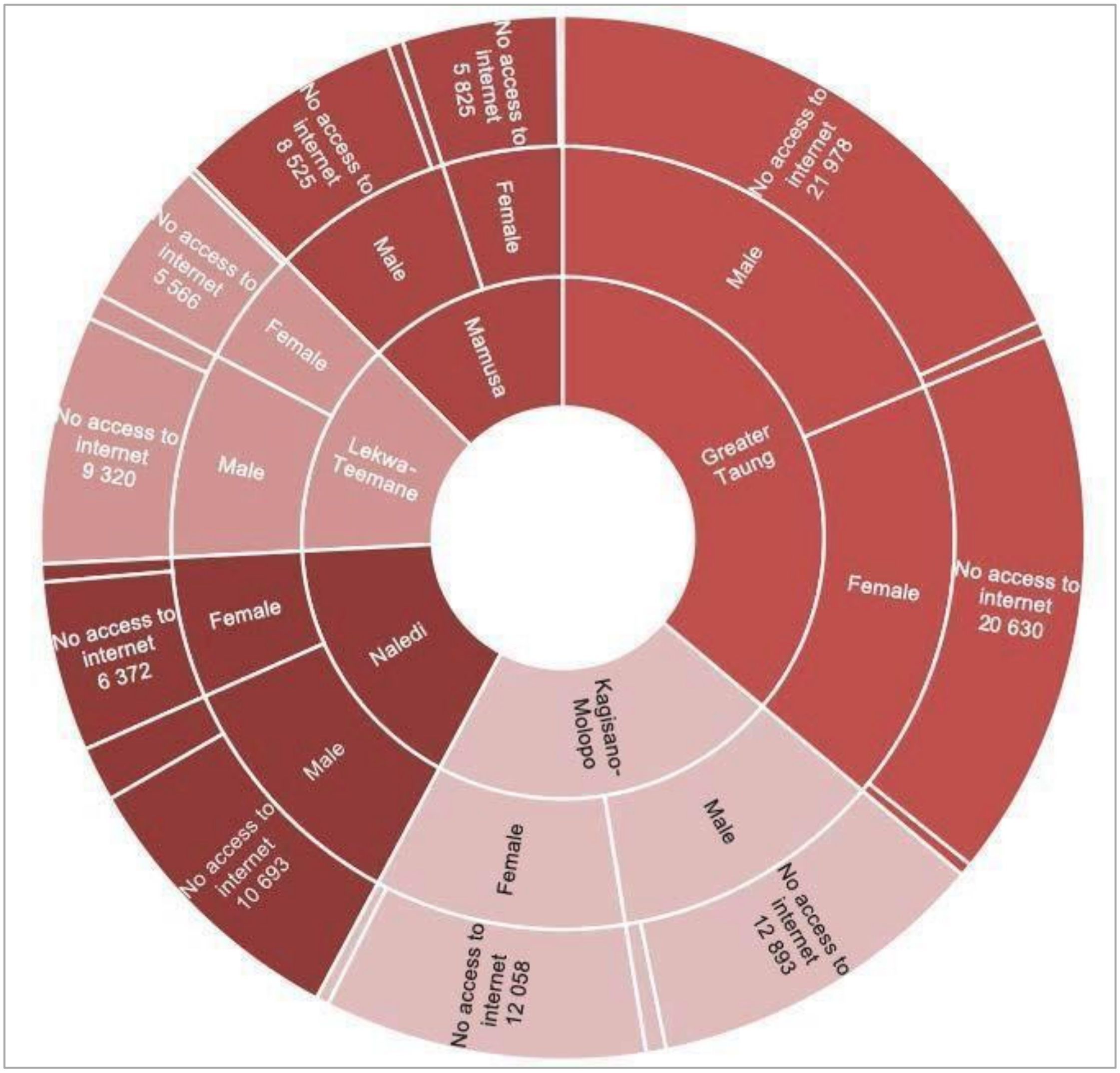
Number of households with and without access to the internet by municipality

Municipality	Access to internet	% with access to internet	No access to internet	% with no access to internet
Naledi	2 718	13,7%	17 065	86,3%
Mamusa	744	4,9%	14 349	95,1%
GreaterTaung	1 072	2,5%	42 607	97,5%
Lekwa-Teemane	1 193	7,4%	14 886	92,6%
Kagisano-Molopo	1 222	4,7%	24 951	95,3%
Dr Ruth Segomotsi Mompati	6 950	5,8%	113859	94,2%

Source: Community Survey:2016

The chart that follows illustrated that an estimated 63,409 male-headed households do not have access to the internet and an additional 50,451 female-headed households also do not have any access to the internet.

Number of households by gender of head of household and Local Municipality



Source: Community Survey:2016

The provision of basic services in the District is currently unsatisfactory particularly due to the ageing water and sanitation infrastructure that also lacks maintenance. Poor services delivery also affects potential investment into the District, for example, no business wants to invest where there is limited access to water since this may adversely affect productivity.

Low Population densities and large distances between villages and settlements increase the cost of providing services and infrastructure to the remote and predominately rural area hence there is generally a migration of the population from predominantly rural local municipalities to more urbanised local municipalities in pursuit of economic opportunities. These migration patterns are posing a challenge on the planning.

The lack of rental houses in the district discourages skilled and professional people from other areas to migrate the requisite skills for economic development into the District. A large number of shacks in some of the local municipalities affect service delivery.

1.4. FINANCIAL HEALTH OVERVIEW

During the 2024/2025 financial year, the municipality continued to ensure compliance with laws and regulations in managing their financial affairs despite the raising challenge of limited financial resources that threatened the financial viability of the Municipality. Stricter controls and cost containment measures are being implemented on the budget and will contribute to curbing the unauthorized, irregular, fruitless and wasteful expenditure during the financial year.

Even though the municipality's budget is at a deficit, a lot of the objectives could be implemented because this deficit was addressed by the non-cash items that were included in the budget. The financial situation has been tougher and the financial obligations of the municipalities have also continued to grow. These financial pressures and financial challenges are mainly due to high dependence on conditional grant funding by the municipality as it has been very difficult for the municipality to come up with any revenue raising sources. The limited own revenue that is reported in the financial performance is from the sale of bid documents and from the limited interest that the municipality raises from investing the conditional grants that are not immediately implementable.

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

Performance Management

The Performance Management System has been implemented and sustained to ensure Councilors and officials are able to monitor, review and report on performance.

The following key PMS elements were implemented:

- The Executive Mayor approved the SDBIP.
- The Municipal Manager and Section 56 Manager signed their Performance Agreements
- IDP/Budget and PMS process plan was adopted by Council.
- The prior year Annual Reports and Oversight Report were tabled during the financial year and submitted to all the stakeholders i.e. Auditor-General, Provincial and National Treasuries.

1.6. AUDITOR GENERAL REPORT

Refer to annexure B

1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft 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 - November
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
17	Oversight report is made public	March
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	March

It is necessary that the District Municipality derive maximum benefit from its efforts in submitting reports. Such benefits are typically obtained in the form of being able to compare and benchmark against other municipalities and to learn from the feedback mechanisms.

The Annual Report process flow provides a framework for the municipality to follow in completing various reports within each financial year cycle. It is recommended that Municipal Manager monitor this process flow and ensure that reports are submitted timeously. If the process flow is followed, the District Municipality should be able to provide an unaudited Annual Report in August of each year, which is consistent with the MFMA.

One of the advantages of compiling an unaudited Annual Report in August is that it can be used to influence the strategic objectives indicated in the IDP for the next financial year as well as the budgetary requirements related to each vote.

An unaudited Annual Report is submitted in August will further provide the municipality with an opportunity to review the functional areas that received attention during the current financial year and take the necessary corrective actions to align the IDP and budget to other priority areas needing attention.

The Annual Report of a municipality and every municipal entity must be tabled in the Municipal Council on or before 31 January each year (MFMA S127). In order to enhance oversight functions of the Council, this must be interpreted as an outer deadline; hence the municipality must submit the Annual Report as soon as possible after year end, namely, August. The entire process is concluded in the first or second week of December for all municipalities, the same year in which the financial year ends and not a year later, as is currently the case. It is expected that effective management of performance will also result from this change.

The Annual Report must be aligned with the planning documents and municipal budget for the year reported on. This means that the IDP, budget, SDBIP, in-year reports, annual performance report and Annual Report should have similar and consistent information to facilitate understanding and to enable the linkage between plans and actual performance.

The above can only occur if the municipality set appropriate key performance indicators and performance targets with regards to the development of priorities and objectives in its IDP and outcomes (MSA S41). This requires an approved budget together with a resolution of approving measurable performance objectives for revenue from each source and each vote in the budget (MFMA,S24).

CHAPTER 2 – GOVERNANCE

The Dr. Ruth Segomotsi District Municipality is committed to transparent and accountable governance. The broad range of public participation programmes and processes, especially related to its IDP; Budget and Annual Report bears testimony to the district municipality's commitment to involve its communities in its planning and decision-making processes. All the above programs are administratively supported by the Municipal Manager and senior management

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Dr. Ruth Segomotsi Mompati District Municipality is category C municipality with a mayoral executive system as defined in the Municipal Structures Act, Act No.117 of 1998 as amended. In line with having a well -defined politically governed system, the municipality upholds the principles of well governed administrative system. At the center of a well governed administrative institution is polices that have been approved by council after extensive consultations with all the stakeholders.

The District Municipality governance model is like that of national and provincial as it is made of the legislative and executive functions. The legislative function is the political administration of council led by the Speaker and hold scheduled statutory meetings and special council meetings as when there is a need. The executive arm consists of the mayoral committee chaired by the Executive Mayor as well as administrative function led by the municipal manager.

The key role of Council is to focus on legislative, community participation and oversight roles. Council delegated its executive function to the Executive Mayor and the Mayoral Committee. Its major role is that of a policy maker. The Municipal Council is mandated with the role of formulating and approving by-laws, policies and programmes which will be for the best interest of the public.

The Audit and Performance Committee as well as the Risk Management Committee has been established to assist the Accounting Officer, Management and Council to ensure that policies, internal controls and procedures are in place that will create appropriate culture and systems which include processes for risk management planning identification analysis monitoring and control in a consistent manner, and to ensure adherence to administrative governance.

The district has established Municipal Public Accounts Committee (MPAC) which serves as an Oversight Committee and is comprised by non-executive councillors and their responsibility is to provide Council with recommendations on the Annual Report and other Reports that may be referred to it by Council. The District Municipality has established an Audit and Performance Committee which is a shared service with Local Municipalities within its jurisdiction.

2.1 POLITICAL GOVERNANCE

Mayoral Committee

The Mayoral Committee is appointed by the Executive Mayor in terms of section 80 of the Municipal Structures Act, No. 117 of 1998. It consists of six (6) full time Councillors who serve as chairpersons of the Portfolio Committees. The committee assists the Executive Mayor to perform duties as outlined above. It convenes every month and is chaired by the Executive Mayor.

Municipal Public Accounts Committee

Consists of 5 Councillors; three are from majority party (ANC) and two from opposition (DA). The committee is established in terms of section 79 of the Municipal Structures Act (117 of 1998) and performs oversight function on behalf of Council. Reports considered by MPAC are referred to it by Council and after scrutinising them and conducting investigations where necessary, recommendations are referred to Council for decision making. It is chaired by a part time Councillor and none of the members are executives.

Portfolio Committees

The following Portfolio Committees have been established in terms of section 79 of the Municipal Structures Act No.117 of 1998 for the effective and efficient performance of any council's functions or exercise of any of its powers. The committees are chaired by the full time chairpersons who are members of the Mayoral Committee. They are created in such a way that they link with the municipal departments and functions.

PORFOLIO COMMITTEE	CHAIRPERSON
Engineering & Technical Services	Cllr. Pitso Seepamere
Community Services	Cllr. Boitumelo Setlhabetsi- Mokone
Economic Development Tourism & Agriculture	Cllr. Solly Matobo
Budget & Treasury	Cllr. Grace Masilo
Corporate Services	Cllr. Lebogang Jacobs
Planning & Development	Cllr. Lydia Duiker

POLITICAL STRUCTURE

MAYOR

SPEAKER

The functions of the Speaker are set out in sec 37 of the Municipal Structure Act as follows:

- Presides at the meetings.
- Performs the duties and exercise the powers delegated to the speaker by the council.
- Must ensure the council meets at least quarterly.
- Must maintain order during council meetings.

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

Cllr Boitumelo Setlhabetsi Mokone - Community Services

Cllr Grace Masilo – Finance

Cllr Solly Matobo – EDTA

Cllr Lebogang Jacobs – Corporate Services

Cllr Pitso Seepamere – Engineering & Technical services

Cllr Lydia Duiker – Planning & Development

The Executive Mayor is elected by Council in terms of section 55 of the Municipal Structures Act No.117 of 1998.Amonsgt others, the Executive Mayor receives reports from the portfolio committees for consideration and forward these reports together with recommendations to the council when the matter cannot be disposed of by the Executive Mayor in terms of Executive Mayor's delegated powers. The Executive Mayor approves Service Delivery Budge Implementation Plan (SDBIP) and submits it to Council for noting.

The following reports are legislated and tabled by the Executive Mayor to Council for approval.

-Integrated Development Plan (IDP)

-Annual Budget

-Tables within 30 days of the end of each quarter report on the implementation of the budget and the

Financial state of affairs of the municipality (Section 52(d) of MFMA)

-Report on the appointment of the Municipal Manager after finalisation of the recruitment and selection

Process

- The Executive Mayor also chairs Budget Steering Committee

COUNCILLORSAS AT 30 JUNE2025

Dr Ruth Segomotsi Mompati District Municipality has 30 Councilors, 12 out of them are directly elected and 18 are seconded by their respective Local Municipality.

DIRECTLY ELECTED	SECONDED FROM LOCAL MUNICIPALITIES
Cllr. Kgalalelo Gloria Sereko Cllr. Boitumelo Setlhabetsi Mokone Cllr. Leboganag Judy Mothibi Cllr. Motseokae Alphenus Maje Cllr. Solly Thabiso Matobo Cllr. Wydman Joseph Dibakwe Cllr. Coenrand Petrus Herbst Cllr. Meriam Mosadiwapula Ntjilo Cllr. Tebogo Alfred Babuile Cllr. Thapelo Sylverster Phokoje Cllr Lorraine Gxaweni Cllr Mkhandawiri Mikel	Cllr. Boitshwarelo Puso (Taung) Cllr. Grace Keoneeng Nthebotsenyane (Kagisano) Cllr. Kealeboga Michael Lekgotla (Kagisano) Cllr. Lebogang Charles Jacobs (Naledi) Cllr. Nobakhe Gr ace Masilo (Mamusa) Cllr. Patricia Lerato Babuseng Cllr. Rebbeca Molehe Cllr. Seeppapitso Seepamere (Taung) Cllr. Thabang Jerry Thetswe (Kagisano) Cllr. Boniswa M ercia Nkewu (Taung) Cllr. Jacque Kgomotso Masilo Cllr. Keitumetse Confidence Rooibatjie Cllr. Mosimanet hebe Ernest Arabang Cllr. Nontombi Patience Tunyiswa Cllr. Revonia Loeto Modise Cllr. Modisaotsile Sylvia Morapedi-letele (Taung) Cllr. Lydia Duiker (Lekwa-Taemane) Cllr. Loeto Modise

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

In terms of Part 7 Section 82 of the Municipal Structures Act 117 of 1998 as amended the municipality must appoint the Municipal Manager who is the head of administration and therefore the Accounting Officer. In terms of Section 55 of the Municipal Systems Act, 32 of 2000 (as amended) the Municipal Manager as head of administration is subject to policy directives of the municipal council responsible for the formation and development of an efficient, economical, effective and accountable administration and must manage the municipality in accordance with all legislation and policies pertaining to Local Government.

In terms of section 50 of the Municipal Systems Act 32 of 2000 as amended, the Council in consultation with the Municipal Manager must appoint managers who are directly responsible to the Municipal Manager who must have relevant and requisite skills and expertise to perform the duties associated with the posts they each occupy.

According to our organogram, the Municipal Manager is the Accounting Officer of the District Municipality and is supported by seven (7) Senior Managers and their appointments are for a fixed term. The Municipal Manager is also accountable for all the income and expenditure and all assets as well as the discharge of liabilities of the municipality including proper and diligent compliance with the Municipal Finance Management Act, 53 of 2003. Each Senior Manager who reports directly to the Municipal Manager are delegated the functions which the Municipal Manager may delegate to them and are responsible for all those matters delegated to them including financial management as well as discipline and capacitating of officials within their areas of responsibility and compliance to all legislation governing Local Government, its policies and By-laws.

The Senior Managers forms the Senior Management Team and they are all accountable to the Municipal Manager in terms of strategic management and oversight of their departments. All budget expenditures in each department are managed by the Senior Manager in order to ensure that service delivery matters are handled promptly.

Designation	Function
Municipal Manager	Forming and developing an economic, efficient and accountable administration; Implementing and managing the District Municipality's performance management system; Coordinating and implementing the District Municipality's IDP; Managing the Municipality's administration in accordance with the Constitution, the Local Government Structures Act, the Municipal Systems Act, the Municipal Finance; Management Act and all other national and provincial legislation applicable to the District Municipality; Managing provision of services to the local community in a sustainable and equitable Manner; Facilitating participation of the local community in the affairs of the District Municipality; Developing and maintaining a system to access community satisfaction with Municipal Services; Appointing, managing, effectively utilizing and training staff and maintaining staff discipline; Promoting sound labour relations and compliance by the District Municipality with applicable labour legislation; Advising political structures and political office bearers of the District Municipality, managing communications between them, administering, implementing council resolutions and carrying out their decisions; Administering and implementing the District Municipality's by-laws and other legislation; Being responsible for all income and expenditure of the District Municipality, all assets, the discharge of all liabilities of the District Municipality and proper and diligent compliance with applicable Municipal Finance Management legislation. Implementing strategic goals of the District Municipality through co-operation and innovative
Chief Financial Officer	Reporting directly to the Municipal Manager on key departmental activities. Overall management of the Budget & Treasury Office/Department. Implement the Integrated Development Plan (IDP) as well as strategic goals of the Budget & Treasury Office/Department. Implement departmental Service Delivery Budget Implementation Plan(SDBIP). Develop and implement key strategic / business plans including Supply Chain Management, Revenue Management, Expenditure Management and Budget & Reporting. Prepare and implement municipal budget. Prepare Annual Financia lStatements and other mandatory financial management reports. Manage Departmental budget, human resources & other resources in accordance with local government legislation;

Designation	Function
	Establish, operate and maintain support structures, processes and systems; Direct and control key deliverables and outcomes for the department; Liaise with internal and external stakeholders; Facilitate stakeholder participation and involvement; Ensure legislative, regulatory, policy, practices and operating standards compliance; Management and monitoring of all income, expenditure, assets and Liabilities; Cash-flow management; Ensure implementation of GAMAP & GRAP Standards; Ensure the development of appropriate Strategies, Policies and plans for all relevant areas in the Department linked to the IDP and that will also have a measurable positive impact on the financial performance; Develop and implement Supply Chain Management Policy, specific procedures, systems and controls; Ensure timely preparation of Budget and Financial Statements; Implement all financial policies and ensure they comply with applicable legislation and National Treasury Regulations.
Engineering & Technical Service	To manage the Engineering, PMU and Town Planning Department of the municipality. Assist the CFO to compile annual projects budgets To assist the Council to draw up and implement annual strategic plans To ensure compliance by all Water Service Providers Ensure water and sewer effluent quality compliance to adhere to the Department of Water Affairs (DWA) Blue Drop and Green Drop requirements respectively. Ensure implementation of the council Free Basic Services (FBS) Policy. Ensures that all required licensing and permitting of all raw water abstraction and sewer effluent will be done and upheld. Ensure that Water Service development Plan (WSDP), By-Laws and tariffs are regularly updated. Approve technical reports of water, sanitation and roads projects in alignment with respective Municipal IDP's and Regional provincial Growth and Development Plan. Ensure that all projects are implemented using the EPWP principles. Ensures compliance to all legal aspects and conditions, required from different spheres of Government. Manage all contract administration of all projects implemented by council. Manage and control the approved budget of engineering department. Be prepared to serve on the Bid Adjudication Committee or Bid Evaluation Committee as and when required by the Municipal Manager.
Snr Manager: Corporate Service .	Managing and controlling various line functions within the Directorate which include general administration, Human Resources, Council Support, Corporate strategy, Information Technology and Communications, and Security Services; Leading, directing and managing staff within the Department so that they are able to meet their objectives; Staff control and discipline; Rendering Support by advising and overseeing all matters of procedures relating

Designation	Function
	to minutes and resolutions of the Council Committees; Planning, organising, coordinating and controlling the activities of management and administration section; Providing administrative support to political Office-bearers; Managing and controlling the compilation and execution of the departmental capital and operating budget; Executing any function delegated by the municipal Manager in terms of powers and delegations in the relevant legislation and related to the functions of this post; Administering records/archives registry, skills development, legal matters and employment Equity; Overseeing the execution of the IDP Programmes attached to the Department and monitoring individual performance management; Developing, implementing Collective Agreements and managing strategic goals, policies, procedures and plans; aligned with strategic goals of the district municipality through cooperation and innovation teamwork; Ensuring proper administration of Council delegation System; Providing secretarial services to Council and I ts Committees

Chief Audit Executive	Establish policies and procedures for the District Internal Audit Shared Services, manage audits and administrative functions in the District Municipality and its Locals; Ensure that all Local Municipalities within the district comply with the relevant legislation; Manage the compilation of the strategic and annual plans in relation to the IDP, Perform continuous risk assessment for the entire district; Conduct special investigations at the request of management and municipal councils of respective municipalities; Report to the Municipal Managers and Shared Service Audit Committee; Audit projects and performance of the district municipality and its locals; Assist municipalities in the implementation and upgrading of internal controls for quality assurance, Liaison at executive level with relevant stakeholders; Manage the directorate budget planning, implementation and budget review to support priorities and the deliverables.
Snr Manager EDTA	Promotion of Local Economic Development and Agricultural organizations, Promote and market tourism attraction centers
	Tourism establishments as well as communities in the district to implement and manage development oriented, achievement driven community projects in an affordable, sustainable and accountable manner. Manage departmental personnel; Develop and manage LED, Agricultural and Tourism strategies in line with DGDS, PGDS, NSGS, ASSGISA and JIPSA. Prepare and submit reports on EDTA department's Service Delivery and Budget Implementation Plan (SDBIP). Implement adequate community participation strategies, Source advisory services from economic advisory bodies and link them with SMMEs and community organizations. Maintain and improve current service delivery mechanism. Source funding for economic development projects through donors and investors.

Designation	Function
	Facilitate partnerships between investors, donors and business community in the district.
Snr Manager: Community Service	To provide strategic management and leadership to the Department that includes, Municipal Health Services, Disaster Management and Fire Fighting services to the entire district; Ensure co-ordination, integration and uninterrupted provision of Community Services; Integrate service delivery in the context of Council's IDP and oversee implementation; Participate in the IDP, SDBIP and Budget processes of the district municipality; Establishing a partnership with Governmental and non-Governmental stakeholders/role players dealing with environmental health, fire and public disasters; Manage the directorate budget planning, implementation and budget review to support priorities and the deliverables; update Council's by-laws and relevant policies.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERN MENTAL RELATIONS

Chapter three of the Constitution of the Republic of South of 1996 is an overarching legislative tool used to guide and provide detailed pieces of legislation like Municipal Systems Act, section 3, Municipal Structures Act, section 88 and the Intergovernmental Relations Framework Act, Act 13 of 2005.All spheres of government must observe and adhere to the principles of chapter three of the Constitution and must conduct their activities within the parameters that the chapter provides.

Section 41(1) (h), require the spheres of government to co-operative with one another in mutual interest and good faith by: -

- Fostering friendly relations
- Assisting and supporting one another
- Informing one another of, and consulting one another on matters of common interest
- Coordinating their actions and legislation with one another
- Adherer to the agreed procedures and
- Avoiding legal proceedings against one another.

The above legislative requirements are binding to the three spheres to enable government to provide sustainable basic services to communities as outlined in the following legal developmental documents:

- National Development Plan(NDP)
- Provincial Development Plan (PDP) and the
- Integrated Development Plan(IDP).

The legislative mandate of Dr Ruth Segomotsi Mompati District Municipality in terms of powers and functions is mainly provision of Water and Sanitation to the community of the District. Our key focus mostly is to mobilise resources across the three spheres of government and private sector to provide the service and support to our family local municipalities. The Municipality has been participating in relevant Intergovernmental Relations structures across the spheres of government including reporting on "Back to Basics".

Government has a responsibility to provide sustainable service delivery to its communities for purposes of creating a "better life for all" as guided by the manifesto of the ruling party, the African National Congress. The division of powers and functions across the three spheres of government provide/allocate each sphere with a set of services/functions to perform, guided by chapter three of the Constitution which deals with Co-operative Governance and Intergovernmental Relations. Central to all these services is that they are provided to communities in a certain local municipality. This means the three spheres of governmental are serving the same client (the community).

The National Development Plan, vision 2030 (NDP) is a guiding national developmental framework form which the development of the Provincial Development Plan (PDP) and Municipal Integrated Development Plan (IDP) are expected to complement and translate into practical implementation in the form of sustainable service delivery to communities. The three spheres of government are required to

Achieve the below twelve (12) outcomes accordingly in line with their powers and functions as derived from the NDP:-

- Improve quality of basic education.
- Long healthy life for all South Africans.
- All people in South Africa are and feel safe.
- Decent employment through inclusive economic growth.
- A skilled and capable workforce to support an inclusive growth path.
- An efficient ,competitive and responsive economic infrastructure network.
- Vibrant, equitable and sustainable rural communities with food security for all.
- Sustainable human settlement and improved quality of household life.
- A responsive, accountable effective and efficient local government system.
- Environmental assets and natural resources that are well protected and continually enhanced.
- Create a better South Africa and contribute to a better and safer Africa and World.
- An efficient, effective and development oriented public service and empowered fair and inclusive citizenship.

For the above services to be enjoyed by communities' co-operative governance and intergovernmental relations must be observed and complied with by three spheres. In addition, section 154(1) of the Constitution of the republic assures municipalities that national and provincial governments by legislative and other measures, MUST support and strengthen the capacity of municipalities to manage their affairs, to exercise their powers and to perform their functions. In exercising its executive and legislative authority within the constitutional system of co-operative governance as envisaged in the Constitution section 41 and section 3 of the Municipal Structures Act, the Dr. Ruth Segomotsi Mompati District Municipality have been fully participating in all Intergovernmental Relations platforms across the three sphere as further outlined below.

2.3 INTERGOVERNMENTAL RELATIONS

The National Development Plan, vision 2030 (NDP) is a guiding national developmental framework form which the development of the Provincial Development Plan (PDP) and Municipal Integrated Development Plan (IDP) are expected to complement and translate into practical implementation in the form of sustainable service delivery to communities. The three spheres of government are required to achieve the objectives of the NDP, PDP and the IDP of municipalities in the country to better the life of the community. The current sixth administration in support to the NDP, PDP and the IDP of municipalities introduced a comprehensive approach to deal with silo planning and implementation of government programs by introducing the District Development Model (DDM) “One Plan” which Dr. Ruth Segomotsi Mompati District is fully engaging its stakeholders to fulfill the cabinet decision as announced by the President of the country His Excellency President Matamela Cyril Ramaphosa.

For the above services to be enjoyed by communities’ co-operative governance and intergovernmental relations must be observed and complied with by three spheres. In addition section 154(1) of the Constitution of the republic assures municipalities that national and provincial governments by legislative and other measures MUST support and strengthen the capacity of municipalities to manage their affairs, to exercise their powers and to perform their functions. In exercising its executive and legislative authority within the constitutional system of co-operative governance as envisaged in the Constitution section 41 and section 3 of the Municipal Structures Act, the Dr. Ruth Segomotsi Mompati District Municipality have been fully participating in all Intergovernmental Relations platforms across the three sphere.

NATIONAL INTERGOVERNMENTAL STRUCTURES

Co-operative Governance and Intergovernmental Relations protocol required the three spheres of government to work as a team and always be in consultation with each other for purpose of alignment of government plans and priorities. The deployment of both Deputy Ministers of Home Affairs and Environment, Forestry and Fisheries as DDM champions, created a conducive platform and environment for government developmental plans and programs to be well-coordinated, implemented, monitored and evaluated. The political will of the DDM champions in the District is an indication that Dr. Ruth Mompati District Municipality.

The District is steadily re-positioning itself to revive economic activities through IGR. For Dr. Ruth Segomotsi Mompati District, there is an active technical and political DDM structures which always have engagement sessions with other spheres of government and institution led by national DDM champions in a quest to re-imagine and re-position the economic activities in the District. Through IGR the current 2022-2027 five year IDP document does have an annexure of the DDM catalytic projects for major shift in infrastructure to create job opportunities. The District is currently participating at national IGR structures through the deployed DDM champions. Cabinet and parliament got presentations through DDM champions. It must be indicated that this District due to its best practice on DDM, it is used as a case study at national level.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

With the following departments of the Dr. Ruth Segomotsi Mompati District, Engineering, Budget and Treasury, Community Services, Economic Development, Tourism and Agriculture, Planning and Development, Cooperate Services and Internal Audit the District have been participating in the provincial intergovernmental relations structures to ensure that communities in the district does receive services as required and mandated by legislation at administrative level.

It must be noted that since the national lockdown of the country as a result of COVID-19 Pandemic, co-operative governance and intergovernmental relations (IGR) activities have been extended by the establishment of the command councils across the three spheres of government. The interaction between the district and the province as one of the spheres has tremendously improved and support in a number of activities have been provided by provincial departments to the communities of the district.

One can mention the vaccination program that has swept the District and convincing number of people across age group managed to vaccinate. Strengthening of IGR through DDM has also contributed positively in the coordination of government activities in the District. DDM meetings have been held almost monthly and service delivery blitz have been rendered throughout the District.

DISTRICT INTERGOVERNMENTAL STRUCTURES

The District Development Model (DDM) as announced by President Cyril Ramaphosa for the sixth administration assisted in unlocking development bottlenecks and embedding monitoring and evaluation at the local instead of provincial and national government departments. As one of the forty-four (44) in the country, the District has already started the process with the involvement of all stakeholders in the district by submitting information on profiling as the first phase of developing one plan.

Currently the District managed to develop the DDM One Plan wherein local municipalities and sector departments fully participated with the support of officials from offices of the both deputy ministers of Home Affairs and Environment, Fisheries and Forestry. IGR structures in the District have been participating in this process for the year under review. Below table indicate a true reflection of the participation of the IGR structures in the District to change the life of its community.

The District IGR structures were somewhat functional for 2024 2025 financial year.

Activities are classified as follows:

DDM / IGR UNIT

Date	Activity	Resolution
24/07/2024	Meeting to assess progress on the Catalytic Projects in the District One Plan	That chairpersons of the Workstreams must accurately report on the progress of Catalytic Projects.
8/09/2024	Meeting to address non- sitting of the Workstreams	That the matter be reported to the Municipal Manager to take action.
07/03/2025	DDM Quarterly Reporting	Report was signed and submitted to Provincial Cogta
23/06/2025	DDM Quarterly Reporting	Report was signed and submitted to Provincial Cogta

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Overview

Community participation in local government affairs gives expression to the democratic principles and values of our Constitution and the political rights of the individual as entrenched in section 19 of the Constitution of the Republic of South Africa, 1996.

The Municipal Council encourages participation of the community and community organizations in local government matters and adheres to the democratic values and principles as enshrined in the Constitution of the Republic of South Africa, 1996 which governs the public administration.

Public participation is a principle that is accepted by all spheres of government in South Africa. Participation is important to make sure that government addresses the real needs of communities in the most appropriate way.

Public participation also helps to build an informed and responsible citizenry with a sense of ownership of government developments and projects. It allows municipalities to get buy-in and to develop partnerships with stakeholders.

The Municipal Council encourages participation of the community and community organizations in the local government matters and to adhere to the democratic values and principles as enshrined in the Constitution of the Republic of South Africa, 1996 which governs the public administration through:

- The preparation, implementation and review of the IDP
- Establishment, implementation and review of performance management system
- Monitoring and review of the performance, including the outcomes and impact of such performance and preparation of the municipal budget.

2.4 PUBLIC MEETINGS

COMMUNICATION.PARTICIPATIONANDFORUMS

COMMUNICATIONS

Communication is a two-way process in which there is an exchange of thoughts, opinions, or information by speech, writing, or symbols towards a mutually accepted goal or outcome. "Purpose of effective communication is sustaining the on-going work with maximum efficiency" Communication will help build good relationships with team members, sponsors, and other key stakeholders, to increase the likelihood of project or any activity success.

The Council also responds to the people‘s needs and encourage the public to participate in policy-making through IDP Representative Forums and other intergovernmental Forums established by different departments within Dr Ruth S Mompati District Municipality.

The Council fosters transparency by providing the public with timely, accessible and accurate information by publishing information in the local newspapers, using three predominant official languages of Setswana, Afrikaans and English. From time to time the municipality makes use of radio broadcast to spread service delivery-oriented messages to communities. The Municipal Council also engages the community through consultation in matters such as the IDP, budget, performance management, provision of services etc.

A key part of the municipality's annual plans should be how to communicate all this to the people and how to involve them in decisions or as partners. The municipality has developed public participation (where is the strategy?) and communication strategies. The municipality has developed the Communications Strategy that needs to be reviewed on annual basis in order to communicate and reach all citizens of the region. . The empowerment of Unit employees is very crucial taking into consideration that the environment in which they operate in is not statics but always changing with government transitional periods. E.g there are always reviews on government policies and programmes, though communicators must know and understand that before it being communicated to the public.

Both strategies take into consideration the approved IDP, MTREF Budget and the SDBIP and set out where and how communication and public participation should play a role to ensure that information is disseminated effectively to the public. The communication strategy is used to ensure that the Council provides regular report back and accounts to the communities about Council's decisions, plans and budgets. It ensures that the public is informed about new services, developments and policies and as such provides a platform for the communities to be partners for the delivery of government services.

The District Municipality has established the District Communicators Forum and Local Communicators Forums. As we are no more living in analog age but on digital world, the District Municipality must exploit every opportunity to communicate with the public by utilizing social media. Social Media is a good tool that can be used to convey important information to all stakeholders and it must be noted that updates should be done regularly. The District Municipality's Facebook page is "Dr RSM District Municipality."

On corporate identity and branding, there is a need for bigger budget in order to undertake the branding of the entire District Municipality Offices.

Our current communication initiatives are our News Updates which covers the programmes and projects undertaken by the District Municipality. As the News Updates are on Web page format the Unit design and issue them at least twice a month in order to replace the previously launched the District Municipality External Newsletters issued twice a year.

The District Municipality has established the Communicators Forum and Editors Forum. Our current communication initiatives are our external newsletters issued twice a year and internal issued twice a year. There are also Executive Mayoral outreach programmes where the Executive Mayor in his capacity visits communities to listen to their needs and challenges they are encountering in their different villages. We have also hosted the District Budget Speech Address were all stakeholders attended and commented in the budget speech. The benefit of these processes is to provide Executive Mayor, Councillors and administrative arm with an opportunity to interact with communities so as make informed decisions.

The council also respond to the people's needs and encourage the public to participate in policy-making through IDP Representative Forums. The Council fosters transparency by providing the public with timely, accessible and accurate information by publishing information in the local newspapers using three predominant officials' languages of Setswana, Afrikaans and English. From time to time the municipality make use of radio broadcast to spread service delivery-oriented messages to the community

To strengthen and heighten the communications between the Municipality and the public, the District Municipality Communications has given a task to communicate more and often on municipal owned billboards in order to attract tourists who usually pass within the district. The District Municipality's website (www.drrsmdm.gov.za) is up and running, reaching more internal and external stakeholders.

WARD COMMITTEES

Ward Committees are managed by respective Local Municipalities and the District Municipality assist in coordinating trainings to the Ward Committees. A Ward Committee is established in each ward in order to assist and advise Ward Councillor with regard to service delivery matters and further improve public participation. Ward Committees are mainly advisory committees which can make recommendations on any matter affecting the ward within a municipality. The Municipal Council makes the rules that guide Ward Committee Members, how often should meetings be held and the circumstances under which a member of a Ward Committee can be removed.

The purpose of a Ward Committee is to:

- Get public participation from the community in order to inform council decision making,
- Make sure that there is more effective communication between the council and the community,
- Assist the ward councillor with consultation and report-back to the community and
- Advise the ward councillor on service delivery and developmental projects in the community.

Structure of Ward Committee:

A Ward Committee consists of a Ward Councillor as elected in the local government elections and a maximum of 10 people from the Ward who are elected by the community they serve. The Councillor is the Chairperson of the Ward Committee. Members of the Ward Committee must participate as volunteers and are only getting stipends.

Roles and Responsibility of the District Municipality

The District Municipality has to play its legislative role in supporting and monitoring the Ward Committees through the Office of the District Speaker.

List of Local Municipalities

1. Kagisano Molopo Local Municipality - 15 wards
2. Naledi Local Municipality – 10 wards
3. Lekwa-Taemane Local Municipality – 08 wards
4. Mamusa Local Municipality – 9 wards
5. Greater Taung Local Municipality – 24 wards

2.5 IDP PARTICIPATION AND ALIGNMENT

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

Participation is one of the cornerstones of our democracy and has equal benefits for politicians, officials and civil society:

1. Consultation will help council make more appropriate decisions based on the real needs of people.

2. The more informed people are, the better they will understand what government is trying to do and what the budget and resource limitations are.

3. Councillors can only claim to be accountable if they have regular interactions with the people they represent and if they consult and report back on key council decisions.

4. Government cannot address all the development needs on its own and partnerships are needed with communities, civil society and business to improve service delivery and development.

Our District comprise of five families of local municipalities namely:-

Municipality	Number of wards
Greater Taung Local Municipality	24
Kagisano-Molopo Local Municipality	15
Naledi Local Municipality	10
Mamusa Local Municipality	09
Lekwa-Teemane Local Municipality	08

Meetings of the IDP
IDP steering committee meetings were held in line with the IDP process plan to prepare for the IDP review process and preparations for the following financial year. As required by the process plan stakeholder consultations were conducted throughout the District. The District decentralized the program by clustering local municipalities during its District –Wide IDP representative form meetings.

The composition and responsibilities of each of the above-mentioned structure are outlined in the approved IDP/Budget Process Plan.

The Planning & Development is responsible to ensure that there is efficient and effective compliance with legislative imperatives such as IDP, Public Participation, PMS and other applicable laws. In addition, they perform strategic planning, facilitation, reporting and provide advice and support internally and externally which in most cases is demand-driven.

Section 27 (1) & (2) of the Municipal Systems Act Mandates District Municipality to adopt a framework for Integrated Development Planning that binds both the District and the local municipalities in the area of the district municipality as a whole;

Section 28 of the Municipal Systems Act mandates municipal council to adopt a process set out in writing to guide the planning, drafting, adoption and review of municipal integrated development plan (IDP); and Section 21 of the MFMA mandates municipalities to prepare time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget and the annual review of the IDP.

The Municipality has fully complied with the aforesaid development planning prescripts. The 2024/25 IDP/Budget Process Plan was approved by Council on the with milestones and activities towards approval of the reviewed 2025/2026 IDP.

The composition and responsibilities of each of the above-mentioned structure are outlined in the approved IDP/Budget Process Plan.

PROGRESS ON IDP AND ITS PROCESSES

2025/26

Introduction

In terms of section (28) of MSA 32 of 2000, each municipal council within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its IDP.

ITEM	ACTIVITY	DATE
Submission for noting Review IDP	The draft IDP was submitted for council for noting	March 2025(done)
Consultation with local municipalities on the draft IDP projects	Local municipalities are engaged in discussion regarding proposed projects in line with IDP framework	April 2025 (done)
IDP steering committee meeting	Steering committee meeting is held to deal activities of the IDP	April 2025 (done)
Submission of Final IDP to council for adoption	Municipal council must adopt the final IDP	May 2025 (done)
Submission of the IDP to MEC	After adoption by council IDP is submitted to the MEC 10 days after adoption by council	June 2025 (done)
IDP Process plan	Process plan must be developed which guide development and key deadlines in the municipality	August 2025
IDP Steering committee	IDP steering committee meet to prepare for IDP Rep forum	September 2025
IDP Rep Forum	Plat form is created to give feedback to stakeholders on progress registered on implementation of projects	Done November 2025

PLANNING

Town & Regional Planning

The Unit is responsible for Spatial Planning in line with Chapter 4 of the Spatial Planning and Land Use Management Act (SPLUMA), Act 16 of 2013 along with providing support to constituent local municipalities with the implementation of SPLUMA.

The Municipality reviewed its Spatial Development Framework in the 2021/22 financial year.

The Unit also includes a Geographic Information Systems (GIS) section which is responsible for storing spatial information within the Municipality and assist in surveying of completed infrastructure projects. In the past financial yearthe played an active role in assisting the Office of the Premier with the development of a provincial GIS Strategy.

The Dr Ruth Segomotsi Mompati District Municipality (herein referred to as the District or DRSM) is a Category C municipality located in the North West Province and it comprises the following local municipalities:

- Naledi Local Municipality,
- Greater Taung Local Municipality,
- Kagisano-Molopo Municipality,
- Mamusa Local Municipality, and
- Lekwa-Teemane Local Municipality

The District is predominantly rural with a population that is situated in more than 470 villages and towns dispersed in a 250km radius (approximately 50km north to south and 200km east to west).

- Amalia
- Bloemhof
- Christiana
- Piet Plessis
- Pomfret
- Pudimoe
- Reivilo
- Schweizer-Reneke
- Stella
- Taung, and
- Vryburg

Integrated Development Planning

The IDP unit is responsible for ensuring compliance with implementation of Chapter 5 of the Systems Act, especially compliance with Section 25 by identifying with the key deliverables and immediate goals detailed in the Council's IDP in respect of the communication, investment, tourism and agricultural dimensions of local economic development.

Performance Management System

The PMS Unit was responsible for the implementation of PMS in line with the Municipal Systems Act (MSA) 2000 which requires municipalities to establish a performance management system, the Municipal Finance Management Act (MFMA) which requires that the IDP to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP). The following were achieved during the financial year

- The Executive Mayor approved the SDBIP within 28 days of adoption of budget as legislated
- The Municipal Manager and Manager reporting directly to Municipal Manager (Section 56 Managers) their performance agreements.

.

DATE	ACTIVITY	MUNICIPALITY	RESOLUTION
19/08/2024	Rezoning in respect of the Remaining Extent of Portion 5 of the Farm Kalahari 664 (Taung District) for the purpose of establishing Solar Photovaltaic system with an ultra- fast charging station for electric vehicle	GTLM	The application was assessed and was conditionally approved subject to the implementation of the recommendations from SANRAL .
10/09/2024	Rezoning and simultaneous subdivision of the Remainder of the Remainder Portion 2267 of the Farm 894 HN (Taung for the purpose of erecting Filling Station	GTLM	There was an objection on this application as the interverner status was lodged against to the Council of Taung. Planning Unit in Taung was advised to returned application back to the owner as no proper due process was followed and that it must be started afresh.
21/10/2024	Application for the rezoning of Erf 534 Pudimoe to "Business 2" to build dwelling Units	GTLM	The application was conditionally approved on condition that Eskom must confirm its "servitudes" on site.
August 2024 to October 2025	Review of the SDF	GTLM	The process was successfully completed.
02/05 /2025	APPLICATION FOR THE SUBDIVISION OF ERF 13 INTO A PROPOSED REMAINDER (±1786m² IN EXTENT) AND PROPOSED PORTION 1 (±1069m²	Mamusa LM	Application was approved

	IN EXTENT)- SCHWEIZER RENEKE		
12 /06/ 2025	APPLICATION FOR THE REZONING OF ERF 14 FROM “RESIDENTIAL 2” TO “INSTITUTIONAL”(SCHWAIZER RENEKE)	Mamusa LM	Application was not approved as it was incomplete
29/04/2025	APPLICATION FOR THE CONSOLIDATION AND SUBSEQUENT REZONING OF ERF 70 AND RE/71 (SCHWAIZER RENEKE)	Mamusa LM	Application was not approved as it was incomplete
Jan- May 2025	Zoning Certificates for : Portion 1 of Erf 40; Erf 37; and Erf 814	Schweizer Reneke Mamusa LM	Zoning certificates were issued

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Cooperative governance is the set of processes, practices, policies, laws and stakeholder affecting the way an institution is directed, administered or controlled. Corporate Governance also includes the relationship among the many stakeholders involved and the goals for the institution is governed and is also governed by King Code of Practice applicable to local government sphere.

2.6 RISKMANAGEMENT

Risk Governance

Risk Management Governance

The Dr. Ruth S. Mompati District Municipality has adopted the Risk Management Manual 2024/2025 which consists of the Risk Management Framework, Policy, Strategy and Committee Charter. This forms the uniformed standard to be used in all Municipalities within the District.

The Dr. Ruth S. Mompati District Municipality has adopted the Fraud Prevention Manual 2024//2025 which consists of the Fraud and Anti-Corruption Policy, Fraud Prevention Plan, Anti-Corruption Strategy, Whistleblowing Policy and Ethics Policy and Committee Charter. This forms the uniformed standard to be used in all Municipalities within the District.

The Dr. Ruth Segomotsi Mompati District Municipality's Risk Management Unit is a Shared Services which renders support for Risk Management in terms of Section 88 of the Municipal Systems Act, 32 of 2000 to all Municipalities within the District jurisdiction and as per Provincial Treasury. The Shared Services was adopted and became functional in 2015/2016.

The Risk Management Unit facilitates and co-ordinate with the Management team (Section 56 and Unit Managers) to review the risk register annually and update this risk registers quarterly and develops a risk management strategy to direct the institution's risk management priorities. The Risk Registers are aligned to each Department's Key Performance Targets.

Line/Unit management are responsible for identifying, evaluating and managing both risks and opportunities in their responsibility areas, with technical and operational support provided by the Risk Management Unit.

The Risk Management Unit also maintains the consolidated Institutional Risk Register and reports thereon. The Audit and Performance Committee, the Accounting Officer and Council with reports of its findings and recommendations. The Risk Management, Fraud and Anti- Corruption Committee provides independent oversight over the system of risk management.

Risk management process

During the period under review, Dr. Ruth S. Mompati District Muncipality compiled an assessment register on Institutional Strategic Risks 2024/2025, before end of May 2024.

The Risk Assessment based on the Departmental was facilitated and co-ordinated before end of June 2024. The first (Departmental) updated of the Risk Registers was conducted before end September 2024. The second (Departmental) updated of the Risk Registers was conducted before end of December 2024 and the third (Departmental) updated of the Risk Registers was conducted before end of March 2025.

Both internal and external conditions that may impede the achievement of the goals expressed in the strategic plans were identified and evaluated. Based on the registers the Risk Management Unit compiled the Risk Management Report containing a strategy to manage the factors, which absent a deliberate and conscious strategy to manage them, could increase the institution's risk profile.

The Dr. Ruth Segomotsi Mompati District Municipality internal audit plan included audits designed to test the adequacy, effectiveness and economy of the internal control systems to counteract the effects of the significant risk factors.

Risk Management Objectives

The following risk index is used during the risk assessments when assessing inherent risk:

It is important to note that the results of the risk assessment process represent the participants' interpretation and perception of the nature and quantum of the risks impacting the organisation. The quality of the results therefore depends on the knowledge, experience and quality of input of the participant. In conclusion the participants involved are the Risk Owners and not the Risk Management Unit.

Risk index	Risk magnitude	Acceptability	Proposed actions
20 – 25	**Maximum risk**	Unacceptable	Take action to reduce risk with highest priority, accounting officer and executive authority attention.
15 – 19	**High risk**	Unacceptable	
10 – 14	**Medium risk**	Unacceptable	Take action to reduce risk, inform senior management.
5 – 9	**Low risk**	Acceptable	No risk reduction - control, monitor, inform management.
1-4	**Minimum risk**	Acceptable	No risk reduction - control, monitor, inform management.

Impact on institutional performance

During the period under review, Dr. Ruth Segomotsi Mompati District Municipality's Risk Management Fraud and Anti-Corruption Committee and Risk Management unit assessed the effectiveness of its system of risk management.

The areas requiring improvement are receiving the required attention. The Dr. Ruth S. Mompati District Municipality risk management efforts are contributing positively Municipality performance. On a residual basis, meaning that after mitigating actions were taken, Dr. Ruth

S. Mompati District Municipality risk profile based on the main categories of risk is as follows:

No.	Area	Inherent	Status	Residual	Status
1	Institutional Strategic Risk	25	Maximum	23	Maximum
2	Engineering	N/A	N/A	N/A	N/A
3	Corporate Services	22	Maximum	18	Maximum
4	EDTA	24	Maximum	16	Maximum
5	Planning and Development	21	Maximum	18	Maximum
6	Budget and Treasury Office	21	Maximum	14	High
7	Internal Audit	16	High	13	High
8	Community Services	25	Maximum	19	Maximum
9	Office of the MM	25	Maximum	22	Maximum

2.7 ANTI-CORRUPTION AND FRAUD

Risk Management Fraud and Anti-Corruption Committee

Dr. Ruth Segomotsi Mompati District Municipality has established a Risk Management Fraud and Anti-Corruption Committee in terms of the Local Government: Municipal Finance Management Act 56 of 2003. The Risk Management Fraud and Anti-Corruption Committee is guided by the Committee Charter in conjunction with the Public Sector Risk Management Framework from the National Treasury Department and the adopted Risk Management Manual 2024/2025. The committee operates under terms of reference as per adopted Dr. Ruth Segomotsi Mompati District Risk Management Fraud and Anti-Corruption Charter.

The Committee compromises the DRSM Risk Management Unit and selects members of the Municipality senior management and unit managers. As per its terms of reference the Committee should meet at least four (4) times a year. The committee meetings during the financial year under review were attended as follows:

The Risk Management, Fraud and Anti-Corruption Committee consists of standing members representing each department and/or unit within the Dr Ruth S. Mompati District Municipality. The Standing members are the following officials:

- Municipal Manager
- Section 56/57 Managers
- PMS Manager
- IDP Manager
- Legal Manager / advisor
- ICT Manager / Technician
- MPAC Manager / Researcher
- Political Office Officials (Manager in the Office of the Mayor and/or Speaker; and the
- Risk Management Unit's Officials.

The Committee is chaired by an appointed external professional expert who also represents the Committee at the Audit and Performance Committee. The Risk Management, Fraud and Ant-corruption Committee meet on a quarterly basis and the members, as a collective, shall possess the blend of skills, expertise and knowledge of the Municipality, including familiarity with the concepts, principles and practice of risk management, such that they can contribute meaningfully to the advancement of risk management within the Municipality.

2.8 SUPPLY CHAIN MANAGEMENT

Overview

The SCM Unit is established in terms of Chapter 11 of the MFMA and is operating from a centralized point. Capacitation of the unit is an ongoing process with the main goal being to ensure that all the procurement processes support service delivery. Timeous turnaround times are a priority number one for the SCM Unit, while ensuring adherence to laws and regulations. The SCM unit guides and implements the SCM Policy of council which caters for three (3) bid committees. These bid committees namely, Bid Specifications Committee (BSC), Bid Evaluation Committee (BEC) and Bid Adjudication Committees (BAC) are in place and operated effectively during the year under review. Training of SCM staff and SCM committees was done on a continuous basis.

2.9 BY-LAWS

Dr RSM District Municipality renders the MHS as per requirements of the Constitution of SA/1996.Contitution of the Republic of SA. Act 108 of 1996 section 156 and part B Schedule 4, read with the National Health Act, 61 of 2003 which define Municipal Health Services.

Environmental Health Practitioners of the District are serving the Local Municipalities of the District and are distributed as;

a) Kagisano Molopo = 4

b) Naledi = 3
c) GreaterTaung - 4
d) Mamusa = 3
e) Lekwa-Teemane =3

DR RSM has received 2 Community Services EHP whom are operating under the supervision of EHP's for the financial year. Inspections at food premises are conducted regularly with some challenges especially on foreign operated business.

Joint inspections are conducted regularly and with assistance of SAPS to enforce business related Acts. The Compliance rate including licensing of business premises is very low due to lack of By-Laws by Local Municipalities and also the LMS do not cooperate in signing the MOU for MHS, with the District.

The District has developed the Generic by-Laws on MHS, they were Public Participated and awaiting adoption by Council and ultimately Gazetting.

2.10 COMMUNICATION AND WEBSITES

INTRODUCTION TO COMMUNICATIONS

Communication is a key strategic service – to ensure that information is widely accessible within the public space, to engage citizens in conversation around critical issues and to empower citizens to participate in not only shaping government policies but also in taking up opportunities that affect their lives. Effective communication can also contribute positively to government endeavours – leading to good governance, improved internal staff and external citizen/stakeholder morale, and contributing towards meeting government's aims and objectives. It further builds public trust and confidence in the integrity of government and can be used to challenge any negative perceptions that might exist in the public space. In the region, the District Communications uses various platforms and mediums of communication to seek the views of the public, whilst consistently disseminating information on the objectives, programmes, decisions, actions and activities of Dr Ruth Segomotsi Mompati District Municipality. The Communications Unit consists of four (4) officials including manager and is administratively reporting to the accounting officer while politically to the Executive Mayor as the face of the institution.

PURPOSE

The Government Communication and Information System (GCIS), as the custodian of government communications, has drafted Communication Policy to strengthen government communications so as to deliver on its mandate. The Government communication including the District Municipality Communications is driven by democratic principles of openness and participation, and is guided by the basic principles of:

- transparency
- accountability
- consultation

It gives an overview of the entire operation in order to analysis the strength, weaknesses, opportunities and threats. It is very much important to know and understand the Communications key performance areas in order to advise and support. Building a good reputation of the institution is crucial for the enhancement of service delivery and it is in this regard that the report outlines challenges and achievements,taking into consideration the general recommendations.

COMMUNICATIONS OBJECTIVES

- To establish and maintain a positive relationship and mutual understanding between the Dr Ruth Segomotsi Mompati District Municipality and all its stakeholders.
- Solicit a uniform message about service delivery in a professional manner to educate stakeholders.
- To present Communication plan to the Municipal Manager or accounting officer and council.
- Development and implementation of approved Communication policy and strategy
- To cover and gather the district information on emergency situations by conducting the environmental scanning for interviews purpose.
- To sensitize the political leadership and management of Dr Ruth Segomotsi Mompati District Municipality on the entire communication implications within the institution.
- Unit's task is to profile the Executive Mayor as the head of the institution and to communicate the programmes and projects of municipality to internal and external stakeholders while enhancing the reputation.

COMMUNICATION CHALLENGES

- It is very crucial taking into consideration that the environment in which communicators operate in is not statics but always changing with government transitional periods and limited budget as well as the lack of resources, particularly financial and tools of the trade play critical role on taking communications to the greatest heights.
- For corporate identity and branding, there is a need for bigger budget in order to undertake the branding of the entire District Municipality Offices including the four (4) billboards owned by the District Municipality.

DISTRICT MUNICIPALITY'S ACHIEVEMENTS

- As the world is no more living in analog age but on digital, the District Municipality has joined the global arena by exploiting every opportunity to communicate with the public by utilizing social media and other platforms. Social Media is a good tool that can be used to convey important information to all stakeholders and it must be noted that updates should be done regularly. The District Municipality's Facebook page is **"Dr RSM District Municipality."**
- The installation of flat LCD TV screen at the Municipal reception to play all recorded video clips of district events. The District Newsletter has been issued as planned on bi-annual basis. Only one newsletter has been issued and coupled with monthly electronic news update to internal and external stakeholders.
- The District Municipality events video have been captured and edited for both internal and external stakeholders.
- The new approved NDP2030 branding material have been procured for the District Municipality including the implementation of the NDP2030 letterhead.
- The District Municipality's website has been re-designed for the better look but it seems to be problematic sometimes to access it due to incapacity of service provider.
- A functional website is regularly updated and running

CONCLUSION

In conclusion, a successful communication creates enormous benefits for the municipality and its stakeholders. Effective communication reaps incredibly positive results like greater employee commitment, staff involvement, morale boosting and stronger stakeholder loyalty.

Government's communication strategy is drafted every five years and updated once a year to ensure that all communicators operate from a developmental communication paradigm in the district.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

No public satisfaction survey conducted in the 2024/2025 financial year

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

INTRODUCTION

The Dr Ruth Segomotsi Mompati District Municipality is fulfilling its mandate as a Water Service Authority by ensuring that basic water and sanitation services are delivered to its communities in the entire district. Most of service delivery needs by communities are captured through regular IDP and budget roadshows which form part of the Water Services Delivery Plan. In these public participation engagements, more challenges with regard to inadequate bulk and internal water were identified. The ever-increasing demand to cater for the new housing development and extension of villages is a reality and the district is bracing itself to conquer this battle.

Ensuring that the district is not overwhelmed by service delivery needs, more work was done in sourcing funding from the Department of Water and Sanitation by submitting business plans on new water and sanitation reticulations, upgrading (increasing capacity) and refurbishment of existing infrastructure in 2024-2025 financial year. The district has been in successful after many challenges in receiving funding approvals for the submitted business plans, mostly from the Municipal Infrastructure Grant (MIG) and Water Services Infrastructure Grant (WSIG).

Going forward in addressing provision for bulk water, more strides will be made whilst taking into account the limited funding available for the operation and maintenance of water and sanitation infrastructure as well

COMPONENT A: BASIC SERVICES

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

INTRODUCTIONTOBASICSERVICES

The Dr Ruth S Mompati District Municipality is a Water Service Authority responsible for water and sanitation provision in the following five Local Municipal Areas:

- Kagisano Molopo Local Municipality(NW397)
- Naledi Local Municipality(NW392)
- Mamusa Local Municipality(NW393)
- Greater Taung Local Municipality(NW394)
- Lekwa-Teemane Local Municipality(NW396)

The provision for both bulk and internal water services in the District Municipality's five local municipalities is making a difference in the lives of communities especially who never had services before. However, area such as Eksdale in Kagisano Molopo where yields from boreholes are very low and the quality of water is not suitable for human consumption is receiving water through tankering.

The implementation for the long-term solution, though the Regional Bulk Water Scheme where supply of water from villages with adequate underground sources is delayed by the availability of funds from the Department of Water and Sanitation. The community of Pomfret has been without electricity since 2014 and this has negatively affected supply of water whereby diesel engines are now been used in the District's boreholes.

3.1. WATER PROVISION

Section 27 of the Constitution accords everyone the right to have access to sufficient water. Delivery of water is the primary mandate of DRRSMDM as a Water Services Authority (WSA).

The Municipality is supported in this regard by Sedibeng and local municipalities as Water Service Providers (WSPs), and the national government as the primary funder through Municipal Infrastructure Grant (MIG) and Water Services Infrastructure Grant (WSIG).

The District Municipality is engaging the local municipalities that are Water Service Providers to enhance their revenue collection. The provision of infrastructure to ensure that billing and collection for water and sanitation services is enhanced is done through replacement of water meters and leaking pipes.

The ever-increasing demands for water in villages' expansion, both formally or informally, is being addressed through provision of bulk infrastructure funded under the Regional Bulk Infrastructure Grant (RBIG) and the provision of internal reticulation budgeted Municipal Infrastructure Grant (MIG) and Water Services Infrastructure Grant. However, allocation to these grants by National Treasury is inadequate and therefore access to basic services is somewhat delayed.

The performance of the Water Service Providers has been closely monitored and those that are not performing will be taken on board. Monthly coordination meetings with the Water Service Providers are being held where issues relating to operations improvement and feedback from communities are dealt with.

In terms of the Blue Drop Certification Programme, the District Municipality need to adequately address water safety planning, treatment process management, drinking water quality compliance and asset management. The District Municipality, as the Water Service Authority, is coordinating compliance by the Water Service Providers to ensure the status of the Blue Drop improve with time.

3.2 WASTE WATER (SANITATION) PROVISION

The District Municipality is responding to basic sanitation needs of its communities by implementing the Rural Sanitation Programme funded through Municipal Infrastructure Grant (MIG) and Water Services Infrastructure Grant (WSIG).

Top 3 Priorities

1. Compliance with the Environmental requirements
2. Waste Water Treatment Plants Compliance to Green Drop Certification
3. Provision of new and upgrading of existing bulk Infrastructure

Overall Summary of performance of projects across the 3 funding grants (MIG, WSIG AND RBIG)

MIG

Expenditure Performance over 3 FY

The financial performance of the municipality has been consistent over the past 3 years and for the majority of the term the institution has achieved 100% expenditure on its MIG grant.
Financial Performance

Financial Year	Budget	Expenditure	% Expenditure	Roll over
2022/2023	R 158 928 000	R 158 928 000	100	N/A
2023/2024	R 155 156 000	R155 156 000	100	N/A
2024/2025	R 177 872 000	R 177 872 000	100	N/A

The following table has broken down individual projects performance relating to finances. This is based on the approved 2023/24 implementation plan.

Project Name	Initial – Budget July 2024	Adjusted -Additional Funding Budget March 2025	Expenditure
Rural sanitation	R 48 583 654,90	R 67 516 045,89	R 67 516 045,89
Stella bulk sewer & internal reticulation Phase A	R 550 000,00	R 854 295.28	R 906 939,36
Utlwanang bulk water reticulation upgrade	R 2 451 157,78	R 534 414,27	R 534 414,27
Upgrading of Schweizer Reneke water treatment works	R 2 270 416,57	R 2 785 453,07	R 2 785 453,07
Augmentation of bulk sewer infrastructure in Ipelegeng (Phase 1 & 2)	R 30 348 644,80	R 26 218 544,95	R 26 218 544,95
Bulk water augmentation in Ipelegeng	R 49 022 131,59	R 63 651 430,18	R 63 651 430,18

(Phase 1, 2 & 3)			
Refurbishment of Bloemhof Waste Water Treatment works	R 18 100 344,36	R 10 724 299,37	R 10 724 299,37
PMU Operation	**R 8 156 650,00**	**R 5 587 494,99**	**R 5 587 494,99**
Total Allocation	**R159 483 000.00**	**R 177 872 000.00**	**R177 924 644,08**

Shows infrastructure projects identified and undertaken during the 2024/25 financial year.

Project Name
Rural sanitation (Ventilated Improved Pit latrines)
Stella bulk sewer & internal reticulation Phase A
Utlwanang bulk water reticulation upgrade
Refurbishment of Schweizer Reneke Water Treatment Works
Augmentation of bulk sewer infrastructure in Ipelegeng (Phase 1 & 2)
Bulk water augmentation in Ipelegeng (Phase 1, 2 & 3)
Refurbishment of Bloemhof Waste Water Treatment Works

CHALLENGES ENCOUNTERED AND POSSIBLE SOLUTIONS

The table below states the challenges encounter and possible interventions and solutions

GENERAL CHALLENGES	**REMEDIAL ACTIONS / INTERVENTIONS**
Delayed issuing of Recommendation letters by DWS	DWS to improve in the issuing of Recommendation letters
30% SMMEs allocation for sub-contracting purposes	DE COG & NT to conduct training to Municipalities in the proper interpretation and implementation of the 30% threshold.

WSIG

Expenditure Performance 2024/25 FY

In terms of the Division of Revenue Act (DORA), Dr. Ruth Segomotsi Mompati District Municipality was allocated a budget of R75 000 000 in the 2024/25 FY. However, this allocation was increased to R95 000 000. The financial performance of the municipality has been consistent over the past few years on the WSIG grant with good performance and managed to spend 100% of the adjusted allocation of R95 000 000.

Financial Performance

Financial Year	Allocation	Expenditure	% Expenditure	Roll over
2024/2025	R95 000 000	R94 999 994.96	100%	R0.00

The following table has been broken down individual projects' performance relating to finances.

NAME OF PROJECT	DWS PROJECT NUMBER (If applicable)	PROJECT STAGE	VILLAGES AFFECTED	SCOPE OF WORK	RBIG ADJUSTED BUDGET 2024/2025	ACTUAL EXPENDITURE BY MUNICIPALITY	ACTUAL PROGRESS ON SITE.	CHALLENGES OF THE PROJECT
BLOEMHOF BULK WATER RETICULATUION UPGRADE		Construction	BLOEMHOF	The objective is to provide a basic level of water supply service to the community in Bloemhof. The internal reticulation network of Bloemhof is already at a higher level of service. The Installation of two new 480kl Elevated steel tanks, a new pump station with backup generator. The upgrading of the water reticulation network will include the following: Class12 uPVC pipes (2 850m x 250mmø), Class9 uPVC pipes (2 000m x 250mmø) Class9 uPVC pipes (1935m x 315mmø) as well as installation of isolating - and scour valves.	R 17,181,427.02	R 17,181,427.02	Contractor is complete with site establishment and busy with procurement of materials. Contractor has commenced with excavation and pipe laying.	Contractor is experiencing hard rocks but increased resources on site to be on programme schedule
UPGRADING OF OUTFALL SEWER PIPELINESOF BLOEMHOF EXTENTION 4 (5KM) FROM TSHENOLO PRIMARY SCHOOL TO N12 PUMP STATION		Construction	BLOEMHOF	The purpose of the project is to alleviate the existing outfall sewer blockages that have gripped the area. The upgrading of the sewer reticulation network will include the following: 552m of 160mmø, 746.25m of 200mmø, 2388m of 315mmø, dealing with existing sewer during construction, existing services that intersect or adjoin a trench, exposition	R 6,521,979.19	R 6,521,979.19	Project introduced to local municipality and community. Contractor completed with site establishment and busy procuring materials.	

NAME OF PROJECT	DWS PROJECT NUMBER (If applicable)	PROJECT STAGE	VILLAGES AFFECTED	SCOPE OF WORK	RBIG ADJUSTED BUDGET 2024/2025	ACTUAL EXPENDITURE BY MUNICIPALITY	ACTUAL PROGRESS ON SITE.	CHALLENGES OF THE PROJECT
				and protection and keeping excavation free of water. Connection and pump station entails: connection to new sewer line, testing of sewer line and pump station refurbishment.				
UPGRADING OF OUTFALL SEWER PIPELINES (4.2KM) FROM SALAMAT TO BLOEMHOF PUMP STATION		Construction	BLOEMHOF	The purpose of the project is to alleviate the existing outfall sewer blockages that have gripped the area. The upgrading of the sewer reticulation network will include the following: 3873m of 450mmǿ, 295m of 500mmǿ, dealing with existing sewer during construction, existing services that intersect or adjoin a trench, exposition and protection and keeping excavation free of water. Connection and pump station entails: connection to new sewer line, road crossing, railway crossing, testing of sewer line and pump station refurbishment.	R 8,021,078.74	R 8,021,078.74	Project introduced to local municipality and community. Contractor completed with site establishment and busy procuring materials.	
MIGDOL RURAL WATER SUPPLY		Completed	MIGDOL	The objective is to provide a basic level of water supply service to the community in Migdol. The hydrogeological work will include the aquifer testing of existing boreholes, as	R 2,724,355.99	R 2,724,355.99	The contractor is 100% complete and completion inspection was held on the 24 July 2025.	

NAME OF PROJECT	DWS PROJECT NUMBER (If applicable)	PROJECT STAGE	VILLAGES AFFECTED	SCOPE OF WORK	RBIG ADJUSTED BUDGET 2024/2025	ACTUAL EXPENDITURE BY MUNICIPALITY	ACTUAL PROGRESS ON SITE.	CHALLENGES OF THE PROJECT
				well as the drilling of 18 new boreholes (production + pilot). A new elevated steel storage tank of 400kl will be constructed to supplement the existing storage capacity. 9 x new borehole pumphouses will be of reinforced concrete to ensure better security. The internal water reticulation network of Migdol is already at a higher level of service. The upgrading of the pumping main network will include the following: Class 12 uPVC pipes (2 250m x 75mmø), as well as the installation of isolating - and scour valves.				
RIETFONTEIN RURAL WATER SUPPLY		Completed	RIETFONTEIN	"The objective is to provide a basic level of water supply service to the community in Rietfontein. The project entails 75 mm Ø uPVC pipes Class 12 (Pump Main) 1 200 m. 63 mm Ø uPVC pipes Class 9 (Gravity Pipe) 1 677 m. 110 mm Ø uPVC pipes Class 9 (Bulk Gravity Pipe) 2 918 m. Repairs to existing 100kl elevated tank 1	R 1,932,511.09	R 1,932,511.09	'The contractor is 100% complete and practical completion inspection was held on the 24 July 2024. Completion inspection was held on the 13 August 2024.	

NAME OF PROJECT	DWS PROJECT NUMBER (If applicable)	PROJECT STAGE	VILLAGES AFFECTED	SCOPE OF WORK	RBIG ADJUSTED BUDGET 2024/2025	ACTUAL EXPENDITURE BY MUNICIPALITY	ACTUAL PROGRESS ON SITE.	CHALLENGES OF THE PROJECT
				units. Drilling of new productive boreholes 5 unit. Isolating valves on 75 mm Ø 11 units. Scour valves on 75 mm Ø 2 unit. Communal water standpipes 12 units."				
MODUTUNG WATER SUPPLY		Construction	MODUTUNG	The objective is to provide a basic level of water supply service to the community in Modutung. Refurbishment of existing pump station to ensure better security. Installation of new 100KL Elevated Steel Tank. The upgrading of the pumping main and reticulation network will include the following: Class 9 uPVC pipes (11 405m x 75mmø; 6 750m x 110mmø;), as well as the installation of isolating - and scour valves, as well as 73 new communal water standpipes.	R 26,819,010.05	R 26,819,005.02	Contractor completed with laying of pipes and excavations. Contractor busy with foundation at elevated steel tank. Contractor to start with Pouring of concrete and steel tank installation by July 2025.	RBIG project i.e Modutung Bulk needs to be completed for source before Modutung Internal reticulation is complete.
MABONE RURAL WATER SUPPLY		Construction	MABONE	This project will entail construction of internal reticulation of uPVC pipes. Construction of 73 new communal standpipes, equipping of one borehole for Backup. This will ensure the community of	R 22,074,117.80	R 22,074,117.80	Contractor is busy with blasting and excavation, also started with pump houses and laying of pipes.	EIA took longer than expected to be approved. Contractor is experiencing Hardrock and Blasting is taking place.

NAME OF PROJECT	DWS PROJECT NUMBER (If applicable)	PROJECT STAGE	VILLAGES AFFECTED	SCOPE OF WORK	RBIG ADJUSTED BUDGET 2024/2025	ACTUAL EXPENDITURE BY MUNICIPALITY	ACTUAL PROGRESS ON SITE.	CHALLENGES OF THE PROJECT
				Mabone has a sustainable water supply which will reach the village demand and upgraded to RDP standards.				
MATLABATLABA RURAL WATER SUPPLY		Completed	MATLHABATLHABE	This project will entail source development of two new boreholes. Construction of a 50KL elevated steel tank on 15m stand, construction of 2km dedicated pumping main and 13.822km internal reticulation of uPVC pipes. Equipping of two boreholes, allowance for Eskom electrical connections to the boreholes. Construction of 32 new communal standpipes, and chlorination of water supply. This will ensure the community of Matlabatlaba has a sustainable water supply which will reach the village demand and upgraded to RDP standards	R 9,725,520.12	R 9,725,520.12	Completion inspection to be conducted on 19 August 2025	
					R 95,000,000.00	R 94 999 994.96		

RBIG

Expenditure Performance 2024/25 FY

In terms of the Division of Revenue Act (DORA), Dr. Ruth Segomotsi Mompati District Municipality was allocated a budget of **R401 333 000** in the 2024/25 FY. The financial performance of the municipality has greatly improved from the last financial year on the RBIG grant and we managed to spend 100% of the allocation.

Financial Performance

Financial Year	**Allocation**	**Expenditure**	**% Expenditure**	**Roll over**
2024/2025	R401 333 000	R401 333 000	100%	R0.00

The following table has been broken down individual projects performance relating to finances.

NAME OF PROJECT	DWS PROJECT NUMBER (If applicable)	PROJECT STAGE	VILLAGES AFFECTED	SCOPE OF WORK	RBIG ADJUSTED BUDGET 2024/2025	ACTUAL EXPENDITURE BY MUNICIPALITY	ACTUAL PROGRESS ON SITE.	CHALLENGES OF THE PROJECT
Construction of new 11 Ml/Day WTW in Taung, Bulk supply lines, reservoirs and Pump Stations - **Phase 2D Khibitshwane Pump Main**	Phase 2D	Construction	The entire Baga- Maidi Area and Taung village and surrounding villages	Construction of new 11 Ml/Day WTW in Taung, Bulk supply lines, reservoirs and Pump Stations	R 13,577,474.15	R 13,577,474.15	R 0.00	78% Complete on the Khibitshwane Pump Main. Contractor to implement the 3.5km pump main from the WTW to Khibithswane Reservoir appointed on 6 June 2024. The contractor is busy with excavations and pipelaying although there were issues in the procurement of materials. We have since approved a cession so that they can procure the materials. Contractor has requested for an EOT up to end of July 2025
Construction of Pumpstation, Reservoirs and Elevated Reinforced Concrete Tower and Bulk pumping mains to Eastern Plateau in Taung - **Phase 2E-1**	Phase 2E-1	Construction	The entire Baga- Maidi Area	Construction of Pumpstation, Reservoirs and Elevated Reinforced Concrete Tower and Bulk pumping mains to Eastern Plateau in Taung	R 16,017,642.80	R 16,017,642.80	R 0.00	100% Complete and busy with snag list
Construction Bulk supply lines and additional storage facilities villages on Eastern Plateau in Taung - **Phase 2E-2 (Northern Portion)**	Phase 2E-2	Construction	Morokweng, Manthestad, Makwating and Kolong	Construction Bulk supply lines and additional storage facilities villages on Eastern Plateau in Taung	R 0.00	R 0.00	R 0.00	100% complete
Construction Bulk supply lines and additional storage facilities villages on Eastern Plateau in Taung - **Phase 2E-2 (Central Portion)**	Phase 2E-2	Construction	Matsheng, Tlapeng Ext.,Tlapeng1 and Tlapeng 2	Construction Bulk supply lines and additional storage facilities villages on Eastern Plateau in Taung	R 9,982,357.20	R 9,982,357.20	R 0.00	100% complete and they are busy with pressure testing. Completion was achieved end of April 2025
Construction of additional Raw water storage, upgrading of raw water pump stations and access roads and landscaping at the Pudimoe three	Phase 2F	Construction	Naledi, Huhudi and Colridge	Construction of additional Raw water storage, upgrading of raw water pump stations and access roads and landscaping at the	R 112,079,152.60	R 112,079,152.60	R 0.00	58% Complete on the Civil Works. The Mechanical and Electrical contract is 43% complete and the contrator has already procured long lead time materials.

NAME OF PROJECT	DWS PROJECT NUMBER (If applicable)	PROJECT STAGE	VILLAGES AFFECTED	SCOPE OF WORK	RBIG ADJUSTED BUDGET 2024/2025	ACTUAL EXPENDITURE BY MUNICIPALITY	ACTUAL PROGRESS ON SITE.	CHALLENGES OF THE PROJECT
WTW modules: **Phase 2F**				Pudimoe three WTW modules				
Upgrade of Bulk Water Supply Pipeline from Ga-Moduana to Modutung Village	Phase 2A	Construction	5 Villages	Construction Bulk supply lines and additional storage facilities	R 31,387,847.40	R 31,387,847.40	R 0.00	A turnkey contractor has been appointed on 28 April 2024 and is busy with labour recruitment, procurement of materials and site establishment
Taung - Spitskop Dam Water Supply Project	Phase 2A	Technical Feasibility	21 Villages in Ba Ga Mothibi	Technical Feasibility Study	R 254,272.30	R 254,272.30	R 0.00	100% Complete on the Technical Feasibility. The report has been presented to DWS and awaiting response
Building of new 12 Ml/day WTW module next to the existing WTW in Bloemhof	Phase 1	Construction	Bloemhof, Schweizer Reneke and Ipelegeng	Building of new 12 Ml/day WTW module next to the existing WTW in Bloemhof	R 14,745,727.70	R 14,745,727.70	R 0.00	Progress is at 100%. (1) HT Pelatona progressing well to assist the contractor to reach practical completion. (2) Abstraction Guardhouse refurbishment and ablution construction is 98% complete. (3) Reservoir filled to 100% capacity, water tightness test underway. (4) Practical completion was reached end of August 2024
Bloemhof Water Treatment Works Upgrade – Mechanical Works	Phase 1	Construction	Bloemhof, Schweizer Reneke and Ipelegeng	Bloemhof Water Treatment Works Upgrade – Mechanical Works	R 0.00	R 0.00	R 0.00	Progress is at 95% complete. Contractor awaits the decommissioning of the Bloemhof WTW to continue and complete the outstanding works. The MCC2 to be manufactured and delivered to site by end of February 2025 for installation
Phase 2: Gravity Main – Vaalpoort Reservoir to Schweizer Reneke Reservoir (11 km)	Phase 2: Gravity Main – Vaalpoort Reservoir to Schweizer Reneke Reservoir (11	Construction	Phase 2: Gravity Main – Vaalpoort Reservoir to Schweizer Reneke Reservoir (11	Phase 2: Gravity Main – Vaalpoort Reservoir to Schweizer Reneke Reservoir (11 km)	R 0.00	R 0.00	R 0.00	Conditional Practical Completion reached in June 2023. Pipeline and reservoir not tested due to unavailability of water. Will only be done after the commissioning of the

NAME OF PROJECT	DWS PROJECT NUMBER (If applicable)	PROJECT STAGE	VILLAGES AFFECTED	SCOPE OF WORK	RBIG ADJUSTED BUDGET 2024/2025	ACTUAL EXPENDITURE BY MUNICIPALITY	ACTUAL PROGRESS ON SITE.	CHALLENGES OF THE PROJECT
	km)		km)					Bloemhof WTW.
Phase 3: Rising Main 1 – Bloemhof WTW to Olievenfontein Pump Station (25 km)	Phase 3: Rising Main 1 – Bloemhof WTW to Olievenfontein Pump Station (25 km)	Construction	Phase 3: Rising Main 1 – Bloemhof WTW to Olievenfontein Pump Station (25 km)	Phase 3: Rising Main 1 – Bloemhof WTW to Olievenfontein Pump Station (25 km)	R 0.00	R 0.00	R 0.00	Conditional Practical Completion reached in June 2023. Pipeline and reservoir not tested due to unavailability of water. Will only be done after the commissioning of the Bloemhof WTW.
Phase 4: Rising Main 2– Olievenfontein Pump Station (25 km) to Vaalpoort Reservoir	Phase 4: Rising Main 2– Olievenfontein Pump Station (25 km) to Vaalpoort Reservoir	Construction	Phase 4: Rising Main 2– Olievenfontein Pump Station (25 km) to Vaalpoort Reservoir	Phase 4: Rising Main 1 – Bloemhof WTW to Olievenfontein Pump Station (25 km)	R 0.00	R 0.00	R 0.00	Conditional Practical Completion reached in June 2023. Pipeline and reservoir not tested due to unavailability of water. Will only be done after the commissioning of the Bloemhof WTW.
Mamusa Bulk Water Supply:Electrical / Mechanical Works	Mamusa Bulk Water Supply:Electrical / Mechanical Works	Construction	Mamusa Bulk Water Supply:Electrical / Mechanical Works	Mamusa Bulk Water Supply:Electrical / Mechanical Works	R 10,000,000.00	R 10,000,000.00	R 0.00	Progress is at 95%. The contractor is almost complete with their original scope with just the lightning protection and earthing installations still underway.
Bloemhof Outfall Sewer Upgrade	Phase 2A	Technical Feasibility		Technical Feasibility Study	R 0.00	R 0.00	R 0.00	100% Complete on the Technical Feasibility. Report presented to DWS and awaiting feedback.
Refurbishment & Upgrade of Christiana Water Purification Works & Asbestos Reticulation Replacement	Phase 2A	Technical Feasibility		Technical Feasibility Study	R 0.00	R 0.00	R 0.00	100% Complete on the Technical Feasibility. Report presented to DWS and awaiting feedback.
Cluster 1: Bulk water upgrading to the Tlapeng Eksdale		Construction			R 101,788,525.85	R 101,788,525.85	R 0.00	Contract A is 70% complete and progressing well. Contract B is 100% complete and busy with snag lists
Cluster 4: Bulk water upgrading to Morokweng and					R 19,717,285.28	R 19,717,285.28	R 0.00	Technical Feasibility Study was approved on 3 February 2025. The tender

NAME OF PROJECT	DWS PROJECT NUMBER (If applicable)	PROJECT STAGE	VILLAGES AFFECTED	SCOPE OF WORK	RBIG ADJUSTED BUDGET 2024/2025	ACTUAL EXPENDITURE BY MUNICIPALITY	ACTUAL PROGRESS ON SITE.	CHALLENGES OF THE PROJECT
surrounding villages								was advertised and it closed on 20 May 2025 and evaluation is in progress
Cluster 6: Bulk water upgrading to Tseoge up to Bona Bona		Construction			R 71,782,714.72	R 71,782,714.72	R 0.00	95% Complete on the main contractor scope of works. 8 Subcontractors have been appointed and are generally progressing well. On average, the sub contractors are 90% complete. Electrical component of works has started.
					R 401,333,000.00	**R 401,333,000.00**		

3.3 ELECTRICITY

NOT A FUNCTION OF THE DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY

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

INTRODUCTION TO WASTE MANAGEMENT

Refuse removal, refuse dumps and solid waste disposal	"Refuse removal, refuse dumps and solid waste disposal" means the removal of any household or other waste and the disposal of such waste in an area, space or facility established for such purpose, and includes the provision, maintenance and control of any infrastructure or facility to ensure a clean and healthy environment for the inhabitants of a municipality In relation to the District Municipality it means: Solid waste disposal sites, in so far as it relatesto- i. the determination of a waste disposal strategy for the district as a whole; ii. the regulation of waste disposal strategy for the district as a whole; iii. the establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district. In relation to the Local Municipality it means: i. The determination of a waste disposal strategy for the local municipality only ii. The regulation of local waste disposal for the local municipality only iii. The collection and removal of waste and transporting to a local waste disposal site, bulk transfer facility and district waste disposal site The establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for the local municipality only	According to Section 156(1) of the Constitution and Section 84(1) and (2) of the Municipal Structures Act, the refuse removal, refuse dumps and solid waste disposal function is a shared municipal function, with district and functions as stipulated above. However, as indicated the refuse removal, refuse dumps and solid waste disposal function may, subject to the provisions stated above, be adjusted by the MEC for local government.

In 2008 the Solid Waste function and power of four of the five local municipalities in the Dr Ruth Segomotsi Mompati District Municipality (RMDM) area, i.e. Mamusa Local Municipality (MLM), Lekwa-Teemane Local Municipality (LTLM), Greater Taung Local Municipality (GTLM) and Kagisano/Molopo Local Municipality (KMLM) was reallocated to the RMDM in terms of section 85(1), 85(6) and 85(9) of the Local Government: Municipal Structures Act, 117 of 1998 (the "Structures Act"). Since 2008 the RMDM has not made any real progress in fulfilling its solid waste services mandate due to a lack of financial and human resources capacity to deliver the solid waste services with the result that all four of the local municipalities are still rendering the solid waste services as if no reallocation of it took place in 2008. Finding a way forward to determine a permanent solution for this *impasse* was urgently required.

A Service provider was appointed to assist DRRSMDM to do a S78 study consisting of a S78(1) assessment (phase 1) to determine whether RMDM has the internal capacity to deliver the solid waste service and thereafter, if concluded that internal capacity is inadequate, to do a S78(3) feasibility study (phase2) to assess whether and which external service delivery mechanisms would be suitable to render solid waste services to Mamusa, Greater Taung, Lekwa-Teemane and Kagisano-Molopo.

1. Assessment

Based on the Needs Analysis done (in a summarised version included in this report) the S78(1) assessment found that the RMDM, although tasked with the powers and functions to deliver waste management services in the four local municipalities, did not have the human resources or financial capacity to implement these services. It recommended that external service delivery options such as: other municipalities (implying the four local municipalities); Community Based Options (CBOs); Non-governmental Organisations (NGOs) and Public-private Partnerships (PPPs) be explored and investigated as potential solutions to the challenges identified by way of a S78(3) feasibility study.

2. Decision

Realising that it will not be able to comply with S79 of the Systems Act (i.e. be able to commit the financial, human and other resources necessary for the proper provision of the solid waste service and transform it in accordance with the Systems Act) the RMDM Council approved the recommendation to proceed with the S78(3) feasibility study to explore external service delivery mechanisms. This was done at a Council meeting held on 26 June 2014 (Resolution 107/2014) in accordance with the requirements of S78(2)(b) of the Systems Act.

Service delivery options analysis

The comparative analysis of possible options conclusively found that the best solution would be for the reallocation of the solid waste power and function to the local municipalities in terms of subsection 85(9) of the Structures Act with the RMDM rendering administrative, financial and technical assistance to the extent that its capacity allows. This analysis was done in much detail by looking at all aspects of governance and management; the financial impact including the potential sourcing of funding; the legal, human resources, technical and operational considerations; the market capacity and appetite of the private sector and risk factors.

Conclusions and recommendations

Having 1) taken into account the findings of the S78(1) assessment, 2) acted in adherence to the S78(2) decision of the RMDM Council and 3) taken into account the findings of this S78(3) feasibility study, it is concluded that:

1. *The RMDM is not in compliance with the solid waste power and function re-allocated to it in 2008 and does not have the capacity or funds or access to the funds required to deliver solid waste services to the Mamusa, Kagisano/Molopo, Greater Taung or Lekwa-Teemane Local Municipalities or, by way of a Service Delivery Agreement, cause reliable and sustainable waste services to be delivered to these municipalities.*
2. *A SDA between the DRRSMDM and each local municipality will spell out roles and responsibilities and accountability thus bringing clarity but it will not improve the current waste service delivery situation given that staff, assets and liabilities will remain unchanged if reliant on the DRRSMDM's capacity and funding ability. SDAs can also not ensure reliable, good and expanded waste services since other contributing factors such as good administration, human resources management, technical experience and capacity and sound financial management or the lack of these are not within the control of the DRRSMDM. Furthermore, SDAs will place an unnecessary administrative burden on the DRRSMDM and the local municipalities while negatively affecting the local municipalities 'ability to access MIG funding.*
3. *Due to the small scale of the waste services operations of the local municipalities, it is not foreseen that private sector operators will be interested in outsourced collection services but it is possible, once the waste handling and disposal sites of the various local municipalities are developed/upgraded, that there might be private sector interest in the outsourced operation and management of such landfill sites, transfer stations and drop-offs.*
4. *The four local municipalities are despite administrative, human resources, financial, technical, operational and maintenance constraints in a better position to deliver waste services to their own communities through their respective ability to access more grant funding; manage own staff, assets and liabilities and improve own governance, administrative, financial management and service delivery systems, processes and practices.*

   Organised labour and the respective communities of the four local municipalities are in favour of the solid waste power and function being located at their own local municipality.

   The opinion of officials of the four local municipalities ranges on a scale of either being in favour of the re-allocation of the solid waste service to the local municipalities to not being totally against it but having reservations about it due to concerns about the financial implications thereof.

The re-allocation of the solid waste power and function back to the local municipalities in terms of subsection 85(9) of the Structures Act is the most feasible and financially sustainable solution given the other conclusions and due to the fact that:

it will open the door for the local municipalities to access MIG funding for solid waste projects, i.e. to complete the landfill and transfer station projects and the revised MIG funding conditions will include allowance for 5% thereof to be spend on repairs and maintenance;

it will bring the location of the solid waste power and function in line with national policy;

it will result in a single source of responsibility and accountability which is known as a principle of goodservicedelivery;

it will place responsibility and accountability of the waste services where it belongs, i.e. close to the peoplewhoreceivetheservices;

the aged indigent registers causing the local municipalities not to get their rightful share of the LGES, can only be updated by themselves, thus they are masters of their own destiny in this regard;

the local municipalities are in a better position through daily management of their staff and activities to promote and enforce a safe and healthy environment through practices which should span across all services;

the local municipalities are in a better position through intimate knowledge of their communities and a wider commitment to their communities to explore and facilitate possible avenues for LED activities linked to solid waste services, e.g. recycling initiatives and the roll out of waste services to hitherto unserviced communities through the use of CBOs funded by the waste portion of the LGES grant.

Legislation enables the DRRSMDM to still provide financial, technical and administrative support services to the local municipalities to the extent that the DRRSMDM has such capacity which, in the case of the management and monitoring of landfill projects does exist, and could be made available.

The DRRSMDM waste staff also has knowledge of waste management practices such as the optimization of collection routes, which could still be available to the local municipalities.

Officials in the Solid Waste Unit of the DRRSMDM must ensure that the goals and implementation plans which are applicable to the DRRSMDM as included in the revised 2016 IWMPs, be implemented accordingly.

Council resolved on 30 June 2016:

a) *That solid waste power and function be re-allocated to the local municipalities in terms of subsection 85(9) of the Structures Act and, if this avenue proves to be unsatisfactory, the legal avenue provided for such circumstances in subsection 85(7) of the Structures Act, be used to affect the re-allocation.*
b) *That the recommendations in the attached report serve before the Council of DRRSMDM and be approved in terms of S78(4) of the Systems Act.*

That in pursuance of the above recommendations in the attached feasibility report and Council Resolution, the DRRSMDM communicate its request for the re-allocation of the solid waste power and function to the respective local municipalities in terms of subsection 85(9) of the Structures Act in writing to the Honourable Ms Fenny Gaolaolwe, MEC of the Department of Local Government and Human Settlements of the North West Province, supported by its Council Resolution and this S78(3) Feasibility Report.

Facility Name	Facility Type	Specify - Other	Municipality	Latitude	Longitude	Facility Status	License Status	License/Reference No	Compliant	Ownership
Taung Landfill Site	Landfill sites - General	G:C:B-	Greater_Taung_(NW 394)	24° 34' 16.13'' S	24° 44' 59.96'' E	Operational	Closure and rehabilitation	NWP/WM/DR2/2013/26	Partial	DRSM
Reivilo Landfill Site	Landfill sites - General	G:C:B-	Greater_Taung_(NW 394)	24° 34' 07.07'' S	24° 09' 21.66'' E	Operational	Closure and rehabilitation	NWP/WM/DR2/2016/02	Partial	DRSM
Old Pudimoe Landfill Site	Landfill sites - General	G:C:B-	Greater_Taung_(NW 394)	24° 44' 51.9'' S	24° 44' 21.6'' E	Closed and Rehabilitated	Closure and rehabilitation	NWP/WM/DR2/2013/15	Partial	DRSM
New Pudimoe Landfill Site	Landfill sites - Gener al	G:C:B-	Greater_Taung_(NW 394)	27° 25' 27'' S	24° 43' 11'' E	Approved	Licensed	NWP/WM/DR1/2009/04	Partial	DRSM
Ganyesa	Landfill sites -	G:C:B-	Kagisano/Molopo_(NW397)	26° 35' 29.5'' S	24 ° 07' 58. 7'' E	Operational	UnLicensed	No license	No	Kagisano-Molopo

	Gene r al									
Morokweng	Landfill sites - General	G:C:B-	Kagisano/Molopo_(NW397)	26° 11’ 16.3’’ S	23 ° 41’ 25.7’’ E	Planned	UnLicensed	No license	No	Kagisano-Molopo
Piet Plessis	Landfill sites - General	G:C:B-	Kagisano/Molopo_(NW397)	26° 35’ 26.99’’ S	24 ° 07’ 57.07’’ E	Operational	Licensed	NWP/WM/DR3/2016/05	No	Kagisano-Molopo
Bray	Landfill sites - General	G:C:B-	Kagisano/Molopo_(NW397)	25 ° 28’ 17.09’’ S	23 ° 42’ 8.86’’ E	Operational	Licensed	NWP/WM/DR3/2016/03	No	Kagisano-Molopo
Tosca	Landfill sites - General	G:C:B-	Kagisano/Molopo_(NW397)	25 ° 53’ 1.65’’ S	23 ° 57’ 29.19’’ E	Closed and Rehabilitated	Licensed	NWP/WM/DR3/2016/04	No	Kagisano-Molopo
Pomfret	Landfill sites - General	G:C:B-	Kagisano/Molopo_(NW397)	25 ° 47’ 59.12’’ S	23 ° 31’ 29.63’’ E	Closed	UnLicensed	Unknown	No	Kagisano-Molopo
Naledi Landfill site	Landfill sites - Gene r al	N/A	Naledi_(NW392)	2 00 3. 67" S	2 . 6" E	Operational	Licensed	NWP/WM/DR1/2009/01	No	Naledi

Stella Landfill site	Landfil l sites - Gener al	N/A	Naledi_(NW392)	2 33' 25.52" S	2 50' 49.99" E	Operatio nal	Licensed	NW/WM/DR1/201 3/16	No	Naledi
Huhudi Transfer station	Transf er station	N/A	Naledi_(NW392)	2 2 . 75" S	2 2 . 88" E	Operatio nal			Yes	Naledi
Vryburg Tranfer station	Transf er station	N/A	Naledi_(NW392)			Closed and Rehabilita ted	Closed and Rehabilita ted		Yes	Naledi
Vryburg Landfill site	Landfil l sites - Gene r al	N/A	Naledi_(NW392)	2 58' 17" S	2 45' 10" E	Closed and Rehabilita ted	Closed and Rehabilita ted	NWP/WM/DR1/20 09/03	Yes	Naledi
Vrybuck Buybac k centre	Buy-back centre	N/A	Naledi_(NW392)	27° 57' 28'' S	24° 45' 38'' E	Closed		NW/WM/DR1/201 4/05	No	Naledi
Amalia	Landfil l sites - Gene r al	G:C:B-	Mamusa_(NW393)	2 15' 20" S	2 2' 34" E	Operatio nal	Licensed	NWP/WM/DR6/20 12/20	No	DRSM
Schweize r Reneke	Landfil l sites - Gene r al	G:C:B-	Mamusa_(NW393)	2 10 32 " S	2 1 3 E	Operatio nal	Licensed	NWP/WM/DR6/20 12/22	Partial	DRSM
Migdol	Landfil l sites -	G:C:B-	Mamusa_(NW393)			Operatio nal	UnLicens e d	NWP/WM/DR6/20 13/18	No	DRSM

	Gene r al									
Glaudina	Landfil l sites - Gene r al	G:C:B-	Mamusa_(NW393)			Operatio nal	UnLicens e d	No license	No	DRSM
Nooitged aght	Landfil l sites - Gene r al	G:C:B-	Mamusa_(NW393)			Operatio nal	UnLicens e d	NWP/WM/DR6/20 12/20	No	DRSM
Bloemhof landfill site	Landfil l sites - Gene r al	G:C:B-	Lekwa-Teemane _(NW396)	27° 39' 21'' S	25° 34' 36'' E	Operatio nal	Licensed	NWP/WM/DR4/20 11/08	No	DRSM
Christiana Landfill site	Landfil l sites - Gene r al	G:C:B-	Lekwa-Teemane _(NW396)	27° 53' 52'' S	25° 7' 36'' E	Operatio nal	Licensed	NWP/WM/DR4/20 11/09	No	DRSM
Christiana Landfill site	Landfil l sites - Gene r al	G:C:B-	Lekwa-Teemane _(NW396)	27° 53' 52'' S	25° 7' 36'' E	Closed and Rehabilita ted	Licensed	NWP/WM/DR4/20 13/17	No	DRSM

WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

In accordance the Resolution 149/2016, the DRRSMDM on Solid Waste as determined by the Section 78 Report resolved; that solid waste powers and function be re-allocated to the local municipalities in terms of Section 85(9) of the Structures Act and, if this avenue proves to be unsatisfactory, the legal avenue provide for such circumstances in Section 85(7) of the Structures Act, be used to affect the re-allocation.

That in pursuance of the recommendations in the Section 78 Report and the Council Resolution, the DRRSMDM communicates its request for the re-allocation of the solid waste powers and functions to the respective local municipalities in terms of Section 85(9) of the Structures Act in writing to the Honourable MEC Fenny Gaolaolwe, of the Department of Local Government and Human Settlement of the North West Province, supported by its Council Resolution and the Section 78 Report. This was done but till to date there is no Role clarification from the MEC offices and due to unfunded mandate DRRSMDM could not commit to the function and as a result there is no budget allocated for the function.

Environmental Health Practitioners as they are rendering Municipal Health Services in the local municipalities of DRRSMDM are ensuring the proper management and of solid waste management to local municipalities and also conduct education awareness in the communities.

The local municipalities function is to ensure the proper refuse storage, collection, transportation, transfer and processing, materials recovery and final disposal.

The Solid waste management unit supports and give advice to the local municipalities on solid waste management issues whereby the Youth Ambassadors, appointed by the Department of Environment, Forestry and Fisheries, are involved with conducting education awareness in the communities as part of the youth and community outreach Programme.

3.5 HOUSING

This is not a function of the Dr Ruth Segomotsi Mompati District Municipality.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Municipalities have a legal obligation to ensure the provision of free basic services to indigent households. A “basic municipal services” means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety or the environment. This includes water, sanitation and electricity.

The District plan to undertake the to annually approve Indigent Support Policy and allocate budget to support qualifying households. The Indigent Support Policy will include and provide for the following, amongst others:

Criteria for identification of indigent households;

Process for registration of indigent households;

Indigent tariffs and subsidy;

Determination of the municipal services and levels thereof which will be subsidized in respect of indigent customers; and

Conditions for the termination of indigent support.

The District Municipality is supporting Local Municipalities through equitable share and in ensuring that the indigent support is being catered through the provision of free basic services through policy development and guidance, however the primary function lay with the Local Municipality

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and wastewater (stormwater drainage).

The Dr Ruth Segomotsi Mompati District Municipality is not the custodian of roads within its area of jurisdiction. In terms Section 36 (1) of the National Land Transport Act, Act 5 of 2009 all planning authorities must prepare Integrated Transport Plans (ITP's) for their area of jurisdiction. The Municipality is responsible for municipal planning as derived from Schedule 4 Part B of the Constitution. The Municipality is in the process of developing an Integrated Transport Plan with support from the North West Department of Community Safety & Transport Management.

The National Department of Transport, as part of the S'Hambe Sonke Programme, has provided grant funding for the implementation of Rural Roads Asset Management Systems (RRAMS). The strategic goal of RRAMS grants is to ensure efficient and effective investment in rural roads and bridge inventory data condition assessments and traffic information. Improved data on roads will guide infrastructure investment and also enhance accessibility and mobility of rural communities.

Description of Public Transport Operations and Services

In addition to the preceding literature study, this section aims to provide insight into the current public transport operations and service provision within the Dr Ruth Segomotsi Mompati District Municipality. This is an important step as part of laying a fundamental understanding upon which the IPTN plan can be built. The information provided in this section is gathered from the latest ITP and CPTR documents, as well as from field surveys during the course of this project.

General Public Transport Pattern

As a start, the general public transport pattern and system has to be analysed and understood. Two main elements of the public transport system can be identified that define and form the systems' functioning. The supply and demand sides.

- • The **supply side** element refers to all infrastructure aspects such as the roads, facilities and transport modes, as well the operational and management aspects of the system which includes the route planning and scheduling conducted by the service providers.
- • The **demand side** element essentially refers to the users that utilise the services in order to meet a specific need to travel.

The functioning of the public transport system is based on the highly complex and mixed interaction between various elements and aspects of the system's demand and supply side. Table 2-8 visually shows the various aspects included in the public transport supply and demand. This is a simplified representation of the system and is based on the information provided in the latest ITP. Table 2-8 focuses exclusively on public transport and therefore only shows the various elements of public transport operations as a separate part of the bigger transport system.

Of importance in this section is the consideration of what the supply side status quo situation currently is in order to better understand its interaction with the demand side and thus to enable a better understanding of certain issues in the current public transport system, such as a skewed or inadequate provision of transport to meet specific users travel needs.

Overview of Public Transport Services
The current public transport system in DrRSMDM comprises two main road-based transport modes, namely the minibus-taxi and standard bus modes. These are therefore of most importance during the evaluation of current public transport service provision. Whenever this report makes reference to a taxi, a 15-seater minibus-taxi is implied and when reference is made to a bus, a standard 65-seater

bus is implied. There is no significant presence of metered taxi operation within the district and the rail network currently present is not utilised for commuter purposes.

DISTRICT TRANSPORT FORUM 2024-2025

Date of Activity	Matters Discussed
21/11/2024	Discussion on Intergovernmental Agreement Document. Establishment of good relations with municipalities and stakeholders on public transport.
29/ 08/2024	Discussion was on the quarterly forum whereby the three spheres of government and other stakeholders meet to discuss all transport related matters within the province. ,
29/01/2025	Discussion on finalization of legislative process for the provision of safe transport to communities.
14/02/2025	Preparatory meeting for provincial forum. Date: 14. 02 .2025 Venue: Bojanala district municipality, Klerksdorp protea hotel Proposed agenda for the meeting
28/03/2025	Discussion on transport related matters with relevant stakeholders and the Dr RSM DM local municipalities

The status quo of the public transport system described in this document is mainly based on the 2007-2013 ITP and verified by field surveys undertaken as part of the 2018 CPTR project, as well as on a desktop study and site visits undertaken during the course of this project. The description of the supply side of the existing public transport system has been summarised with regard to the following aspects related to each transport mode:

- Operators providing public transport service
- Facilities utilised by public transport vehicles and passengers
- Vehicles used in public transport operations
- Public transport service provided to passengers

3.7 ROADS

Not a function of the District

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

NOT A FUNCTION DISTRICT

3.9 WASTE WATER (STORMWATER DRAINAGE)

This is not a function of the Dr Ruth Segomotsi Mompati District Municipality

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

The Municipality has fully complied with the aforesaid development planning prescripts. The IDP/Budget Process Plan was approved by Council on the with milestones and activities towards approval of the reviewed 2024/2025 IDP

The composition and responsibilities of each of the above-mentioned structure are outlined in the approved IDP/Budget Process Plan.

The Planning & Development is responsible to ensure that there is efficient and effective compliance with legislative imperatives such as IDP, Public Participation, PMS and other applicable laws. In addition, they perform strategic planning, facilitation, reporting and provide advice and support internally and externally which in most cases is demand-driven.

Section 27 (1) & (2) of the Municipal Systems Act Mandates District Municipality to adopt a framework for Integrated Development Planning that binds both the District and the local municipalities in the area of the district municipality as a whole;

Section 28 of the Municipal Systems Act mandates municipal council to adopt a process set out in writing to guide the planning, drafting, adoption and review of municipal integrated development plan (IDP);and

Section 21 of the MFMA mandates municipalities to prepare time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget and the annual review of the IDP.

The Municipality has fully complied with the aforesaid development planning prescripts.

The composition and responsibilities of each of the above-mentioned structure are outlined in the approved IDP/Budget Process Plan.

3.10 PLANNING

Town & Regional Planning

The Unit is responsible for Spatial Planning in line with Chapter 4 of the Spatial Planning and Land Use Management Act (SPLUMA), Act 16 of 2013 along with providing support to constituent local municipalities with the implementation of SPLUMA.

The Municipality reviewed its Spatial Development Framework in the 2019/20 financial year.

The Unit also includes a Geographic Information Systems (GIS) section which is responsible for storing spatial information within the Municipality and assist in surveying of completed infrastructure projects. In the past financial year 2019/20 the played an active role in assisting the Office of the Premier with the development of a provincial GIS Strategy.

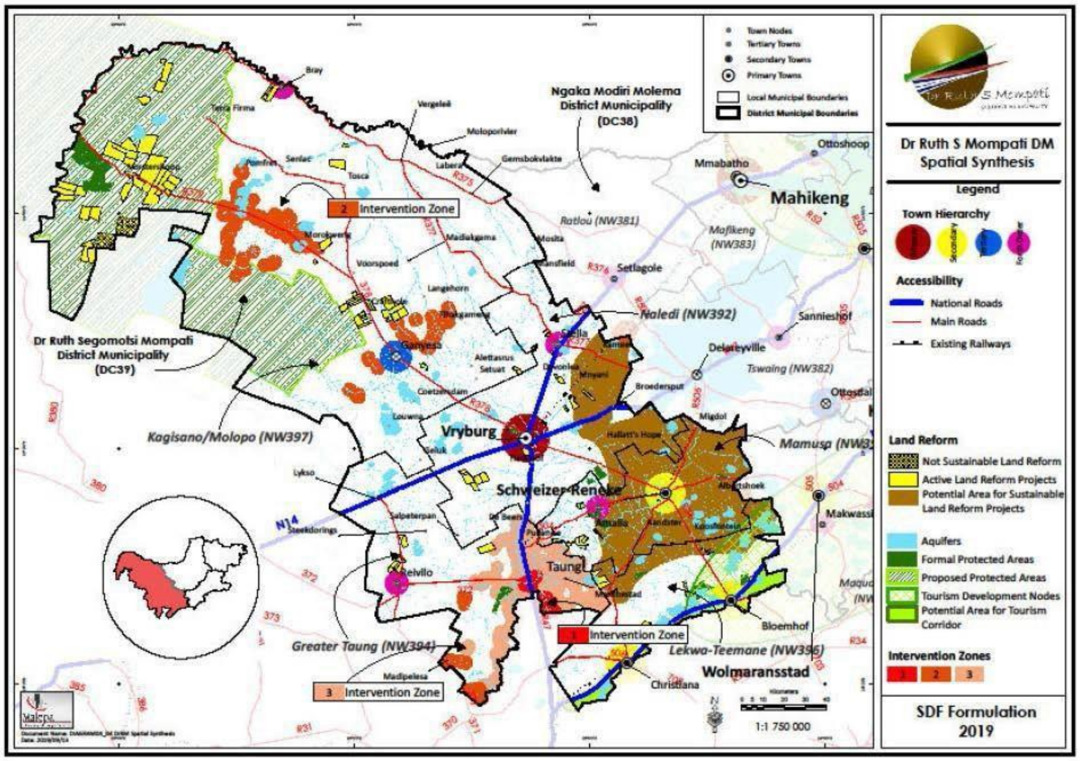
The Dr Ruth Segomotsi Mompati District Municipality (herein referred to as the District or DRSM) is a Category C municipality located in the North West Province and it comprises the following local municipalities:

Naledi Local Municipality,
Greater Taung Local
Municipality, Kagisano-Molopo
Municipality, Mamusa Local
Municipality,and Lekwa-
Teemane Local Municipality

The District is predominantly rural with a population that is situated in more than 470 villages and towns dispersed in a 250km radius (approximately 50km north to south and 200km east to west).

Amalia
Bloemhof
Christiana
PietPlessis
Pomfret
Pudimoe
Reivilo
Schweizer-Reneke
Stella
Taung,and
Vryburg

The map below indicates the spatial synthesis of the District:



Integrated Development Planning

The IDP unit is responsible for ensuring compliance with implementation of Chapter 5 of the Systems Act, especially compliance with Section 25 by identifying with the key deliverables and immediate goals detailed in the Council's IDP in respect of the communication, investment, tourism and agricultural dimensions of local economic development.

Performance Management System

The PMS Unit was responsible for the implementation of PMS in line with the Municipal Systems Act (MSA) 2000 which requires municipalities to establish a performance management system, the Municipal Finance Management Act (MFMA) which requires that the IDP to be aligned to the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO LOCAL ECONOMIC DEVLOPMENT (INCLUDING TOURISM AND MARKET PLACES

The current unemployment rate in the district stands at 38%. This unprecedented state affects the majority of the Youth. Hence the district will continue to strive towards creating an enabling environment that accommodates ongoing youth skills development, small business and cooperatives support, product development and promotion as well as other farmer support programmes.

The strategic objective of the EDTA department is to facilitate and promote local economic development in the District through existing partnerships. Specifically, the district is an agricultural hub within the province and as a result, special attention is given to promoting agricultural initiatives and ensures value chain benefits from the sector. The AgriParks programme therefore, will play a central role in ensuring broader accessibility of the previously disadvantaged communities to value chain benefits associated with the programme. The District is one of the 44 poorest districts, with an economy that is highly dependent on the Agricultural sector. Despite having a thriving Agricultural sector that is perceived to be overly dependent on the beef cattle industry, the entire sector is still relatively underdeveloped in terms of agro-processing value chain, infrastructure and related activities. A larger percentage of agricultural produce originating from the district is usually processed outside. Therefore, the establishment of the Agri-Park will afford the district an opportunity to promote and implement agro-processing of produce, value addition, and an overall increase in agricultural production and diversification.

In addition to agriculture, the district has, over the past years ensured equitable focus on other sectors of the economy. Considerable effort went into the promotion and creation of a conducive environment that enhances access to markets for SMMEs and encouraging participation in existing and new employment creation opportunities. Thus, the promotion of SMMEs and Cooperatives as the driving force to job creation needs to be fully harnessed and supported. In the previous financial year, a total of 15 SMMEs and Cooperatives collectively were successfully assisted. The two support programmes accessed include shared economic Infrastructure Fund, from the department of Small Business Development and the NW Growth Accelerator Programme both administered through the Finance, Economy & Enterprise Development Department.

Attraction of major investments to the District remains a challenge because of the poor infrastructure conditions, more especially roads, water networks or reticulation, communication, electricity and transport networks. The critical importance of commitment to transforming the economy of the district therefore remains emphasized. This will ensure that job opportunities are increased for the unemployed masses (mainly the youth) of the DR RSM District.

The District Municipality acknowledges the fact that effective economic growth and stimulation emanates from committed stakeholder strategic partnerships in order to ensure rural development and jointly implementing programmes and projects for sustainable livelihood. As a result, the department will for the next five years intensify joint economic planning and execution of programmes focusing on the prioritized sectors of the district. Partnerships with the private sector to impart the necessary skills to small businesses and cooperatives will be duly enhanced and supported. With the minimum resources allocated to the district for service delivery priorities, Local Economic Development is usually given the least of the resources usually not commensurate with the existing economic challenges and needs. The same applies to the local municipalities supported by the district, a matter that will require a decisive political will if the prospects of the district economic growth are to be attained.

The Dr Ruth S Mompati District Municipality affirms that tourism "constitutes a right equally open to all of the world's inhabitants, and obstacles should not be placed in its way". There has been a growing awareness of the positive influence that tourism as a sector has on different aspects of life. This sector provides a chance for recreation, an opportunity for mutual understanding between peoples and cultures, an instrument for economic development, a promoter of peace and dialogue, a possibility for education and for personal growth, a moment of encounter with nature, and an environment for spiritual growth, just to mention few. Therefore, the district will continue to market its five (5) tourism offerings being, Agriculture, Culture, Heritage, Water Sport and Hunting. Through these offerings, the district hopes to create a unique experience exclusive towards the existing comparative advantages withineach localmunicipality.

LOCAL JOBOPPORTUNITIES:

EDTA has an indirect and direct impact on jobs created. In the 2024-2025 financial year in terms of based on SMMEs supported through both special projects and operational projects.

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.

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

Not a function of the Dr Ruth Segomotsi Mompati District Municipality

3.13 CEMETORIES AND CREMATORIUMS

Regulations defining the scope of the profession of environmental health: amendment; provide for the following to be rendered:

Disposal Of The Dead

Controlling, restricting or prohibiting the business of an undertaker or embalmer, mortuaries and other places or facilities for the storage of dead bodies; monitoring practices at cemeteries, crematoria and other facilities used for the disposal of dead bodies; managing, controlling and monitoring exhumations and reburials or the disposal of human remains.

Environmental Health Practitioners are performing the function as outlined per the regulations.

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTIONTOCHILDCARE; AGEDCARE; SOCIAL PROGRAMMES

A child care Centre shall refer to a facility that provides care for "children under the age of 6 years" who are not yet attending a formal school or equivalent. These shall include full time day care or half day care where more than 3 children are being care for between the ages of 0-6 years. Child care centers also include afterschool care services for school going children.

The premises operated under a valid Health Certificate issued by an Environmental Health Practitioner of a relevant District or Metropolitan Municipality, to the effect that the premises and general facilities comply with environmental health requirements.

The premises promote a healthy and safe environment, free from environmental hazards and diseases and welfare of the children accommodated.

Staff members adequately qualified in child care, and knowledgeable in health and safety aspects relating to children. Playground equipment in compliance to the *SANS 51176: 2010 for playground equipment and surfacing*.

Environmental health inspections of day care centers should include:

A risk assessment of a child care should be conducted by an EHP to assess conditions on the premises that may pose a threat to the health, safety and welfare of children, by:

- Identifying hazards in a child care centre;
- Assessing the likelihood of the hazard posing a risk to the children on the premises;
- Estimating the severity of the consequences, if harm is caused. The risk analysis should be done with specific focus to the following areas:

  Food preparation areas, (to include analysis of food risks);

  Indoor and outdoor play areas and equipment;

  Water and sanitation;

  Pests; Care and protection of children;

  Disease infection risk factors and prevention strategies, including hygiene practices; and

  Environmental toxins on the premises
- Risk communication should from part of every EH inspection, as well as recommendation of action plans on elimination and minimization of hazards through control measures.
- Assessment of disease prevention and control, including disease reporting and inspection protocols.
- Health education should part of and provided with every compliance inspection conducted.
- Inspection checklists should be designed and utilized for every inspection conducted. Prescribed standards for day care centers should be used as guides for developing of inspection checklists.
- An inspection report, with the risk assessment findings and recommendations should be issued to the owner or person in charge of the day care center after every inspection.
- An EHP should maintain a database of all child care centers (both compliant and non-compliant) for control purposes.
- Monitoring of child care centers should be coordinated with all other relevant stakeholders, such as Social development, Basic Education and Primary Health Care, to ensure synergy and comprehensive provision of services.

Day care centers must comply with the following health requirements:

- A valid health certificate must be issued by an EHP certifying that the premises comply with environmental health requirements. The certificate must indicate the following:

  The health certificate holder;

  The physical address of the premises;

  The identity number of the certificate holder;

  The number of children and the minimum age groups permitted on the premises; and

  Hours of operation; full day or half day care.

  Each certificate should be issued with a certificate number.

- The health certificate must be displayed in a conspicuous manner on the premises, so as to be clearly visible to everyone entering the premises.

- Health certificates issued to a child care center must be renewed by an EHP:

  Annually;

  In case of change of ownership;

  In the case of renovations/additions to the existing premises; and

  If the services moves from one premises to another

- A Day care center must be inspected at least once every quarter (not less than 3 times in a year). The risk profile of the day care center should also inform the frequency of inspections of specific premises.

Homes for the aged refer to a care home providing accommodation and nursing, or personal care for older people or for the aged.

Norms:

- Old Age Homes operated under a permit/registration authorizing that activity by the relevant municipality/authority.

- The premises operated under a valid Health Certificate issued by an Environmental Health Practitioner of a relevant municipality, to the effect that the premises and general facilities comply with environmental health requirements.

- Building and facilities accessible and promote health, safety and welfare of residents.

- Physical layout of the grounds and buildings promotes mobility, social interaction and areas of service delivery.

COMPONENT E: ENVIRONMENTAL PROTECTION

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

Section 24 of the Constitution provides that everyone has the right to an environment that is not harmful to their health or well-being and to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that:

- Prevent pollution and ecological degradation;
- Promote conservation; and
- Secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

DR RSM's considerable and diverse natural resources open up a wide array of investment possibilities, from alternative energy (Solar power) to both game and livestock farming. Being part Republic of South Africa, which is a signatory to various international environmental agreements, Dr RSM is concerned to protect its natural resources and promote their sustainable use.

DR RSM district municipality derives its environmental mandate to ensure the protection of the environment and conservation of natural resources. The Municipality performs its environmental mandate through the community services' environmental/Municipal health unit with further support from the Department of Environmental Affairs' local government support unit that has deployed 1 Control environmental Officer Grade A to provide support to the District and its 5 Local municipalities on environmental management issues.

3.15 ENVIRONMENTAL POLLUTION CONTROL

INTRODUCTIONTO ENVIRONMENTAL POLLUTIONCONTROL

Environmentalpollutioncontrolfunctionsareasfollows:

- Ensuring hygienic working,living and recreational environments;
- identifyingthepollutingagentsandsourcesofwater,airandsoilpollution;
- conducting environmental health impact assessments of development projects and policies, including assessments of major hazard installations;
- identifying environmental health hazards and conducting risk assessment and mapping thereof;
- preventingaccidents,e.g.owingtoparaffinusage;
- approving environmental health impact assessment reports and commenting on environmental impact assessment applications;
- ensuring clean and safe air externally (ambient and point sources) through emission inventory monitoring,modelling and toxicological reports,reviews and complaint investigations;
- controllingandpreventingvibrationandnoisepollution;
- preventingandcontrollingsoilpollutionthatisdetrimentaltohuman,animalorplantlife;
- ensuring compliance with the provisions of the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993), and its regulations, including anticipating, identifying, evaluating and controlling occupational hazards;
- taking the required preventative measures to ensure that the general environment is free from health risks;
- ensuring the registration, permitting, monitoring and auditing of all industries, activities, trade, etc., which involves controlling the internal effects of pollution on the worker and the external effectsofpollutiononthecommunityandtheenvironment;
- monitoring management of infrastructure integrity, including management of the infrastructure integrityofpipelinesandtanks;
- ensuring, jointly with other role players, a readiness for abnormal operating conditions and disasters;
- developing sustainable indicators appropriate for monitoring the effectiveness of environmental management systems of industries

3.16 BIO- DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

NOT A FUNCTION OF THE DISTRICT

COMPONENT F: HEALTH

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

3.17 CLINICS

NOT A DISTRICT FUNCTION

3.18 AMBULANCE SERVICES

Not a district function

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

INTRODUCTIONTO MUNICIPAL HEALTH(INSPECTIONS,FOOD, ETC.)

In terms of the Constitution of the Republic of South Africa, 1996, the Local Government: Municipal Structures, 1998 (Act 117 of 1998) and the National Health Act, 2003 (Act 61 of 2003), it is the statutory responsibility of the District Municipality to render Municipal Health Services in the district, in terms of Government Notice No. 826 of 13 June 2003 which became effective from 1 July 2004, and DR RSM DM is amongst the municipalities that renders the service fully.

Environmental health is concerned with monitoring or mitigating those factors of the natural and built environment affecting human health and disease. It involves identifying and evaluating environmental sources and hazardous agents and limiting exposures to hazardous physical, chemical, and biological agents in air, water, soil, food, and other environmental media or settings that may adversely affect human health. The programmes are implemented as per Regulation No. 123; The Scope of Profession of Environmental Health under the Health Professions Act (Act No. 56 of 1974 as amended).

Section 1 of the National Health Act 61 of 2003, defines Municipal Health Services which include the following environmental health functions provided by District and Metropolitan Municipalities:
Water quality monitoring; Food control; Waste management; Health surveillance of premises; Surveillance and prevention of communicable diseases, excluding immunizations; Vector control; Environmental pollution control; Disposal of the dead; and Chemical safety.

Water quality Management

DR RSM DM is responsible for ensuring that the water provided to communities is safe for human consumption and adequate for domestic use as well as for recreational, industrial, food production and all other human and animal use. This is facilitated through water sampling and analysis by accredited Laboratory to determine compliance with South African National Standards (SANS): 241.

Food Inspections

The district has responsibility of ensuring food safety in respect of acceptable microbiological, chemical and hygiene standards. This is implemented by monitoring food premises for compliance with set standards on a monthly basis to ensure compliance of all food premises and optimal hygiene control throughout the food supply chain.

Waste Management: The inspections are conducted in LM's waste site to assist them to come to compliance to the NEM Waste Act 2008.

Health and Hygiene Awareness and activities in response to COVID-19 pandemic

- Community Awareness, educations and communication which is critical in the management and prevention of the spread of COVID-19 were and are still conducted regarding the precautionary measures and the persons behaviours during the pandemic at pension pay out points, during premises inspections (Non-Food and Food)
- Intensive inspections were conducted at Funeral Parlour premises for compliance with disaster management regulations.
- Provided guidance and advice to Funeral Undertakers on management of infectious human remains
- Participated in Outbreak Response Teams in the District and constantly informed the Provincial Disaster and the National Health on the Environmental Health activities during the pandemic.
- Conducted investigation of suspected cases and contact tracing in the district.
- Monitored the management of health care wastes in health facilities, quarantine premises, etc
- Facilitated and monitored the decontamination and disinfection of affected premises
-

DRRSM has in its employ 20 Environmental Health Practitioners and are distributed amongst the local municipalities as follows: Greater Taung 4, Mamusa 3, Naledi 3, Kagisano/Molopo 5 and Lekwa-Teemane 3 with Assistant Manager: Solid Waste and Manager: MHS. Norms for Environmental Health Practitioners was established in South Africa as one Environmental Health Practitioner per 15 000 population, insured and uninsured combined. The WHO norm stands at 1 Environmental Health Practitioner per 10 000 population. A new cadre of Environmental Health Assistant is being defined; no norms exist as to the ratio of Environmental Health Assistant to Environmental Health Practitioner.

Environmental Health Practitioners (EHP's), as registered health practitioners, are required by law to engage in continued professional development activities (CPD). These activities are registered and administered by the Health Professions Council South Africa (HPCSA) and it is compulsory for all EHP's to comply with CPD requirements in order to maintain their registration with the HPCSA.

CHALLENGE

insufficient budget provision to advance other tools of trade, like surface cleanliness tests, noise testing machine and others.

COMPONENT G: SECURITY AND SAFETY

This component includes: police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

INTRODUCTION TO SECURITY & SAFETY

The Structures Act gives District Municipalities the functions and powers to conduct firefighting services. (The word “function” is defined as an activity proper to a person or institution, a mode, of action or activity by which a thing fulfils its purpose, an official or professional duty). This clearly goes beyond a “right” or “power” and the Structures Act therefore places on District Municipalities an obligation to provide these services.

The District Municipality has a security component which consists of the Minimum Information Security Standard. In terms on the National Intelligence Strategic Act this Unit is responsible for Screening and Vetting of both employees and Service providers.

Employees are screened regularly to ensure compliance with the Act and also to minimise the risk of employing those who are viewed as Security risk to the institution. All Municipal assets such as water infrastructure are guarded on a 24 hour basis to avoid vandalism.

Access control is a process in which several measures are applied to ensure that any object or person requiring access to the premises of an institution is safe, has a bona-fide reason to enter, is entitled and authorised thereto and breaches of security during the presence of such a person. It is therefore important for the institution to have a policy guideline to regulate access control.

The Security policy has been developed and in place in accordance with the provisions of the Act.

3.20 POLICE

Not a district Function

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

FIRE SERVICES
The District Municipality is responsible for provision of firefighting service throughout the District in terms of Section 84(1) j of the Local Government Municipal Structures Act, (Act 117 of 1998).

"The District Municipality is, inter alia, responsible for provision of firefighting services serving the area of the district municipality as a whole, which include:
-Planning, co-ordination and regulating fire services
-Specialised firefighting services such as mountain, veld and chemical fire services
-Co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures
-Training fire officers"

Fire Fighting Service - Local Municipality Function
The District Municipality is also responsible for provision of firefighting service to local municipalities in terms of the adjustment by the of Section 84 (2) of the Local Government Municipal Structures Act, (Act 117 of 1998), The Act further describes the local function as:
- Preventing the outbreak or spread of a fire
- Fighting or extinguishing a fire
- The protection of life or property against a fire or other threatening danger
- The rescue of life or property from a fire or other danger" Analysis

The Local Municipality of Naledi is responsible for provision of firefighting services according to Section 84(2) of the Local Government Municipal Structures Act, (Act 117 of 1998), within its respective area of jurisdiction as agreed with the Provincial Government.

The District Municipality has entered into service level agreement to get the function being temporarily performed by the District Municipality till the statutory capacity assessment is conducted by the MDB to enable the MEC to make the necessary adjustments.

Challenges
- Budget constraints to do maintenance of fire station facilities, vehicles and equipment
- Lack of appropriate fire stations facilities and amenities at the towns of Bloemhof, Christiana.
- Insufficient capacitated personnel to render effective efficient fire services.
- Adjustment of powers and functions to absorb Lekwa-Teemane Firefighting service.
- Insufficient and unreliable and poorly maintained water infrastructure (fire hydrants) for firefighting purpose
- Fire stations only available in main towns and non-existent in more remote and deserving towns, Lack "tools of trade" enabling the services to full fill it mandate. (Independent, reliable communication system)
- Adjustment of powers and functions to absorb Lekwa- Teemane and Naledi firefighting service.

Proposed Solutions
- Provide additional 16 fire fighters per year to deal with the backblock of 81 fire fighters.
- Budget allocation to be increased to expectable norms and standards (8% of value of capital asset to be maintained)
- Replace redundant fire appliance and budget to replace those in excess of 15 years (12 fire appliances = R 66 m) over the next five year period.
- Sufficient provision to be made within the next financial year's budget for standardization of

Facilities

- Satellite stations to be established
- Capacity building to be implemented further

Fire Calls

The 2024/25 figures compiled by the office with the input of fire services around the district municipality show an increase in structural fires losses estimated at R 74,3 m versus the previous year's R 50 m.

According to the latest figures, the total number of fires decreased from 571 to 434 fires as recorded in the previous year. Of the 434 fire calls attended 35% were to deal with fires involving grass, bush and agriculture. This is a seemingly frivolous, time- consuming activity that must however be dealt with to protect structures under threat, as well as valuable grazing land.

The number of grass fires has decreased from 390 to 155 in the current year. Fire losses due to grass fires are undetermined and therefore not included under veld fires in the report.

The reason for this drastic decrease can be the normal rainfall experienced during the previous rainy season. During the year under review, veld-fires destroyed more than 40 000 ha of farm land in Dr Ruth S Mompati District and caused undetermined amounts of damages to grazing, infrastructure and livestock. Strong August winds, high vegetation growth which in turn increased the fuel load for veld fires and high temperatures contributed to the losses and damage.

Accessibility to fires, lack of adequate water resources near the fire line and time delay in activating additional resources has impacted our ability to efficiently manage the fires from the air and has placed additional strain on our ground crews.

The cost of curtailing grass fire incidents continues to be draining on available resources and is extremely costly. The safety of our community remains paramount, and we are dedicated to tirelessly addressing these incidents.

The number of transport related incidents/accidents has also increased. Our compiled figures show that transport related accidents decreased from 63 to 96 during this year.

Fire Loss 166

Residential fire losses continue to climb from an estimated R63 m to R68 m in the current year. Building replacement costs are increasing as formal housing developments expand.

Informal settlements are an on-going challenge, in 2024/25 there were 73 recorded fires (51 in 2023/24) related to informal dwellings. As we know, among the difficulties faced is the rapid spread of a fire in these densely packed locales? Common causes of informal dwelling blazes include electrical faults, open flames and heating- activities. But in a significant number of formal dwelling incidents – the cause was undetermined.

Fires related to formal dwellings exceeded the number for informal dwellings – 91 formal dwelling fires vs. the 73 fires for informal dwellings. The total loss associated with residential fires is estimated to be almost 100% of the value of the property.

Fires resulting from electrical faults and open flames are a common cause in formal dwellings. So too are heating fires activities. Anecdotally, load shedding may be playing a part in this, with stoves being left on when the power goes off and then forgotten later when power is restored. There are instances when a gas cooker has been placed on a non-functioning stove, only for the stove to come on later and the gas heated to the point that ignition occurs.

vs. the 33 fires for informal dwellings. But deaths in formal dwellings were far higher and if these fatalities could be reduced, then the national death toll from all fires would fall markedly.

Fires resulting from electrical faults and open flames are a common cause in formal dwellings. So too are heating fires activities. Anecdotally, load shedding may be playing a part in this, with stoves being left on when the power goes off and then forgotten later when power is restored. There are instances when a gas cooker has been placed on a non-functioning stove, only for the stove to come on later and the gas heated to the point that ignition occurs.

Fire Services

Of the nearly 499 fire calls attended. 42% were to deal with fires involving grass, bush and agriculture. This is a seemingly frivolous, time-consuming activity that must however be dealt with to protect structures under threat, as well as valuable grazing land.

The Fire services also attended to 153 motor vehicle incidents with a devastating amount of 65 fatalities.

The cost of curtailing these incidents continues to be draining on available resources and is extremely costly

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTIONTODISASTERMANAGEMENTETC.

Analysis

This District Disaster Management Plan expounds the start of the longer-term process to follow with a comprehensive plan containing a clear understanding of the District Municipality's policy statement, the district municipal framework for Disaster Management and the strategy (including methodologies to provide support to local municipalities to operationalize disaster management in Dr. Ruth S Mompati DistrictMunicipality)embarkedupon.

Capacity constrains at our local municipalities prevents collateral support in sharing resources fundamental to disaster responses and recovery functions. Weak and non-existing local municipal infrastructure in some of the local Municipalities within the District result in weakness and ineffectivenesstoactivatedisasterresponseandrecoveryplans.

Currently there are limited dedicated funds for Disaster Management interventions. As a result, resourcesarenotreleasedtomaximizetheeffectivenessofresponseactivities.

The funding arrangement as set out in the Disaster Management Act, 57 of 2002, are inadequate to address the need to fund support response and recovery efforts, such as humanitarian relief aid, rescue efforts, disaster containment activities, provision of immediate basic services, emergency healthservicesandcriticalinfrastructurerepair.

The existing arrangements as implemented by Social Development follow a vetting process and only assist people already registered for social grants on their system. Social Development does not cater for all people affected by an incident of a disaster. There is a need to assist affected community members on a need only basis. Social Development Department needs to align the guidelines "SASSA'S response to disasters" in order to ensure effective systems, structures and procedures to effectivelyandefficientlydealwiththesechallenges.

STATUS OF DISASTER IGR STRUCTURES

Interdepartmental Disaster Risk Management Committees

The PDMC assist the District in establishing interdepartmental disaster risk management committees in five local municipalities situated within the DR Ruth S Mompati District. The five Local Municipalities (Naledi, Greater Taung and Kagisano/Molopo, Mamusa Local Municipality) were expected to appoint designated focal persons specifically tasked to ensure efficient and effective implementation of the Disaster Management Act and Policies.

Provincial Disaster Management Centre.

Provincial Disaster Management Capacity Building

The meeting aiming to facilitate and coordinate Capacity Building in Municipalities within North West Province. The meeting was held to discuss issues, among others, such as:

- Discuss the 2024/2025 capacity building and disaster risk reduction Projects.
- To develop Provincial Annual Capacity Building Action Plan.
- Status of Disaster Management Services

Fire Protection Association (FPA)

FPA structures have been established and registered in all five of the Local Municipalities within Dr Ruth S Mompati District. Regular meetings of the District FPA Umbrella committee are attended.

Since the inception of the WoF programme, Working on Fire, fighters were appointed in the Dr Ruth S Mompati District and received integrated veld and forest fire management training. This programme aimed at supporting all levels of the fire organization to mitigate the negative impacts of fire in rural areas, in a milieu where global warming and environmental degradation continue to have significant effect on the social and economic conditions of our country.

Fire services are the constitutional competence of local government. Local government also provides the local disaster management office, which co-ordinates disaster management plans of which veldfire management is an essential part. The municipal fire service supports the activities of the FPA. In turn, municipal fire services optimize their resources through co-ordination with FPA's.

However, in rural areas, the Fire Services cannot be geared to reach every veldfire. For this reason and to protect their assets, rural land owners are responsible to protect their own properties, through membership of an FPA.

Sections of the Forest Act relating to veldfire are currently still in force because of a savings clause in the National Veld and Forest Fire Act. This Act requires landowners to prevent and control the spread of veldfire by maintaining firebreaks on their common boundaries, and by taking other appropriate precautions.

The district fire services only assist with veld and forest fire support, co-ordination and management when FPA, s existing resources are outstripped by fire. The fire services will be a support base for those people but not the first responder.

Satellite images provided by the Umbrella Fire Protection Association suggested that more than 2000 veld fires occurred in the district during the 2024/25 veld fire season of which 154 veld fires were attended to by the district fire services. This constitutes 36% of all fire calls attended, (422 fire calls) were veld fires. This is a seemingly frivolous, time-consuming activity that must however be dealt with to protect structures under threat, as well as valuable grazing land. The cost of curtailing these incidents continues to be draining on available resources and is extremely costly.

There is a need to engage private sectors resources, particular in the forestry and other sectors, to support areas where disadvantaged communities and other landowners are vulnerable to veld fires and their effects.

Stakeholder Engagement on National Veld and Forest Fires – Consultative Meeting.

The Purpose of the meeting was to address and identify challenges with veld and forest fires experienced in the province.

The following items were issues of interest to be addressed:

- The implementation and activation of response to veld fires
- Incident Management and reporting
- Communication system

Contingency Plans for Veld Fires Season 2024.

The purpose of this contingency plans is to co-ordinate all the organization directly involved in management of road accidents/disasters and work through the Disaster Management Centre and the Local Municipalities.

These incidents necessitated the District Disaster Management Centre to put measures in place to ensure the safety and security of its citizens. Additional to that, as a legislative requirement, the Dr Ruth S Mompati Disaster Management has developed a Contingency plan to ensure that the District is well prepared to manage any major event that might occur during this period.

Annual Dr Ruth S Mompati District Umbrella FPA Meeting

The District Disaster Management Centre facilitated the Annual General Meeting of the District Umbrella FPA and subsequent process to revises the 2026 Veld Fire Management Plans on 27 February 2025.

From the issues discussed during the meeting was; -

The Department of Forestry, Fisheries and the Environment (DFFE) implications on budget cuts to the Working on Fire (WoF) Programme. We have been informed that discussions between the DFFE and WoF leadership are ongoing.

While most operational deployments are expected to remain unaffected, the DFFE will communicate the final outcomes to all stakeholders once deliberations are concluded.

The District Disaster Management Centre have coordinated the completion and submission of annual FPA, s reports from the five registered FPA, s to DFFE for the 2024/25 financial year.

Road Incident Management Systems (RIMS)

As part of SANRAL’s continuous commitment to Road Incident Management, a decision by the Department of Transport was taken to implement RIMS on national, provincial and municipal roads. A steering committee consisting of all role players is established.

Role players is responsible for the effective implementation of the operational plans of the N14, N18 and R34 Road Incident Management System in the Dr Ruth S Mompati District Municipality.

Safety and Security Cluster

Safety and Security Cluster meetings were attended by the District Disaster Management Centre. The meetings were well represented by all relevant role-players.

The safety and security cluster put measures in place to ensure the safety and security of its citizens. Additional to that, as a legislative requirement, the Dr Ruth S Mompati Disaster Management has developed a Contingency plan to ensure that the District is well prepared to manage incidents that might occur before, during and after events.

STATUS OF DISASTER MANAGEMENT CAPACITY IN CENTRE / ENTITY

Disaster Management Centralised Control Centre (CCC)

It should be noted that the efficiency of the CCC is compromised as result of the services providers contract that have come to an end on 31 January 2025 and the malfunctioning of the old communication system. The emergency telephone lines are currently not in service. This affects the efficiency and effectiveness of the CCC. In most cases the attendants were unable to do proper dispatching. Malfunctioning communication equipment has also played a significant role in disrupting the smooth running of the CCC as the incoming telephone would also malfunction as soon as there is no electricity.

The Disaster Management Act, 2002 (Act No. 57 of 2002) (DMA) places a legal on all organs of state and other institutional role-players involved in disaster management to develop, regularly review, update, coordinate, share and implement disaster management plans (DMP).

The organizational and operational capacity of Dr Ruth S Mompati District Disaster Management Centre is limited and still needs to be expanded to meet the objective of the Disaster Management Act, No. 57 of 2002.

Local and District Municipal Disaster Risk Profile conducted defining types of disasters and their possible effects. The risks were identified and vulnerability studies conducted of the ten main disaster risks. Factors related to development that are likely to increase the risk of future disaster occurrences were identified and weaknesses in capacity to deal with possible disasters were pointed out.

Impact-Based Severe Weather Warnings

The primary focus is to minimize the impact likely to be incurred due to the forecasted warnings of the weather by the South African Weather Services (SAWS) and others incidents as anticipated with season change, that being heavy rainfall, strong winds, veld and housed fires, flooding, motor vehicle accident and etc. This is done by forwarding timeously all early warning information we received to the respective role-players and putting focus on the areas which have been identified as prone to the hazards mentioned above respectively.

In SA the SAWS is the mandated institution responsible for weather-related warnings. The centre receives weather information/warnings from SAWS and is responsible to disseminate the information to the local Municipal role players.

Early warnings received during the period under review were convened to respective designated Disaster

Management role-players in the district, for further distribution amongst the communities.

Capacity Building Programs.

The district municipality enhance programs carried out under the auspices of the LM's and their officials and councilors, as well as institutions of Traditional Leadership, played an important role in ensuring wide-spread and consistent messaging and communication.

The following awareness and capacity building programs were rolled out during this year.

INSTITUTION/TARGETED AUDIENCE	DATE	AUDIENCE	EXPECTED OUTCOME	EVENT
Arekopaneng Centre Boitumolong	05/09/2024	25 officials of Bloemhof	Fire Safety and evacuation Drill	OHS
Naledi FPA	10/09/2024	23 community members	Fire Safety awareness	General Fire Safety
Social Development department	31/10/2024	9 x teachers	Fire Safety and evacuation Drill	General Fire Safety
Social Development department	05/09/2024	25 officials of Bloemhof	Fire Safety and evacuation Drill	OHS
Kearabetswedropin Centre	10/09/2024	23 community members	Fire Safety awareness	General Fire Safety
Dryharts Primary school	31/10/2024	9 x teachers	Fire Safety and evacuation Drill	General Fire Safety
Christiana school for the Blind MM. Sebitloane special school in Taung village Temoso special school in Ganyesa village, Polar section	10/09/2024 11/09/2024 12/09/2024	All teachers and learners of the school	Fire Safety inspection and evacuation Drill	OHS
Kearabetswe Drop-In Centre. Taung Home Affairs	01/10/2024	All members of organization.	Fire Safety inspection and	OHS

STATUS OF DISASTER MANAGEMENT PLANS

The Dr Ruth S Mompati District Municipality Disaster Risk Management Plan has been revised and upgraded during 2024/25 financial year in accordance with the provision of the Disaster Management Act, 2002 (Act no 57 of 2002) section 52 & 53. The national Disaster Management Framework published 29 April 2005, The Disaster Management Regulations Chapter 5 Disaster Management Act, 2002 (Act 57 of 2002)

A level one and two Disaster Management Plan was compiled in line with the district framework. Although the fundamental approach described by legislation is to reduce risk, it can only be addressed in the final phase (level 3) of compilation of the Disaster Management Plan.

With the level one and two plans various potential disaster/incident risks were identified in all five the Local Municipalities. Committees were appointed to refine and upgrade existing contingency plans and link with principal/line departments that are directly responsible for certain disasters. It will be necessary, as part of the on-going process, to augment Local Municipality Disaster Risk Plans for post disaster recovery and rehabilitation and develop appropriate prevention and mitigation strategies.

The following disaster emergency and response plans have been developed and are periodically revised;

Draft General Elections Contingency Plan
Greater Taung District Hospital Disaster Management Plan
Schweizer Reneke District Hospital Disaster Management Plan
Ganyesa District Hospital Disaster Management Plan
Road Incident Management plans for – N12, N14, N18.
Emergency Evacuation Plan-Bloemhof Dam
Veld Fire Management Plans for each of the five FPA’s within the District
Veld Fire Management Plans for Dr Ruth S Mompati District Municipality
Transport of low level radioactive waste –N12
Incident management plans- Dangerous goods
- Ammonia anhydrous gas
- Ammonium nitrate solution
- Ammonium Nitrate porous pills
- NPK Solid Bulk Blend Fertilizer
- Sodium Cyanamid Solution
- Costic Soda solution
- Sodium Hypochlorite Solution
- Calcium Chloride Solution

Amended guidelines for SASSA regarding responses to Disasters
Christiana Correctional Services incident management plan
Contingency planning - Water Supply – Naledi
Contingency planning - Water Supply – Taung
Contingency planning - Water Supply – Schweizer Reneke
Seasonal contingency plans for Dr Ruth S Mompati District
Contingency Plan for Social Conflict

STATUS OF READINESS TO DEAL WITH A DISASTER INCLUDING FINANCIAL CAPABILITIES

Capacity constrains at our local municipalities prevents collateral support in sharing resources fundamental to disaster responses and recovery functions. Weak and non-existing local municipal infrastructure in some of the local Municipalities within the District result in weakness and ineffectiveness to activate disaster response and recovery plans.

Currently there are limited dedicated funds for Disaster Management interventions. As a result, resources are not released to maximize the effectiveness of response activities.

The funding arrangement as set out in the Disaster Management Act, 57 of 2002, are inadequate to address the need to fund support response and recovery efforts, such as humanitarian relief aid, rescue efforts, disaster containment activities, provision of immediate basic services, emergency health services and critical infrastructure repair.

The existing arrangements as implemented by Social Development follow a vetting process and only assist people already registered for social grants on their system. Social Development does not cater for all people affected by an incident of a disaster.

There is a need to assist affected community members **on a need only basis**. Social Development Department needs to align the guidelines "SASSA'S response to disasters" in order to ensure effective systems, structures and procedures to effectively and efficiently deal with these challenges.

DATES OF DISASTER AND DISASTER RELATED INCIDENTS THAT OCCURRED.

Fire Incidents

Veld fires

The Dr Ruth S Municipality veld fire season started from 09 August 2024 and extend deep into the month of October 2024.

Due to the damage that uncontrolled fires had caused at these areas, the District and Local Municipality had to intervene to mitigate the effect caused by the fires. The District Municipality the Incident Command Team supported the affected farmers and Fire Protection Association and Working on Fire Joint Venture and Municipality Fire Brigade Services by co-ordination and management firefighting operations.

Accessibility to fires, lack of adequate water resources near the fire line and time delay in activating additional resources has impacted our ability to efficiently manage the fires from the air and has placed additional strain on our ground crews.

The safety of our community remains paramount, and we are dedicated to tirelessly addressing these incidents.

Communicable Disease

Foot and Mouth - National Disaster

The Department of Agriculture, Land Reform and Rural Development reported on the escalating amount of FMD in our Province since it was reported earlier this year.

Following initial trace-back exercises, the outbreak was linked to four feeding lots and some auctions, held at auction premises. Testing of the primary linked locations were conducted and a number of secondary locations have been identified for follow-up testing. Precautionary quarantine has already been lifted on some of the linked locations that have since tested negative.

African Swine Fever Outbreak – (Ipelegeng) Mamusa Local Municipality

Department of Agricultural and Rural Development (DARD) investigation to the cause of pig's deaths in Ipelegeng at Mamusa and revealed African Swine Fever virus (ASF) as the causative agent. This viral infection is a state-controlled disease according to the Animal Disease Act 35 of 1384 and its related regulations.

The cause of mortalities in domestic animals (pigs) was confirmed by the lab tests on the 28th January 2025. The area was immediately placed under quarantine while other control measures are being implemented. The control measures aimed to contain the disease by burning the remains of these carcasses

Floods

Controlled Floods – Lekwa Teemane Local Municipality

Since early April 2025, Authorities and Disaster Management teams at Lekwa-Teemane Local Municipality as well as the Frances Baard District Disaster Management Centre were alerted of the unavoidable control flooding that will take place. Disaster Management Teams were placed on high alert and tasked to implement their flood evacuation plan on identified houses within the flood line. The flood affected the entire Vaal River, downstream of the dam, up to the confluence with the Orange River and beyond.

District Joint Operations Centre

The District JOC were established to monitor and report and respond on incidents of flooding in the District.

Provincial Flood Coordinating Meetings - weekly (virtual)

The District Disaster Management Centre attended Multi -stakeholder Consultation meetings. The meetings were held to discuss issues, among others, such as:

(i) To receive draft report on the flood incidents in the Province
(ii) To receive updates on response and relief measures by municipal disaster management centers and sector departments on the response efforts, humanitarian relief and support required from other.

During the month of January 2025 rainfall and storm water caused damage to informal housing infrastructure in Naledi, Lekwa Teemane, Greater Taung and Kagisano/Molopo Local Municipalities. Flooding mainly affected the informal settlements as many structures were erected without proper planning or consultation in open land not earmarked for housing purposes. (mainly floodplains). The District, Local Municipalities and Sector Departments had to intervene to mitigate the effect of the damage caused.

As a result, various areas across the province have reported flood related damages of the road infrastructure, housing infrastructure, agricultural infrastructure and communities have been isolated and are unable to attend to work, school or to receive government and other services e.g. health service/social grants etc.

"DDM ONE PLAN", Summer and Winter, Easter and Festive Season Contingency Plans

This office engaged relevant role-players in compiling contingency plans for the DDM ONE PLAN, Summer and Winter, Easter and Festive season respectively.

The District Disaster Management Centre to put measures in place to ensure the safety and security of it citizens and road users. Additional to that, as a legislative requirement, the Dr Ruth S Mompati Disaster Management have to develop Contingency plans to ensure that the District is well prepared to manage any major event that might occur.

THE EFFECTS THAT DISASTER ARE HAVING ON THE COMMUNITY OF THE DISTRICT.

AFTERMATH OF FLOODS IN OUR DISTRICT

The Tourism and Agricultural Sector along the Vaal river is being dealt a big blow by the aftermath of the resound floods and this has a serious negative impact on the livelihood of these Sectors in terms of making a living and their ability to generate revenue.

Communities still continued struggling to pay debt, such as bank loans and cooperative accounts, with interest accumulating. Those engaging in crop production suffer crop failures whiles most living along the river banks are unable to find insurance cover on their properties.

The loss of a farmer in an agriculture-dependent community has a profound impact on the community at large due to layoffs, increase in unemployment and social crime.

BEST PRACTICE / ACHIEVEMENTS / SUCCESSES

The announcement of the DDM, where disaster management planning plays a key role, was the catalyst and opportunity for enhancing the speed at which DRR could be implemented within local, district and metropolitan government systems. This is practical in that DRR requires political support, financial commitment and the engagement of all actors involved. As such, there is fuller alignment and synergy from the NDP, the Medium-Term Strategic Framework (MTSF), Provincial Government Development Strategies, District Plans and Integrated Development Plans (IDPs). In terms of the DMA, each organ of state must prepare and submit to the NDMC a DMP which include key aspects such as institutional structures in place, risk assessment, risk reduction, preparedness and response. It is clear that such an alignment will mitigate the likelihood of ineffectiveness, inefficiency and poor outcomes.

PROBLEMS EXPERIENCED AND CONCERNS, ETC.

Challenges

The Disaster Management section lack sufficient personnel to establish and maintain institutional arrangements that will enable the implementation according to the minimum requirements of the applicable legislations.

Local Municipalities generally lack preparedness to deal with incidents of disasters and to facilitate the development, implementation and maintenance of disaster risk reduction strategies that will result in resilient areas, communities, households and individuals.

Local Municipalities over-relies on the Dr Ruth S Mompati District Municipality to implemented and develop progressive risk profiles that will inform Local Municipal IDP processes of disaster risk reduction.

There is a need to create public awareness to inculcate a culture of risk avoidance in uninformed and unprepared communities.

Proposed Solutions

- Appointment of DM Nodal Persons by all Local Municipalities
- Each local to establish a Consultative/Interdepartmental Committee
- Strengthen DM systems and structures within the district
- Funding for disaster management (Proactive and Reactive) activities.

CONCLUSIONS

South African Government has adopted National Development Plan vision 2030 and its chapter six outlines and respond to what is to be done to transform rural communities and Agriculture as a sector.

The District Municipality is prepared to do everything that is possible based on whatever challenges, or limitations, to embrace the task of serving our people, guided by the noble mission of bringing***" A Better Life for All".***

COMPONENT H: SPORT AND RECREATION

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

3.23 SPORT AND RECREATION

Sport and Recreation is responsible for the maintenance, improvement and promotion of all activities and assist with support to develop infrastructure of sport facilities in the district. The main of sport and recreation is to integrated local sport and recreation activities in the Local Municipalities, to transfer sustainable skills to the local sport people through development programmes. The ultimate is to ensure that all sporting codes are managed effectively and efficiently and running well in the district.

The Municiplaity participates annually in the Municipal games that have a variety of sporting codes.

It must however be noted that sports and recreation is not the function of the district

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

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

The main objective is to provide support and auxiliary services to all Departments and the political component of the Municipality. Some of the functions include Fleet control, Office accommodation, Effective security services, Reliable and efficient telecommunication service. Timely and well-collated qualitative documents.

A Municipal Council must, within the municipality's financial and administrative capacity and having regard for practical considerations,

•exercise the municipality's executive and legislative authority and use the resources of the municipality in the best interests of the community;
•provide, without favor or prejudice, democratic and accountable government;
•encourage the involvement of the community;
•strive to ensure that municipal services are provided to the community in a financially and environmentally sustainable manner;
•consult the community about the level, quality, range and impact of municipal services and the available options for service delivery;
•give members of the community equitable access to the municipal services to which they are entitled;
•promote and undertake development in the municipality;
•promote gender equity in the exercise of the municipality's executive and legislative authority;
•promote a safe and healthy environment in the municipality; and
•contribute, together with other organs of state, to the progressive realization of the fundamental rights contained in sections 24, 25, 26, 27 and 29 of the Constitution.

3.24 EXECUTIVE AND COUNCIL

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

The top political office consists of the Offices of the Executive Mayor, Speaker and the Chief Whip. This political management cluster is led by the Executive Mayor. The Municipal Manager is responsible for the administration wing of the municipality. The Executive and Council functioned properly during the year because all scheduled statutory meetings of council and mayoral committee took place. The Annual Budget was also approved thirty days before the end of the Financial Year.

The main function as the district municipality is to provide basic services such as water, sanitation, safe and healthy environment to the communities. Top 3 service delivery priorities were good governance, proper financial management and basic services.

Audit Action Plan on matters raised by the Auditor General during past financial were developed and submitted to Council for noting and referral to MPAC for monitoring. The Audit Action Plan was coordinated by the Internal Audit and management has been meeting weekly to provide feedback on achievement made on addressing issues raised by the AG. MPAC also held monthly meetings to perform oversight on behalf of council.

2024/2025 Number of council portfolio committees meetings held per department					
Department	**Q1 FIGURES**	**Q2 FIGURES**	**Q3 FIGURES**	**Q4 FIGURES**	**Total**
Planning and Development	**2**	**1**	**2**	**2**	**7**
EDTA	**0**	**1**	**1**	**0**	**2**
E.T.S	**1**	**0**	**2**	**0**	**3**
Corporate Services	**0**	**1**	**0**	**1**	**2**
Community Services	**0**	**0**	**0**	**1**	**1**
B.T.O	**0**	**0**	**0**	**0**	**0**
GRAND TOTAL					**15**

DATA REQUIRED	Q1 FIGURES	Q2 FIGURES	Q3 FIGURES	Q4 FIGURES	Total
Number of council meetings held	**Statutory Council = 1**	**Statutory Council = 0**	**Statutory Council =1**	**Statutory Council = 1**	**3**
	Special Council = 2	**Special Council =2**	**Special Council =2**	**Special Council =2**	**8**

DATA REQUIRED	Q1 FIGURES	Q2 FIGURES	Q3 FIGURES	Q4 FIGURES	Total
Number of MPAC meetings held	**0**	**0**	**4**	**1**	**5**

DATA REQUIRED	Q1 FIGURES	Q2 FIGURES	Q3 FIGURES	Q4 FIGURES	Total
Number of Exco or Mayoral Executive meetings held	**1**	**2**	**0**	**0**	**3**

3.25 FINANCIAL SERVICES

The financial management of the municipality is coordinated under the Budget and Treasury Office as established in terms of S80 of the MFMA. The responsibilities for the municipal coffers including financial management, financial planning, financial accounting and supply chain management are placed within the Budget and Treasury. The staff complement within the BTO is headed by the Chief Financial officer.

The Budget and Treasury Office is divided into two performance units, namely Income, Budgeting and Expenditure Management Unit and the Supply Chain and Reporting Unit. These units are further divided into four sections (Income and Budgeting section, Supply Chain and Asset Management section, Payroll section and Expenditure Management section). These performance arrangements were agreed upon during a strategic planning session which was held by the Budget and Treasury Office during the financial year. The department has gone through the year ensuring that the reporting requirements of the National and Provincial Treasury are timeously done, and that general compliance with the Municipal Finance Management Act is achieved.

The supply chain management arrangements have been decentralized, however, the municipality is in a process of centralizing the supply chain management activities to ensure effectiveness and maximum turnaround times. Capacitation of the supply chain management function of the municipality is still lagging behind following an effort to centralize the unit, thus affecting the fully effective and fully centralized unit. The Supply Chain Management Committees have been running effectively and the procurement turnaround times have improved hugely. The Budget Steering Committee was also established during the year and has been running effectively.

The Budget and Treasury Office of the Dr Ruth Segomotsi Mompati District Municipality is committed to its mandate to provide a comprehensive financial management service to Council and to other departments of the municipality. The department supports the Integrated Development Plan of Council by striving to provide a stable and sustainable financial environment from which Council can deliver services to all inhabitants of the Municipality. One of the critical focus areas for the year was to ensure that the financial records of the municipality are safeguarded and are kept in a manner which is accessible and can be easily available for reference and for audit purposes.

3.26 HUMAN RESOURCE SERVICES

The Corporate Services Department has developed the Human Resources Strategy which will assist the employees of the District Municipality to perform better by sending them to different trainings and short courses as stated in the Workplace Skills Plan.

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

Information and Communication Technology (ICT) at Dr. Ruth Segomotsi Mompati District Municipality is regarded as a strategic resource. It is both a critical operational function and a catalyst for effective service delivery to communities.

ICT plays a key role in enabling the Municipality to achieve its strategic objectives and fulfil its constitutional and legislative mandates. Through the deployment of relevant, secure, and reliable information technology solutions, ICT supports efficient governance, improved service delivery, and informed decision-making across the Municipality.

SUMMARY OF IT ACTIVITIES UNDERTAKEN BY THE IT UNIT DURING THE 2024/2025 FINANCIAL YEAR

IT Unit Administration: -

- IT unit has 4 permanent tecinicians including the IT Manager. During this period unit has operated with 2 permanent technicians as one (1) technician (Chief IT Specialist) is fulltime shop stewards (IMATU) and he is not rendering any IT support services because of the union.

- Fire stations are provided with internet and emails access as required. Municipality is in the process of appointing service provider for for telephone and printing services. once is done all fire stations will be provided with printer and telephone access.

- Virtual Private Network (VPN) access is active and operational as most users have been provided with an access to render services while outside municipal offices.

- Implementing findings raised by Auditor General through Post Audit Action Plan (PAAP)

- This unit is responsible to implement Municipal Corporate Governance of ICT Policy Framework (MCGICTPF).

Approved IT Plans and Policies: -

- IT Policy
- IT Strategic Plan
- Disaster Recovery Plan

IT Governance

- Functional IT Steering Committee

Application and Network Systems Security

During the 2024/2025 financial year, the Municipality successfully renewed annual licenses and procured critical ICT equipment and applications to strengthen application and network security. The following activities were undertaken:

Renewed Licenses and Procured ICT Assets:

- **Anti-Virus:** Symantec Anti-Virus Management Console (licence valid until 19 July 2025)
- **Mail Gateway:** Symantec Email Security Management System
- **Firewall:** WatchGuard M270
- **Smart VPN Application System** to enhance secure remote access
- **3 x Network Attached Storage (NAS)** for data backup and storage expansion
- **Power Protection:** Four (2) Uninterruptible Power Supply (UPS) units
- **Backup and Data Storage:** Sophos Network Attached Storage (NAS) *(Note: current storage capacity is almost fully utilised)*
- **Infrastructure:** Establishment of a new server room at Community Services
- **Installation of Solar Power Systems** at the new server room and other stations to safeguard ICT infrastructure and mitigate the impact of load shedding
-

New Projects to be Implemented

The following ICT security and infrastructure projects have been identified for implementation to enhance system resilience, data protection, and service continuity:

- **Installation of Additional CCTV Cameras** at Community Services and the Mayoral House
- **Procurement of Two (2) New Servers:** Financial System Server and Human Resources Server
- **Virtual Collaboration Platforms:** Microsoft Teams and Zoom
- **Installation of New Network Infrastructure** at the Mayoral Offices and Community Services, including network cabinets, routers, and structured cabling

Challenges and Remedial Actions

Challenge	Impact	Remedial Action
National load shedding affecting IT operations and causing damage to network equipment	System downtime, service interruptions, risk of data loss, and premature equipment failure	Install solar power systems and adequate UPS solutions at critical sites; implement proper power conditioning and surge protection
Shortage of network infrastructure (switches, cabinets, and network points)	Network congestion, limited system access, and inability to expand ICT services	Procure and install additional network switches, cabinets, and structured cabling as part of phased infrastructure upgrades
Insufficient budget allocation for ICT services and system upgrades	Delayed implementation of critical systems, increased security risks, and reliance on outdated infrastructure	Prioritise ICT as a strategic service in the municipal budget; submit motivated budget requests aligned to service delivery and risk mitigation
Shortage of servers, with Financial and HR/Payroll systems running on a single host server	Poor system performance, storage constraints, increased risk of total system failure	Procure separate dedicated servers for Financial and HR systems; implement server virtualisation and storage expansion

Critical Assessment

Running core financial and payroll systems on a single host server is a high operational and audit risk. This configuration exposes the Municipality to system-wide failure, data integrity risks, and service delivery disruptions. Immediate intervention is required.

Overall ICT Performance

During the 2024/2025 financial year, the ICT Unit continued to support municipal operations and service delivery despite significant infrastructure, power, and budgetary constraints. Core systems, including financial, payroll, email, and network services, remained operational for most of the year, although performance and system availability were periodically affected by national load shedding, ageing infrastructure, and limited server capacity.

Key ICT services were sustained through license renewals, critical equipment procurement, and reactive maintenance interventions. However, the current ICT environment remains under pressure due to shared server resources, near-capacity storage, and insufficient network infrastructure. These limitations pose ongoing risks to system performance, data security, and business continuity.

Overall ICT performance is assessed as partially effective. While essential services were maintained, the inability to fully implement planned upgrades and resilience measures has constrained optimal performance. Addressing identified risks through targeted infrastructure investment, improved power resilience, and adequate budget allocation is necessary to stabilise and enhance ICT service delivery going forward.

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

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

The aim of Legal Services is to provide proper legal services, including legal advice, legal opinion and contract management to Council and to Management of Dr. Ruth Segomotsi Mompati District Municipality.

INTRODUCTION

The legal services unit aims to keep the municipality's staff abreast of all current news, legislation and policies directly affecting them. This will enable them to be continuously informed, as well as ensuring that we meet the legislative requirement to ensure that the municipality complies with the Constitution of the Republic of South Africa, Municipal Systems Act, the Local Government: Municipal Finance Management Act, Municipal Structures Act, Corporate Governance Prescripts, SALGBC Collective Agreement, internal policies as well as other relevant applicable legislation and information. We further aim to successfully defend the municipality in litigation cases and where there is a need, endeavour to resolve all legal disputes that may arise during the implementation of strategic objectives with optimal utilisation of available limited resources.

CHALLENGES

It should be highlighted that in the execution of our functions we have identified challenges such as lack of proper contract management, limited resources and in some instance lack of capacity to manage projects successfully. Some of these challenges contribute greatly to unsuccessful defence of litigations.

ACHIEVEMENTS/SUCCESS

It must however be noted that we do successfully defend most of our Bargaining Council cases. We further try to manage all bargaining council cases internally in order to minimise expenditure as well as build capacity within the legal unit and ultimately within management. All litigation cases are promptly attended to in order to avoid any potential default judgment against the municipality. The Unit is also responsible for the logistics and guidance in disciplinary hearings against the officials.

WAYFORWARD

We plan to organise frequent workshops for management and where possible staff in general so that we build a system that does not mostly resolve issues but rather prevents unpleasant situations to ensure healthy labour relations and most importantly delivery of best services to our communities. Furthermore, we do report good progress and development when it comes to compliance with legislation. Though it is not always easy to achieve 100% of our goals, we must indicate that the unit has been doing an excellent job when it comes to handling all law suits against and for the Council. We are gradually building the unit into one that can achieve at least 99, 9% win on our cases. We have identified that the municipality is losing more budget on matters arising from inappropriate contract management system as well as poor policy implementation. It is important to note that contracts and policies require intensive attention, greater amount of time and sufficient man-power. It becomes challenging to manage policies and contracts if there is no simplified management strategy because, these documents come in great volumes and on the other hand the law develops every day. Therefore having to go through these documents in detail on a daily basis may consume more time that would be required to also attend to new cases coming in on daily basis. To simplify this task, we have developed contracts and policy registers. The contract register clearly indicates the commencements and ending dates, amounts/value and purpose of the contract. In that way, as a unit we are in a better position to monitor and review our contracts and policies on a regular basis without delaying other activities that need our attention and commitment.

CONCLUSION

We endeavour to achieve 100% compliance with the law and 100% win in all legal matters at hand as well as those that may still come. We are and will always work hard to make sure that none of the regulatory laws and processes are compromised. We do this to ensure that our municipality achieves its mission and vision.

COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

Not a function of the District

COMPONENT K: ORGANISATIONAL PERFOMANCE SCORECARD

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
A	Good governance and public participation	Public Participation and Good Governance	To promote a Culture of Participatory and Good Governance	Number of risk registers updated by 30 June 2025	4 risk registers updated by 30 June 2025	4 risk registers updated by 30 June 2025	Operational	4	Achieved 4 Risk register completed	0	N/A	N/A	Risk register/report
B	Good governance and public participation	Public Participation and Good Governance	To promote a Culture of Participatory and Good Governance	Number of progress reports on the implementation plan of the Post Audit Action Plan by 30 June 2025	4 progress reports on the implementation of the post audit action plan by 30 June 2025	4 progress reports on the implementation of the post audit action plan by 30 June 2025	Operational	4	Achieved 4 PAAP report complete	0	N/A	N/A	Consolidated PAAP report
C	Municipal Financial Viability	Municipal Financial Viability and Management	To improve overall financial management in the municipality by developing and	Develop and submit 2025/2025 Draft Budget to Council by 31 March 2025	Develop and submit 2025/2026 Draft Budget to Council by 31 March 2025	Draft Budget to Council for noting and input	Operational	1	Achieved Draft Budget submitted to council	0	N/A	N/A	Draft budget and Council resolution

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			implementing appropriate financial management policies, procedures and systems										
D	Municipal Financial Viability	Municipal Financial Viability and Management	To improve overall financial management in the municipality by developing and implementing appropriate financial management policies, procedu	Number of MFMA Section 52 d reports developed and submitted to relevant authorities by 30 June 2025	4 MFMA Section 52 d reports developed and submitted to relevant authorities by 30 June 2025	4 MFMA Section 52 d reports developed and submitted to relevant authorities by 30 June 2025	Operational	4	Achieved 4 Sec 52 d complete	0	N/A	N/A	Section 52 d reports

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			res and systems										
E	Municipal Financial Viability	Municipal Financial Viability and Management	To improve overall financial management in the municipality by developing and implementing appropriate financial management policies, procedures and systems	Develop and submit 2025/2025 budget to Council by 31 May 2025	Develop and submit 2025/2026 budget to Council by 31 May 2025	Submit 2025/2025 budget to Council for adoption	Operational	1	Achieved Budget submitted to council	0	N/A	N/A	Final budget and Council resolution
F	Good governance and public participation	Public Participation and Good Governance	To promote a Culture of Participatory and Good	Number of people from employment equity target groups employed in the three highest levels of	1 Female person from employment equity target groups employed in the	1 Female person from employment equity target groups employed in the three	Operational	1	Not Achieved No female appointment made in top 3 levels of management	-1	Appointment of female made was of acting in nature and not in line with EE	The KPI to be redrafted to be realistic given the available budget and resources	Employment letter

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			Governance	management in compliance with a municipality's approved employment equity plan by 30 June 2025	three highest levels of management in compliance with a municipality's approved employment equity plan by 30 June 2025	highest levels of management in compliance with a municipality's approved employment equity plan by 30 June 2025							
G	Good governance and public participation	Public Participation and Good Governance	To promote a Culture of Participatory and Good Governance	Number of Council Meetings held by 30 June 2025	4 Council Meetings held by 30 June 2025	4 Council meetings held	Operational	5	Achieved 4 statutory Council meeting held	0	N/A	N/A	Minutes and attendance registers
H	Good governance and public participation	Public Participation and Good Governance	To promote a Culture of Participatory and Good	Develop and submit Reviewed IDP to council for adoption by 30 June 2025	5 year IDP submitted to Council for adoption by 31 May 2025	5 year IDP submitted to Council for adoption by 31 May 2025	Operational	1	Achieved IDP submitted to council	0	N/A	N/A	IDP and Council resolution

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			Governance										
I	Municipal transformation and organisational development	Institutional Development and Transformation	Improve organizational cohesion and effectiveness	Workplace Skills Plan Developed and Submitted to LGSETA by 30 June 2025	Workplace Skills Plan Developed and Submitted to LGSETA by 30 June 2025	Workplace Skills Plan Developed and Submitted to LGSETA by 30 April 2025	Operational	1	Achieved WSP submitted to LGSETA on the 30 April 2025	0	N/A	N/A	Workplace skills plan and submission evidence/acknowledgement
J	Basic Service Delivery and Infrastructure Investment	Community Services and development	All citizens have a right to an environment that is not detrimental to human health, and it imposes a duty on the State to promulgate legislati	Number of inspections on food premises conducted by 30 June 2025	800	800	Operational	800	Achieved 3403 Food inspections	2603	Special operations like e.g Thuntsa Lerole accelerated services delivery campaigns and SAPS joint operations inspections attributed to the overperformance.	Planning to be aligned with current demands. The target for food inspections to be increased as at mid year 2025 2026 to address the issue of overperformance	Lists / Food premises inspection reports

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			on and to implement policies aimed at ensuring that this right is upheld – Environmental health, Fire and Disaster Management and Solid Waste Management										
K	Basic Service Delivery and Infrastructure Investment	Community Services and development	All citizens have a right to an environment that is not detrimental to	Number of bacteriological, chemical and sewerage water samples collected for analysis by 30 June 2025	1100 bacteriological, chemical and sewerage water samples collected for analysis	1100 bacteriological, chemical and sewerage water samples collected for analysis	Operational	1244	Achieved 1170 samples collected	70	Pollution of underground water resulted in special testing	None required	Lists / Bacteriological, chemical and sewerage water samples collected for analysis

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			human health, and it imposes a duty on the State to promulgate legislation and to implement policies aimed at ensuring that this right is upheld – Environmental health, Fire and Disaster Management and Solid Waste Management		by 30 June 2025	by 30 June 2025							

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
L	Basic Service Delivery and Infrastructure Investment	Community Services and development	All citizens have a right to an environment that is not detrimental to human health, and it imposes a duty on the State to promulgate legislation and to implement policies aimed at ensuring that this right is upheld – Environmental	Number of Fire Prevention Inspections at Local Business Conducted by 30 June 2025	100 Fire Prevention Inspections at Local Business Conducted by 30 June 2025	100 Fire Prevention Inspections at Local Business Conducted by 30 June 2025	Operational	106	Achieved 110 Fire prevention	10	Increased demand from business to receive compliance letters on fire safety	Consider to Increase target to cater for increasing demand	Lists/ Fire prevention inspection reports at local business

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			health, Fire and Disaster Management and Solid Waste Management										
M	Basic Service Delivery and Infrastructure Investment	Service Delivery and Infrastructure development	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	Number of households provided with access to water bourne sanitation by 30 June 2025	1500 households provided with access to sanitation by 30 June 2025	1500 households provided with access to sanitation by 30 June 2025	Capital and Operational	1802	Achieved 1635 HH provided with sanitation	135	Over performance mainly due to the fact that there was a saving in the contract which resulted in allocation of additional units. The savings emanated from sections where there was quantities for hard rock excavations which were not utilized and as a result there	None	Planning sheets/List of beneficiaries/Happy letters

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
											was a saving. An example is that during excavations for the pit toilets, some ground conditions will turn out to be soft excavations and yet the geotechnical report would have indicated hard excavations.		
N	Basic Service Delivery and Infrastructure Investment	Service Delivery and Infrastructure development	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and	Number of jobs created through capital projects and registered with EPWP by 30 June 2025	250 jobs created through capital projects and registered with EPWP by 30 June 2025 (1) MIG Projects - Rural Sanitation (a) Ntshwan	250 jobs created through capital projects and registered with EPWP by 30 June 2025 (1) MIG Projects - Rural Sanitation (a) Ntshwanahatshe (b)	Capital/PMU Implementation plan and Grants received\	732	Achieved 610 jobs created	360	This was mainly due to the fact that the implementation of most infrastructure projects commenced and this resulted in the creation of more jobs than previously anticipated. Registration	Target to be increased to ensure alignment of planning and reporting are not significant	Lists / Report/Job contract/job list against vs job created/Actual numbers

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			maintenance		ahatshe (b) Maganagoboa & Phepane (c) Dryharts (d) Khaukwe (e) Leseding, Ikageng & Vergenoeg (f) Lower Majeakgoro (g) Maganeng (h) Moretele (i) Rabu Rabu (j) Tseng (k) Tseoge (2) RBIG Projects (a) Pudimoe WTW (b) Bloemhof WTW Workshop (c) Tlapeng BWS	Maganagoboa & Phepane (c) Dryharts (d) Khaukwe (e) Leseding, Ikageng & Vergenoeg (f) Lower Majeakgoro (g) Maganeng (h) Moretele (i) Rabu Rabu (j) Tseng (k) Tseoge (2) RBIG Projects (a) Pudimoe WTW (b) Bloemhof WTW Workshop (c) Tlapeng BWS Contract A (d) Tlapeng BWS Contract B (e) Modutung (3) WSIG					and approval of some of the projects was not anticipated to be done early hence the set target. Once the projects got approved, we could hire more labour through the EPWP programme.		

Index	**National KPA**	**Municipal KPA**	**IDP Objective**	**Key Performance Indicator**	**Annual Target**	**Output indicator**	**Annual Budget**	**Actual performance 2023 2024**	**Actual performance 2024 2025**	**Variance**	**Reasons for Variance (Under/ Over Performance)**	**Remedial Action/Corrective Measure**	**Means Of Verification**
					Contract A (d) Tlapeng BWS Contract B (e) Modutung (3) WSIG Projects (a) Matlabatlaba	Projects (a) Matlabatlaba							
O	Basic Service Delivery and Infrastructure Investment	Service Delivery and Infrastructure development	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	% total allocated (gazetted) MIG grant funding spent on capital projects by 30 June 2025	100% total allocated (gazatted) MIG grant funding spent on capital projects by 30 June 2025	100% of MIG Spent on capital projects	Capital (MIG)	100%	Achieved 100% expenditure	0	N/A	N/A	MIG expenditure reports (other supporting documentation like invoices etc is the responsibility of senior especially for audit purposes
P	Basic Service Delive	Service Delivery and	Eradicate backlogs in	% of the total allocated (gazetted) WSIG grant	100% of the total allocated (gazatted)	100% of WSIG funding spent on	Capital (WSIG)	100%	Achieved 100% expenditure	0	N/A	N/A	WSIG expenditure reports (supporting

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
	ry and Infrastructure Investment	Infrastructure development	order to improve access to services and ensure that sustainable operations and maintenance	funding spent on capital projects by 30 June 2025	WSIG grant funding spent on capital projects by 30 June 2025	capital projects							documentation like invoices etc is the responsibility of senior especially for audit purposes)
Q	Basic Service Delivery and Infrastructure Investment	Service Delivery and Infrastructure development	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	% total allocated (gazetted) RBIG grant funding spent on capital projects by 30 June 2025	100% total allocated (gazatted) RBIG grant funding spent on capital projects by 30 June 2025	100% of RBIG Spent on capital projects	Capital (RBIG)	100%	Achieved 100% expenditure	0	N/A	N/A	RBIG expenditure reports documentation other like invoices etc is the responsibility of senior especially for audit purposes)
R	Basic Service	Service Delive	Eradicate backlog	Number of Service level agreements	5 Signed Service level	Signed Service level	Operational	5	Not Achieved	-4	The SLA with Naledi , Lekwateema	The Municipality to ensure	Service level agreements

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
	Delivery and Infrastructure Investment	ry and Infrastructure development	s in order to improve access to services and ensure that sustainable operations and maintenance	signed with Water Service Provider by 30 June 2025	agreements with Water Service Providers by 30 June 2025 (Naledi,Taung,Lekwa,Mamusa and Magalies water)	agreements with Water Service Provider by 30 June 2025(Naledi,Taung,Lekwa,Mamusa and Magalies water)			1 SLA signed with water service providers (Magalies)		ne, Greater Taung and Mamusa LM was signed in 2023 and applicable for 2 FY. However it was not recorded as achieved in 2024 2025 as the agreement was not signed within the FY	that planning are more accurate as to ensure target is aligned with reporting requirements	
S	Basic Service Delivery and Infrastructure Investment	Service Delivery and Infrastructure development	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	Number of households provided with access to water by 30 June 2025	**62 659** households provided with access to water by 30 June 2025 (1) Reitfontein Water Supply - 416HH (2) Migdol Water Supply - 1 335HH (3)	**62 659** households provided with access to water by 30 June 2025	Capital/Operational	New indicator	Achieved 62659 HH provided with access to water	0	N/A	N/A	Completion Certificates/Technical Report with Figures and / or Aerial Views/Progress Reports

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
					Matlabatlaba Water Supply - 84HH (4) Upgrading of the Bloemhof WTW Civil Works - 15 490HH (5) Taung Bulk Water Supply Phase 2D - 31 197HH (6) Tlapeng Bulk Water Supply - 14 137HH								
T	Basic Service Delivery and Infrastructure Investment	Service Delivery and Infrastructure development	Eradicate backlogs in order to improve access to services and	Number of Capital projects completed through WSIG by 30 June 2025	3 Capital projects completed through WSIG by 30 June 2025 (1) Reitfontein Water Supply -	3 Capital projects completed through WSIG by 30 June 2025	Capital	New indicator	Achieved 3 Capital projects completed	0	N/A	N/A	Completion Certificates/ Progress Reports

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			ensure that sustainable operations and maintenance		416HH (2) Migdol Water Supply - 1 335HH (3) Matlabatlaba Water Supply - 84HH								
U	Basic Service Delivery and Infrastructure Investment	Service Delivery and Infrastructure development	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	Number of Capital projects completed through RBIG by 30 June 2025	**4** Capital projects completed through RBIG by 30 June 2025 (1) Upgrading of the Bloemhof WTW Civil Works - 106 562HH (2) Taung Bulk Water Supply Phase 2D - 211 130HH (3) Tlapeng	4 Capital projects completed through RBIG by 30 June 2025	Capital	New indicator	Achieved 4 capital projects completed	0	N/A	N/A	Completion Certificates/ Progress Reports

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
					Bulk Water Supply - 14 137HH (4) Taung Phase 2E-2 Central Portion - 8 309HH								
V	Basic Service Delivery and Infrastructure Investment	Service Delivery and Infrastructure development	Eradicate backlogs in order to improve access to services and ensure that sustainable operations and maintenance	Number of meetings held with Water Service Providers regarding greendrop/bluedrop improvement plan	2 quarterly meetings held with Water Service Provider by 30 June 2025	2 quarterly meetings held with Water Service Provider by 30 June 2025	Operational	New indicator	Achieved 2 Meeting held	0	N/A	N/A	Minutes and Attendance register / Report on Blue drop/Green drop Improvement Plan
W	Local Economic Development (LED)	Local Economic Development	Create an environment that promotes the develop	Number of SMMES supported through Projects and Initiatives by 30 June 2025	15 SMMES supported through Projects and Initiatives	15 SMMES supported through Projects and Initiatives	Operational	55	Achieved 15 SMMEs supported	0	N/A	N/A	List of SMMEs supported/Type of support/Proof of company existence/Application form for

Index	National KPA	Municipal KPA	IDP Objective	Key Performance Indicator	Annual Target	Output indicator	Annual Budget	Actual performance 2023 2024	Actual performance 2024 2025	Variance	Reasons for Variance (Under/ Over Performance)	Remedial Action/Corrective Measure	Means Of Verification
			ment of the local economy and facilitate job creation										assistance/ Delivery notes

PERFORMANCE OF EXTERNAL SERVICE PROVIDERS

Annual performance reports

46. (1) A municipality must prepare for each financial year; performance

(a))Report reflecting the performance of the municipality and of each external service Provider during that financial year:

(b)) a comparison of the performances to previous year

(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."

Appropriate remedial actions are going to be implemented in cases of poor and/or under performance and continuously monitored by the end-user departments.

DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY (DC39)

SERVICE PROVIDER ASSESSMENT REPORT

ANNUAL - PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2024/2025 FINANCIAL YEAR (JULY 2024-JUNE 2025)								
Project name	Name of Service provider	Start date	Completion date	Progress to date	Challenges and interventions	Assessments of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent	Project manager assessment comments	Service provider assessment comments
RURAL WATER SUPPLY PROGRAMME	Mind Shape Consulting Engineers	1 JULY 2023	30 JUNE 2026	In Progress		5	Deliverables satisfactory to date	
RURAL WATER SUPPLY PROGRAMME	BVi Consulting Engineers	1 JULY 2023	30 JUNE 2026	In Progress		5	Deliverables satisfactory to date	
RURAL WATER SUPPLY PROGRAMME	NEP Consulting Engineers	1 JULY 2023	30 JUNE 2026	In Progress		5	Deliverables satisfactory to date	
RURAL WATER SUPPLY PROGRAMME	Lethabo/Modkat JV	1 JULY 2023	30 JUNE 2026	In Progress		5	Deliverables satisfactory to date	
RURAL WATER SUPPLY PROGRAMME	Ziggy Investment	1 JULY 2023	30 JUNE 2026	In Progress	Contractor's progress is very slow. increasing of resources on site	2	Deliverables unsatisfactory to date	
UPGRADING OF OUTFALL SEWER PIPELINES AT BLOEMHOF	EKS Consulting Engineers	25 JUNE 2025	30 JUNE 2027	In Progress		4	Deliverables satisfactory to date	

ANNUAL - PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2024/2025 FINANCIAL YEAR (JULY 2024-JUNE 2025)								
Project name	Name of Service provider	Start date	Completion date	Progress to date	Challenges and interventions	Assessments of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent	Project manager assessment comments	Service provider assessment comments
RDM 2022-001A1 Refurbishment of Schweizer-Reneke Reservoir Complex phase1	AGISA Consulting Engineers	06 October 2023	27 January 2025	Completion- Defects Liability Period	• Poor feasibility study was done, some existing pipeline were discovered during the construction phase, and the SP proposed new solutions as the project proceeded. • The quality work from the contractor was poor, since this was a turnkey appointment, the contractor was terminated.	3	-Response times from the Service Provider were frequently slow - Some quality of works produced was unacceptable that required rework and extension of time. -Financial Management was poor	-Needs to improve time management skills to ensure all tasks are completed within the allocated timeframe. - Requires more proactive communication regarding potential delays. -AGISA improved on communication

ANNUAL - PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2024/2025 FINANCIAL YEAR (JULY 2024-JUNE 2025)								
Project name	Name of Service provider	Start date	Completion date	Progress to date	Challenges and interventions	Assessments of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent	Project manager assessment comments	Service provider assessment comments
					• Poor communication between the Consultant & Contractor. • There were Cashflow challenges • Unsatisfactory planning, not sticking to the submitted construction programmes. Continuous extension of time			
RDM 2022-001A1-03/03: Emergency works at Diplankeng Oxidation ponds in GTLM	FIJ Consulting Engineers	15 July 2024	8th November 2024	Completion-Defects Liability Period	None	5	All planned emergency interventions works was done to good quality and	The SP has consistently delivered acceptable quality work with great

ANNUAL - PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2024/2025 FINANCIAL YEAR (JULY 2024-JUNE 2025)								
Project name	Name of Service provider	Start date	Completion date	Progress to date	Challenges and interventions	Assessments of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent	Project manager assessment comments	Service provider assessment comments
							the works was completed before planned completion	attention to detail. The project was finished in time. FIJ demonstrates excellent problem-solving skills and consistently way of finding innovative solutions.
RDM 2022-001A1-03/06: turnkey appointment for emergency refurbishment of Pudimoe outfall sewer and	FIJ Consulting Engineers	24 February 2025	*Planned date*: 20 June 2025 *Revised date(EOT):* 31 July 2025	Under Construction	The surveyor made errors on primary level considered that were used for design. The Service Provider has submitted the redesign to correct the pipeline and there is an	4	All works was done on time with quality at the Pudimoe Outfall sewer lines, however due to the error	FIJ is to pay more attention to monitoring of works and to involve all stakeholders in approval of works.

ANNUAL - PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2024/2025 FINANCIAL YEAR (JULY 2024-JUNE 2025)								
Project name	Name of Service provider	Start date	Completion date	Progress to date	Challenges and interventions	Assessments of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent	Project manager assessment comments	Service provider assessment comments
oxidation ponds in GTLM					approval of EOT to do the rework and complete the works.		picked up, the service provider has doubled the resources on site to complete the works. The other section of works at Matlapaneng is complete and workmanship is satisfactory.	
RDM2022-001A1-03/08: turnkey appointment for emergency refurbishment of Taung station	FIJ Consulting Engineers	24 February 2025	31 December 2025	Under Construction	Thus far the emergency intervention Project is progressing well with no challenges encountered.	5	The Service Provider is currently on Phase 2 of the Project and evaluating	The quality of works exceeds expectations. There is good communication.

ANNUAL - PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2024/2025 FINANCIAL YEAR (JULY 2024-JUNE 2025)								
Project name	Name of Service provider	Start date	Completion date	Progress to date	Challenges and interventions	Assessments of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent	Project manager assessment comments	Service provider assessment comments
oxidation ponds in GTLM							from the Progress on site, there is a possibility of the project to be completed prior the planned completion time. The quality of work is satisfactory.	There is proper monitoring. The time Management is satisfactory.
Pudimoe Phase 2F: Refurbishment and Upgrade of Module 2 and Associated Works (Civil Works)	Udumo Trading 26 (Pty) LTD. T/A Ultimate Dynamic	01 August 2023	01 October 2025	65%	The contractor experienced several delays on the project and has submitted a request for extension of time application that is still being evaluated by the Consultants for	4	The contractor's performance and standard of work is fairly well and acceptable.	

ANNUAL - PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2024/2025 FINANCIAL YEAR (JULY 2024-JUNE 2025)								
Project name	Name of Service provider	Start date	Completion date	Progress to date	Challenges and interventions	Assessments of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent	Project manager assessment comments	Service provider assessment comments
					submission for approval.			
Pudimoe Phase 2F: Refurbishment and Upgrade of Module 2 and Associated Works (ElectroMechanical Works)	HT Pelatona Projects (Pty.) LTD.	19 July 2024	19 July 2025 (revised date awaiting conclusion of the Civil EoT)	52%	The contractor is delayed as a result of the Civil contract that is behind schedule.	4	The contractor has not started with installations yet but inspections have been conducted for the off-site material and most of the material is manufactured and ready to be delivered to site.	
Taung WTW to Khibitshwane	Tumisang Transport &	18 June 2024	30 June 2025 (revised	70%	The contractor encountered a lot of problems from the	1	The JV have managed the	

ANNUAL - PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2024/2025 FINANCIAL YEAR (JULY 2024-JUNE 2025)								
Project name	Name of Service provider	Start date	Completion date	Progress to date	Challenges and interventions	Assessments of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent	Project manager assessment comments	Service provider assessment comments
Reservoir Pumpmain	Projects JV KMN Engineering		Completion Date to be finalized once the contractor has submitted their final EoT request)		project inception. Their problems were mainly from cashflow challenges which they were assisted by Cession agreements to help them purchase material.		project poorly.	
Mamusa Bulk Water Supply: Bulk Pipeline – ElectroMechanical Work	Excellence Business Academy (Pty)Ltd	12 May 2023	31 March 2025 (Revised Completion date to be finalized once the contractor submits their EoT request)	95%	The contractor experienced challenges with the pump supply, from manufacturing to installation. Extension of time was issued but still the project remains incomplete.	1	The contractor's supplier and their own internal financial challenges played a huge role in their project delays. The Company	

ANNUAL - PERFORMANCE ASSESMENT OF SERVICE PROVIDERS 2024/2025 FINANCIAL YEAR (JULY 2024-JUNE 2025)								
Project name	Name of Service provider	Start date	Completion date	Progress to date	Challenges and interventions	Assessments of service provider (Scale 1-5) 1 - Poor 2 - Fair 3 - Average 4 - Good 5 - Excellent	Project manager assessment comments	Service provider assessment comments
							director's lack of involvement in the project has been a big frustration.	
Upgrade and Extension of the Bloemhof WTW: ElectroMechanical Workshop Building	HT Pelatona Projects (Pty) Ltd	15 June 2024	30 June 2025	93%	The contractor encountered delays due to heavy rains experienced at the beginning of the year.	3	The project reached Practical Completion in July 2025.	

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

In the previous two financial years the municipality has reviewed 17 administrative policies which govern the daily operation of the institution and the entire workforce. Such policies are explained and work shopped with the employees in order to promote the spirit of good governance in the workplace. Prior to the approval of the policies by the municipal council the relevant stakeholders are consulted such as Local Labour Forum, employees, management and councilors and labor unions.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

The district municipality has lost a few officials due to various reasons of which most of them were in connection with greener pastures. That is why the turn-over rate is so minimal. Vacant funded position have been advertised and the process of Recruitment and Selection is under away which will be finalized in due course

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Designations	***Total Approved Posts** **No.**	***Vacancies**
Municipal Manager	1	0
CFO	1	1
Other S56 Managers (excluding Finance Posts)	5	3

	Overall	Finance	Engineering	Community service	Supply chain management
Vacancy %	30%	22%	24%	73%	13%
Has performance targets relating to this unit been included in the APP	Yes	Yes	Yes	Yes	No
Has 80% of the targets been achieved	Yes	Yes	Yes	Yes	N/A as there are no performance targets relating to SCM
Can the reason for non-achievement be linked to vacancies	N/A as they achieved 80% of targets	N/A as they achieved 80% of targets which relate to the finance department	N/A as they achieved 80% of the targets	N/A as they achieved 80% of the targets	N/A as there are no performance targets

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

The Municipality’s reviewed policies which are explained to the workforce as and when are adopted by Council or reviewed periodically. The workforce through the Local Labour Forum, as an important stakeholder, in the development of such policies is properly consulted on all matters of mutual interest. The departments, units and the organization in general holding continuous staff meeting in order to create a platform for the staff to air their views in matters of mutual interest.

HR Policies and Plans

HR Policies and Plans				
No.	Name of Policy	Completed %	Reviewed %	NOTE
1	AllowancesPolicy	100	100	ALL POLICIES ADOPTED , HBOWEVER FY IN WHICH ADOPTED MAY VARY
2	Assets management policy	100	100	
3	Banking and investment	100	100	
4	catering Policy	100	100	
5	Credit control Policy	100	100	
6	Leave and overtime Policy	100	100	
7	Recruitment and Selection Policy	100	100	
8	Expenditure management Policy	100	100	
9	Funeral policy	100	100	
10	Insurance management policy	100	100	
11	Notebook and mobile computing policy	100	100	
12	Petty cash policy	100	100	
13	Recruitment and selection policy	100	100	
14	S&T policy	100	100	
15	SCM policy	100	100	
16	Vehicle allowance policy	100	100	

4.3 INJURIES, SICKNESS AND SUSPENSIONS

The municipality has not recorded any injuries, in the year under review.

Sick leave

Task grade	Total sick leave days	Proportion of Sick days without certificate	Employees using sick leave	Total employees in post	Average sick leave
Lower Skills 0-2 Task T3	47	28	5	15	3
Skilled 3-5 Task 4-5	30	30	3	11	3
High Skilled Production 6-8 T ask 7 - 12	168	136	35	121	1
High Skilled Supervision Task 13 - 14	19	4	4	7	3
Senior Management	0	0	0	0	0
Municipal Manager	0	0	0	0	0

An employee is given 80 days in a three year cycle on full pay. An employee is required to submit a medical certificate from a registered medical practitioner if more than two consecutive days are taken. If an employee is absent on two occasions during an eight week period and failed to produce a sick note irrespective of the number of days taken the employer is not obliged to pay. Such as employee. Should an employee develop a behavioral pattern of abusing sick leave, the immediate supervisor may request sick note from such as employee every time she/he takes sick leave

DISCIPLINARY CASES REGISTER

PERIOD July 2024- June 2025

NATURE OF MISCONDUCT	OUTCOME/STATUS	PROGRESS
Failure to obey lawful instruction	Clause 11 of the DPCA application	
Gross Insubordination	Clause 11 of DPCA application	
Absenteeism	Due to the long extensive sickness of the employee the matter is still pending the finalization of the DC.	Awaiting the employee to report for duty and to Finalize the DC hearing
Dereliction of Duty Gross Misconduct- Culpable Misrepresentation Abuse of Information	Employee dismissed and lodged an appeal against the sanction. We are awaiting the final outcome from the Presiding Officer.	Communications have already been forwarded to all parties to indicate their availability for the finalization of the Appeal.

ARBITRATION CASES REGISTER

PERIOD: July 2024-June 2025

NATURE OF DISPUTE	OUTCOME	PROGRESS
Unfair Labour Practice	Application dismissed	
Unfair dismissal	Default Judgement	Withdraw the application
Failure to comply with the conditions of the Contract of Employment	Application dismissed	
Harassment	Conciliation Fails. The Applicant to refer the matter for Arbitration	Still awaiting 7.13 referral form from the Applicant.

NUMBER AND PERIOD OF SUSPENSIONS
(JULY 2024-JUNE 2025)

NATURE OF MISCONDUCT	DATE OF SUSPENSION	DETAILS OF DISCIPLINARY ACTION TAKEN OF STATUS OF CASE AND REASONS WHY NOT FINALIZED
Contravening Sect 2(b) and 2(d) of the Code of Conduct.	29^{th} October 2024	Key witnesses(foreigners) to the case left the country.

4.4 PERFORMANCE REWARDS

Performance Management System is currently applicable only on section 56 managers. It has not been cascaded down to employees below section 56 managers. Performance evaluations were done for section 56 managers however none qualified for a bonus incentive.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE (4.5)

The District Municipality has a Workplace Skills Plan in place to develop and capacitate its staff. In terms of the Plan and many officials were trained in different learning programmes and interventions during the 2024/2025 financial year. In addition, The District Municipality has implemented programmes for the training and empowerment of unemployed graduates and experiential learners

TRAINING PLANS AND IMPLEMENTATION:
Training plans are developed in consultation with employees through conducting skills audit and skills need analysis. However, there are some deviations during implementation as some training programmes that are not planned are at times provided by sector departments and other government agencies wholly funded.

VARIANCE BETWEEN BUDGETED AND ACTUAL EXPENDITURE:

Variances between budgeted and actual expenditure are as a result of escalating training costs and uncoordinated training wherein employees attend training that is not included in the training plan. Also, the financial constraints in which the municipality found itself also contributed to the variances.

ADEQUACY OF FUNDING:

Funding for training is not adequate as it does not cover all or most of the employees. The municipality does not budget 1% of the annual payroll as required by Skills Levies Act No 9 of 1999. MFMA COMPETENCY REGULATIONS: There is a 90% compliance with the regulations as all senior managers and most of managers as well as financial officials have completed MFMA training and were declared competent

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

The strict control of the workforce budget enables the municipality to implement and achieve the pre-determined objectives as set out in the IDP because all vacant and budgeted posts will be filled immediately the vacancy arise. The workforce budget is spent with the parameters of the approved budget. Appointment is done in terms of the requirements of the post because the salary package is commensurate to the experience and qualifications of the post.

4.6 EMPLOYEE EXPENDITURE

Refer to AFS Attached

CHAPTER 5 – FINANCIAL PERFORMANCE

The Municipality adopted the going concern assumption when preparing the annual financial statements for the year under review. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlements of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Municipality also adopted the accrual basis, to account for its revenue and expenditure, while also adopted the approved Statements of GRAP, to record its financial transactions.

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. (Refer to Volume II – Audited financial statements)

Even though the municipality is financially viable, it is a concern that there are still no new or potential revenue base alternatives as the district remains highly rural. The Dr Ruth Segomotsi Mompati District Municipality was not immune to inflationary pressures which arose during the reporting period, these pressures which continued to affect the cash flow status of the municipality.

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The financial statements presented in this report are presented on the basis that the municipality is a going concern. The principles of GRAP have been taken into consideration when preparing these annual financial statements. The annual financial statements have been prepared by consultants and will be submitted on time as prescribed in the Municipal Finance Management Act to the Auditor General.

The total assets of the municipality are adequate to ensure that the liabilities of the municipality are cared covered should anything happen to the municipality's continuity. The asset base of the municipality which is above the liabilities of the municipality as well as other factors that are presented in the financial position of the municipality, show that the municipality is still solvent and therefore still financially healthy.

The AFS has been included in this report as (Vol ii) - Audited financial statements on pages 246-348 of this report.

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Refer to Volume II – Audited financial statements of this report (Page 246-348)

5.2 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. 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.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

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.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS

6.1 AUDITOR GENERAL REPORTS YEAR 2023-2024

In the 2023-2024 financial year a Qualified audit opinion was issued by the Auditor General.

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2024-2025 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR ENDING 2025 (2024-2025)

In the 2024-2025 financial year a Qualified audit opinion was issued by the Auditor General. The Audit report is attached hereto on page 219 of this report

GLOSSARY

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

	and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• 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 Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to

	Achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.

Annexure A Recommendations of the Audit and Performance Committee

ANNUAL REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

We are pleased to submit the report of the Audit and Performance Audit Committee for the year ended 30 June 2025.

1. Background

Dr. Ruth Segomotsi Mompati District Municipality and its local municipalities, namely Mamusa Local Municipality, Kagisano-Molopo Local Municipality, and Lekwa-Teemane Local Municipality have opted for the shared Audit and Performance Committee Services. The Audit and Performance Audit Committee was established in terms of section 166 of the Municipal Finance Management Act (MFMA), Act 56 of 2003. The Audit and Performance Committee has adopted its terms of reference.

2. Statutory requirements

Section 166 of the MFMA stipulates that each municipality must establish an audit committee. The audit committee is an independent advisory body that advises the municipal council, the political office bearers, the accounting officer, and the management of the municipality on the following matters:

- ✓ Internal financial control and internal audits;
- ✓ Risk management;
- ✓ Accounting policies;
- ✓ The adequacy, reliability and accuracy of financial reporting and information;
- ✓ Performance management;
- ✓ Effective governance;
- ✓ Compliance with the MFMA, the Division of Revenue Act (DORA) and any other applicable legislation;
- ✓ Performance evaluation;
- ✓ Any other issues referred to it by the municipality;
- ✓ Review of the annual financial statements to provide an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall compliance with the MFMA, DORA any other applicable legislation;
- ✓ Respond to Council on any matter raised by the Auditor- General (AGSA); and carry out such investigation into the financial affairs of the municipality.

3. **Attendance of meetings**

An Audit and Performance Audit committee is an independent advisory body appointed by Council. In terms of Section 166 of the Municipal Finance Management Act of 56 of 2003.

In accordance with the contract entered into by Dr. RSMDM and APAC (Resolution: 09/2021/22), council appointed APAC on 01 September 2024 to 31 August 2024.

The request to extend the contracts for the existing APAC was tabled to and approved by council, the Committee

Initial and Surname	Position in Audit Committee	NUMBER OF MEETINGS ATTENDED			
		12 August 2024 (Statutory meeting)	28 Aug 2024 (Special AFS Review)	13 Nov 2024 (Statutory Meeting)	21 Feb 2025 (Statutory Meeting)
Ms. SJ. Masite	Chairperson	👍	👍	👍	👍
Prof. G.Malebe	Member	👍	👍	👍	👍
Adv. S. Dikole	Member	👍	👍	👍	👍
Ms. L. Holele	Member	👍	👍	👍	👍
Ms. M. Ralikonyana	Member	👍	👍	👍	👍
Mr. E. Van Rensburg	Member	👍	👍	👍	👍

Served till the 30 March 2025.

Council appointed a new Committee on the 1 April 2025, the term will run till 31 May 2028. It comprises the following independent non-executive members who have the requisite and relevant skills and experience to fulfil audit committee's duties.

The following table depicts the current Audit and Performance Audit Committee members and attendance thereof.

Name and Surname	Position in Audit Committee	NUMBER OF MEETINGS ATTENDED
		31 May 2025 (Statutory meeting)
Ms. J. Masite	Chairperson	👍
Prof. G. Malebe	Member	👍
Mr. L. Berend	Member	👍
Ms. M. Mothelesi	Member	👍
Mr. S. Mofokeng	Member	👍
Mr. A. Nchoe	Member	👍
Ms. F. Mudau	Member	👍
Mr. A. Kekesi	Member	👍

The following, although not members of the Audit and Performance Audit Committee, have standing invitation to Audit and Performance Committee meetings:

- ✓ Accounting Officer;
- ✓ Chief Financial Officer;
- ✓ Chairperson of the Risk Committee;
- ✓ Section 56 Managers/Departmental Heads;
- ✓ Chief Audit Executive;

- ✓ Chief Risk Officer;
- ✓ The Auditor- General (As and when); and
- ✓ The Provincial Treasury
- ✓ Cogta

The members of the Audit and Performance Audit Committee also held meetings with the Municipal Manager as the Accounting Officer, the Chairperson of Risk Management Committee, Senior Management of the municipality, the Internal Audit and the Auditor-General, collectively and individually, on matters related to governance, internal control, performance, financial information, risk and other relevant matters concerning the municipality.

4. Internal Audit

The Internal Audit of the Dr Ruth Segomotsi Mompati District Municipality is in-house and has discharged its mandate in terms of its charter and managed to execute 100% of the projects as per the 2024/25 Internal Audit Risk Based Annual Plan. Internal Audit performed significant work on behalf of the Auditor General (physical verification of immovable assets), which demonstrates a growing reliance on Internal Audit by the Auditor General. This collaboration not only highlights the increasing trust placed in Internal Audit but also enabled the municipality to achieve notable cost savings.

The Audit and Performance Audit Committee is of the opinion that the Internal Audit unit is operating effectively to meet its mandate and has considered the risk pertinent to the municipality in its audit plans.

The following documents were approved by the Audit and Performance Committee and recommended to Council for adoption:

- ✓ Internal Audit Charter
- ✓ Internal Audit Risk Based Plan
- ✓ Three Year Rolling Strategic and Annual Audit Plan
- ✓ The Audit and Performance Audit Committee Process Plan

5. Effectiveness of Internal Controls

The system of internal control was not entirely effective during the year under review as compliance with prescribed policies and procedures were lacking in certain instances. The following reports are among others that were presented to the Audit and Performance Audit Committee:

- ✓ Audit of quarterly performance information;
- ✓ Expenditure Management;
- ✓ Supply Chain Management;
- ✓ ICT audit;
- ✓ Governance;
- ✓ Leave Management;
- ✓ Local Economic Development; and
- ✓ Assets management.
- ✓ Recruitment and Selection
- ✓ Financial Reporting

6. Risk Management

The municipality has a risk unit that consists of three staff members and a Chairperson of the Risk Management, Anti-fraud, and Anti-corruption Committee.

The Audit and Performance Committee is satisfied that:

Risk management has been embedded at the municipality however it needs to be fully implemented as there are some gaps identified and the maturity level is undesirable.

7. Performance Management

Part of the responsibilities of the Audit and Performance Audit Committee includes the review of performance management. The Committee has in terms of the performance of the municipality reviewed the functionality of the performance management system and it appears to be functional, however there is room for improvement in so far as achievement of planned targets and compliance matters are concerned.

The Audit and Performance Audit Committee has also noted improvement compliance with Section 46(a)(i) of the Municipal Systems and related regulation and circulars, reports on evaluation of service providers were submitted to the Audit and Performance Audit Committee and the Auditor General.(SA)

8. Year- end Reporting

The APAC has reviewed the Annual Performance Report and provided recommendations to management for implementation before the report was submitted to the Auditor-General and the quarterly reports submitted by management during the year.

9. Evaluation of Annual Financial Statements

- ✓ The Audit and Performance Audit Committee, has on its meeting held on the 25 August 2025 discussed the draft annual financial statements and unaudited annual report with the Accounting Officer, before submitting to the Auditor General. The Audit and Performance Committee wish to indicate that it performed a review on the financial statements focusing among others on:
- ✓ Significant financial reporting adjustments and estimates contained in the Draft Annual Financial Statements;
- ✓ Clarity and completeness of disclosures;
- ✓ Accounting policies and practice;
- ✓ Significant adjustments arising from the audit;
- ✓ Reasons for major year to year fluctuations; and
- ✓ Reinstatement of prior year amounts.

The Audit and Performance Audit Committee reviewed and noted and recommend the Draft Annual Financial Statements for the financial year ended 30 June 2025.

10. Recommendation of Submission of the AFS and APR to Auditor General

The Audit and Performance Audit Committee has:

Reviewed the draft Annual Financial Statements and Annual Performance Report and recommended that these reports be submitted to AGSA for auditing purposes after ALL the recommendations raised by the committee have been considered by management.

11. Final Auditor General's Report

The Audit and Performance Audit Committee have:

- Further reviewed the Financial Statements to be included in the Annual Report with the Accounting Officer.
- Discussed and adopted the Auditor-General and Management report and management response thereof.

12. Consideration of the Final AGSA Audit report

The Audit and Performance Audit Committee concur with audit opinion and acknowledgement on the reduction of the audit paragraphs and accepts that the conclusions of the Auditor-General on the Annual Financial Statements and Annual Performance Report and is of the opinion that the Audited Financial Statement and Annual Performance Report will be read together with the report of the Auditor-General.

The Audit and Performance Audit Committee recommend that:

- The Municipality develops PAAP that reflects the root cause analysis, which should be monitored duly by management and Executive Mayor per section 131 of MFMA, monthly review by Internal Audit Function and quarterly review by APAC.
- Internal Audit Function assesses the implementation of the Post Audit Action Plan.

- Submission of progress report to council on the implementation of actions to resolve AG findings on quarterly basis.
- Consequence management be implemented where there has been negligence or non-submission of information timely.

13. Conclusion

The Audit and Performance Committee acknowledge the co-operation and assistance by the DR. RSMDM for coordinating the activities of the Committee. The Audit and Performance Audit Committee further acknowledge the commitment into good governance as shown by the Honorable Speaker Dr. Kgalalelo Sereko, Executive Mayor Mr. Motseokae Maje and Council. And further express gratitude to the Municipal Manager, Senior Management, Chief Audit Executive and her staff for the support and commitment to the work of the Audit and Performance Committee.

Furthermore, the APAC would like to congratulate the Municipality for a slight reduction on audit findings as compared to the previous audit outcome.

The Audit and Performance Audit Committee remain confident that if all matters raised by the Internal Auditor-General can receive due consideration and intervention, the audit opinion will improve.

We are committed to fully execute our assurance and oversight function to strengthening Corporate Governance.

…………………………………..

SJ. Masite, CIA, CFE, CMIIA
Chairperson of the Audit and Performance Audit Committee
Date: Jan 2026

Auditing to build public confidence

AUDITOR-GENERAL SOUTH AFRICA

Report of the auditor-general to North West Provincial Legislature and the council on Dr Ruth Segomotsi Mompati District Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of Dr Ruth Segomotsi Mompati district municipality set out on pages 246 to 348, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, and the 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 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 Dr Ruth Segomotsi Mompati district 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

Commitments

3. Adequate systems were not in place to record and account for commitments in accordance with GRAP 17, *Property plant and equipment*. Not all capital contractual commitments were recorded furthermore expenditure already incurred was incorrectly recorded as commitments. I was unable to determine the full extent of the misstatement of commitments as it was impracticable to do so. Consequently, I was unable to determine whether any adjustment was necessary to commitments, stated at R497 453 363 (2024: R1 087 489 922) in note 43 to the financial statements.

Context for opinion

4. 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.

5. 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.

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

Material uncertainty related to going concern

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

8. I draw attention to note 42 to the financial statements, which indicates that current liabilities exceed the current assets by R471 748 048 and contingent liabilities, if ordered to settle, will result in R114 645 171 being paid. As stated in note 42, these events or conditions, along with the other matters as set forth in note 42, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

10. As disclosed in note 4 to the financial statements, the provision for impairment of other receivables amount to R27 764 440 (2024: R22 827 713) which represent is 83% (2024: 88%) of the total other receivables from non-exchange revenue due to significant impairment of receivables.

11. As disclosed in note 39 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 matter

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

13. 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

14. 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.

15. 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

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 229, forms part of my auditor's report.

Report on the audit of the annual performance report

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

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

Key performance area	Page numbers	Purpose
Service delivery and infrastructure development	174-182	To improve access to services and ensure that sustainable operations and maintenance of the existing water and sanitation infrastructure is achieved.

20. I evaluated the reported performance information for the selected key performance area 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.

21. I performed procedures to test whether:

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

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

23. The material finding on the reported performance information for the selected key performance area are as follows:

Number of households provided with access to water by 30 June 2025

24. An achievement of 62 659 was reported against a target of 62 659. 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.

Other matter

25. I draw attention to the matter below.

Material misstatements

26. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for service delivery and infrastructure development. Management did not correct all of the misstatements and I reported material finding in this regard.

Report on compliance with legislation

27. 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.

28. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

29. 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.

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

Expenditure management

31. Reasonable steps were taken to ensure that money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

32. Reasonable steps were not taken to prevent irregular expenditure amounting to R 526 913 924 as disclosed in note 46 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by disregard to follow competitive bidding process.

33. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R2 129 523, as disclosed in note 45 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by overpayment to suppliers.

34. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R 322 973 643, as disclosed in note 44 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of a vote.

Annual financial statements

35. 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, liabilities, revenue and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

36. The council failed to adopt an oversight report containing the council's comments on the 2023/24 annual report, as required by section 129(1) of the MFMA.

37. The oversight report was not adopted by the council for the 2023/24 annual report, therefore it was not made public, as required by section 129(3) of the MFMA.

Strategic planning and performance management

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

Consequence management

39. Unauthorized expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

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

Utilisation of conditional grants

41. Performance in respect of programmes funded by the Municipal Infrastructure Grant, Regional Bulk Infrastructure Grant and Water Services Infrastructure Grant were not evaluated within two months after the end of the financial year, as required by section 12(5) of the Division of Revenue Act (Act 24 of 2024).

HR Management

42. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA and regulation 31 of Municipal Staff Regulations.

Procurement and contract management

43. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of by SCM Regulation 17(1)(a) and (c).

44. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM Regulation 13(c).

45. Sufficient appropriate audit evidence could not be obtained that quotations were only accepted from bidders whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.

46. Goods and services within the prescribed transaction value for competitive bids were procured without inviting competitive bids, as required by SCM Regulation 19(a). Similar non-compliance was also reported in the prior year.

47. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for legislative requirement that were stipulated in the original invitation for bidding, as required by SCM regulations 21(b) and 28(1)(a(i) and Preferential Procurement Regulations.

48. Some of the contracts were awarded through competitive bidding processes that were not adjudicated by the bid adjudication committee as required by SCM Regulation 29(1)(a) and (b).

49. Sufficient appropriate audit evidence could not be obtained that construction contracts were awarded to contractors that were registered with the Construction Industry Development Board (CIDB) in accordance with section 18(1) of the CIDB Act and CIDB Regulations 17 and 25(7A).

50. The performance of some of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

51. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. Similar non-compliance was also reported in the prior year.

52. Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of MFMA 112(1)(j) and SCM Regulation 44.

53. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of the code of conduct for councillors issued in terms of the Municipal Systems Act.

Other information in the annual report

54. The accounting officer is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.

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

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

57. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

58. 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.

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

60. Leadership did not adequately exercise oversight responsibility regarding financial and performance reporting and compliance with legislation. The municipality did not have sufficient monitoring and reviewing controls to ensure that financial and performance reports submitted for audit were accurate and complete, and that action plans developed were adequately and timeously implemented. Furthermore, effective human resource management processes were not implemented to ensure that adequate and sufficiently skilled resources were in place, especially in the finance department, and that the performance of all employees was monitored.

61. Management did not take effective steps and implement measures to ensure that appropriate evidence is obtained over contract management to ensure the commitment register is accurate and confirm occurrence of expenditure. Furthermore, there is an overreliance on the work of consultants without an adequate transfer of skills to ensure that municipal officials appointed in specific positions perform their functions within those positions.

62. The audit committee and internal audit reviews of financial statements was not effective. The misstatements relating to unauthorised expenditure, commitments, and irregular expenditure could have been identified by internal audit during their reviews. Furthermore, the lack of proper monitoring of the post-audit action plan by management has also exacerbated the extent of the misstatements identified in these areas. It is recommended that internal audit include these areas in their review plans to ensure that internal controls deficiencies are promptly identified and communicated to management.

Material irregularities

63. 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

Pollution of water resources not prevented – Taung Wastewater Treatment ponds and pump stations

64. The municipality did not take reasonable measures at the Taung Wastewater Treatment Works to prevent pollution or degradation of the environment and surrounding water resources, as required by section 28(1) of the National Environmental Management Act and section 19(1) of the National Water Act. The wastewater treatment works had completely collapsed and was not operational due to prolonged improper management of operational and mechanical infrastructure, as well as years of inadequate maintenance, repair, vandalism, and theft. As a result, wastewater received at the facility was discharged untreated into the adjacent wetlands, while the severely clogged sewer reticulation system caused raw sewage to overflow from manholes into the wetlands before reaching the treatment works.

65. Site inspections conducted on 4 October 2022, 13 October 2023, and 25 September 2024 at the Solid Waste Landfill, the Wastewater Treatment Works, and the Pump Stations and Ponds consistently confirmed extensive infrastructure failure, persistent sewage overflows, and ongoing discharge of untreated wastewater into the Harts River. These conditions pose significant environmental risks and health hazards to nearby residential communities located between 200 and 500 metres from the facilities. Additional concerns identified include vandalism, theft of critical equipment, widespread solid waste pollution, and uncontrolled access to the sites, all of which have contributed to further operational decline. Several ponds were found to be poorly maintained or completely dry, and the wastewater treatment works is operating without the required licence under the National Environmental Management: Waste Act. These findings highlight an urgent need for comprehensive rehabilitation, routine maintenance, and strict compliance with environmental and water management legislation to mitigate risks to local ecosystems and community wellbeing.

66. These failures resulted in contamination of the surrounding environment, including the groundwater, the Harts River, and its extended watercourse. The Harts River originates in the North West province and flows into the Northern Cape province, supplying water for domestic and agricultural use across several communities.

67. The non-compliance is likely to result in substantial harm to the general public if appropriate actions are not taken to address the cause of the pollution and prevent continued pollution of the water resources and/or minimise or rectify the impact of such pollution on the wider community and environment dependent on the affected water resources.

68. The accounting officer was notified of the material irregularity on 30 November 2024 and invited to make written submissions on the actions taken and that will be taken to address the matter. The accounting officer responded on 28 January 2025 by indicating that the district municipality

has taken over the operation and maintenance of the oxidation ponds and plans to appoint a private service provider to ensure effective management. It has conducted Green Drop Compliance engagements with DWS and SALGA to develop action plans aimed at addressing non-compliance. Ongoing oversight will be maintained through monthly progress meetings, site visits, and regular uploading of compliance data to the DWS IRIS system.

69. The accounting officer did not take sufficient action to minimise and rectify the pollution or degradation of the environment. I therefore concluded that the accounting officer was not taking appropriate action to address the MI.

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

Auditor-general

Rustenburg

09 December 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003 (MFMA)	Section 1 (a), (b) & (d) of the definition: irregular expenditure Section 1 Definition of SDBIP Sections 11(1); 13(2); 14(1); 14(2)(a); 14(2)(b); 15 Sections 24(2)(c)(iv); 29(1); 29(2)(b); 32(2) Sections 32(2)(a); 32(2)(a)(i); 32(2)(a)(ii); 32(2)(b) Sections 32(6)(a); 32(7); 53(1)(c)(ii); 54(1)(c) Sections 62(1)(d); 62(1)(f)(i); 62(1)(f)(ii); 62(1)(f)(iii) Sections 63(2)(a); 63(2)(c); 64(2)(b); 64(2)(c); 64(2)(e) Sections 64(2)(f); 64(2)(g); 65(2)(a); 65(2)(b); 65(2)(e) Sections 72(1)(a)(ii); 95(a); 112(I)(iii); 112(1)(j) Sections 116(2)(b); 116(2)(c)(ii); 117; 122(1); 122(2) Sections 126(1)(a); 126(1)(b); 127(2); 127(5)(a)(i) Sections 127(5)(a)(ii); 129(1); 129(3); 133(1)(a) Sections 133(1)(c)(i); 133(1)(c)(ii); 170; 171(4)(a); 171(4)(b)
LG: MFMA: Municipal budget and reporting regulations, 2009	Regulations 71(1); 71(2); 72
LG: MFMA: Municipal investment regulations, 2005	Regulations 3(1)(a); 3(3); 6; 7; 12(2); 12(3)
LG: MFMA: Municipal regulations on financial misconduct procedures and criminal proceedings, 2014	Regulations 5(4); 6(8)(a); 6(8)(b); 10(1)
LG: MFMA: Municipal supply chain management (SCM) regulations, 2017	Regulations 5; 12(1)(b); 12(1)(c); 12(3); 13(b); 13(c); 13(c)(i) Regulations 16(a); 17(1)(a); 17(1)(b); 17(1)(c); 19(a) Regulations 21(b); 22(1)(b)(i); 22(2); 27(2)(a); 27(2)(e) Regulations 28(1)(a)(i); 28(1)(a)(ii); 29(1) (a) and (b) Regulations 29(5)(a)(ii); 29(5)(b)(ii); 32; 36(1) Regulations 38(1) (c); 38(1)(d)(ii); 38(1)(e); 38(1)(g)(i) Regulations 38(1)(g)(ii); 38(1)(g)(iii) Regulations 43; 44; 46(2)(e); 46(2)(f)
Municipal Systems Act 32 of 2000 (MSA)	Sections 25(1); 26(a); 26(c); 26(i); 26(h); 27(1) Sections 29(1)(b)(ii); 29(2)(a); 29(2)(c); 34(a); 34(b); Sections 38(a); 41(1)(a); 41(1)(b); 41(1)(c)(ii); 42; 43(2) Sections 56(a); 57(2)(a); 57(4B); 57(6)(a) Sections 66(1)(a); 66(1)(b); 67(1)(d);
Municipal Systems Act 32 of 2000(MSA) schedule 1 Code of conduct for councillors	Sections 5(2); 7(1); 7(2)
Municipal Systems Act 32 of 2000(MSA) schedule 1 Code of conduct for municipal staff members	Section 5(1); 5A(1); 5A(2)
LG: MSA: Municipal planning and performance management regulations, 2001	Regulations 2(1)(e); 2(3)(a); 3(3); 3(4)(b); 3(5)(a); 7(1); 8 Regulations 10(a); 15(1)(a)(i); 15(1)(a)(ii)

Legislation	Sections or regulations
LG: 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)
LG: MSA: Regulations on appointment and conditions of employment of senior managers, 2014	Regulations 17(2); 36(1)(a)
LG: MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2); 5(3); 5(6); 8(4)
Annual Division of Revenue Act (DoRA)	Sections 11(6)(b); 12(5); 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Municipal Property Rates Act 6 of 2004 (MPRA)	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 2(1)(a); 2(1)(f)
Preferential Procurement regulations (PPR), 2017	Regulations 6(1); 6(8) Regulations 7(1); 7(8) Regulations 10(1); 10(2);11(1)
Preferential Procurement regulations (PPR), 2022	Regulations 4(1); 4(4) Regulations 5(1); 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)

Annexure C Audit Action Plan to address AG queries/findings

Reference	Finding	Recommendation	Responsible Person	Due Date Dev	Due Date Imp	Action Plan
AAP89531-2025	1. COAF 46 - Consequence Management- UIFW Investigations	Management must ensure that the submit correct and proper registers for Unauthorised, Irregular, Fruitless and wasteful expenditure to MPAC to enable MPAC to proceed with the investigation of the Unauthorised, Irregular, Fruitless and wasteful expenditure in a timeously manner.MPAC manager need to ensure that they follow up with management to determine the status on the registers for Unauthorised, Irregular, Fruitless and wasteful expenditure to ensure that there is correct information submitted by management to them so that they can be able to perform their duties as it relates to investigations of Unauthorised, Irregular, Fruitless and wasteful expenditure.	Seatlathebe Lepomane, Itumeleng Jonas, Letlhogonolo Chacha	06/Jan/2026	30/Jun/2026	Management will process UIF W to MPAC and council in January 2026 for detailed investigation and to be completed by March 2026. Matters will also be referred to the Disciplinary Board for further investigation.
AAP89532-2025	2. COAF 36: Commitments-Contract Values	The CFO should strengthen document management controls by implementing a centralized filing system and ensuring that all supporting documentation is properly stored, indexed, and easily accessible. Additionally, staff responsible for maintaining financial records over commitments register should be trained on proper record-keeping and documentation standards to enhance accuracy and accountability.Furthermore, management should implement a formal contract management framework and establish a dedicated function or assign responsible officials to update the commitment register regularly and monitor expenditure against contracts. Introducing periodic reconciliations and, where possible, using automated tracking tools will also improve oversight and reduce discrepancies.	Evans Matope, Letlhogonolo Chacha	07/Jan/2026	30/Jun/2026	Management to revise commitment and retention registers retrospectively and implement internal controls that will include project manager of technical unit together with accountants in finance to compile a comprehensive commitment register and the retention register.
AAP89533-2025	COAF 25: Commitments – The first and second register	Management should implement a formal process to ensure timely and accurate record-keeping of all contract-related information. This should include maintaining an up-to-date commitment register that is supported by valid documentation and reviewed on a monthly basis. Additionally, a designated official should be assigned to perform periodic reconciliations between the commitment register and supporting schedules (such as expenditure reports and contract files) to ensure completeness, accuracy, and validity of the recorded information.	Evans Matope, Letlhogonolo Chacha	07/Jan/2026	30/Jun/2026	Management to revise commitment register and retention registers retrospectivelly and implement internal controls with continuous monitoring.
AAP89534-2025	COAF 34: Commitments-Accuracy	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting	Evans Matope, Letlhogonolo Chacha	07/Jan/2026	30/Jun/2026	Management will revise both commitment and retention registers retrospectively and monitor and implement internal controls inclusive of finance and technical/engineering teams.
AAP89535-2025	3. COAF 43: Commitments- Completeness Assertion	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting	Evans Matope, Letlhogonolo Chacha	07/Jan/2026	30/Jun/2026	Management to revise both commitment and retention registers retrospectively and address all the underlying issues, and implement and monitor them on a continuous basis.

AAP89536-2025	4.COAF 64: Commitments overstated	Management should develop standard operating procedures for recording, tracking, and reviewing commitments, with clearly defined roles and responsibilities. An appropriate template (tracking document) should be created to monitor capital related contracts and their related capital expenditure. Staff responsible for managing commitments should receive training on the accounting principles related to commitment, to ensure that all elements are properly considered when calculating commitment amounts.	Evans Matope, Letlhogonolo Chacha	07/Jan/2026	30/Jun/2026	Management will revise both commitment and retention register retrospectively to ensure completeness and accuracy of both registers, implement and monitor on a contunuous basis.
AAP89537-2025	COAF 15: AOPO - Number of households provided with access to water	Management should establish and implement controls to ensure that all reported household numbers are based on reliable, validated, and properly documented data sources. Household figures in business plans and performance reports should be reconciled with credible information (actual list of households provided with access to water). Supporting evidence must be retained and subjected to internal review prior to reporting to ensure completeness, accuracy, and reliability of the reported achievement.	Ziyaad Kana	07/Jan/2026	30/Jun/2026	Management will establish and implement controls to ensure that all reported household numbers are based on reliable, validated, and properly documented data sources. Household figures in business plans and performance reports should be reconciled with credible information (actual list of households provided with access to water). Supporting evidence must be retained and subjected to internal review prior to reporting to ensure completeness, accuracy, and reliability of the reported achievement.
AAP89538-2025	COAF 18: SCM - Awards made to suppliers in service of the state	Management must ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of the SCM regulations and municipality's SCM policy when procuring goods and services.	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of the SCM regulations and municipality's SCM policy when procuring goods and services.
AAP89539-2025	COAF 18: SCM -Awards to suppliers whose business partners are in the service of the Municipality	Management must ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of the SCM regulations and municipality's SCM policy when procuring goods and services.	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of the SCM regulations and municipality's SCM policy when procuring goods and services.

AAP89540-2025	COAF 23 - SCM Quotation Process not followed	Management must ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of the SCM regulations and municipality's SCM policy when procuring goods and services.Management should ensure that instances of Irregular expenditure are investigated to allow the Municipality to take disciplinary steps against any official who made or permitted Irregular expenditure.	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of the SCM regulations and municipality's SCM policy when procuring goods and services.
AAP89541-2025	COAF 23 - SCM – Incomplete Evaluation report:	Management must ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of the SCM regulations and municipality's SCM policy when procuring goods and services.Management should ensure that instances of Irregular expenditure are investigated to allow the Municipality to take disciplinary steps against any official who made or permitted Irregular expenditure.	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of the SCM regulations and municipality's SCM policy when procuring goods and services.
AAP89543-2025	COAF 23 - SCM – Deviations due to poor planning	Management must ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of the SCM regulations and municipality's SCM policy when procuring goods and services.Management should ensure that instances of Irregular expenditure are investigated to allow the Municipality to take disciplinary steps against any official who made or permitted Irregular expenditure.	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of the SCM regulations and municipality's SCM policy when procuring goods and services.
AAP89544-2025	COAF 23: SCM Quotations and deviations-SCM – Quotations: Three written quotations were not obtained, and the reasons for the deviation were not approved	Management must ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of the SCM regulations and municipality's SCM policy when procuring goods and services.Management should ensure that instances of Irregular expenditure are investigated to allow the Municipality to take disciplinary steps against any official who made or permitted Irregular expenditure.	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of the SCM regulations and municipality's SCM policy when procuring goods and services.
AAP89545-2025	COAF 49 – SCM Contract Management- The reasons for the modification were not tabled in the council of the Municipality	Management should ensure that reasons for proposed amendments are tabled in the council of the municipality before contracts are amended	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will ensure that reasons for proposed amendments are tabled in the council of the municipality before contracts are amended
AAP89546-2025	COAF 49 - SCM Contract Management- SLA or appointment letters did not indicate provisions for termination in cases of non-performance or underperformance, as well as provisions for dispute resolution mechanisms to address disputes between the parties	Management should review the SLA’s before they are signed by the municipalities and suppliers responsible for the contract.• Management should also ensure that there is SLA for every appointment to avoid non -compliance with Section 116 of the MFMA	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will review the SLA’s before they are signed by the municipalities and suppliers responsible for the contract.
AAP89547-2025	COAF 49 – SCM Contract Management- payments exceeding contract amount without approval	Management should ensure that contracts amounts are not exceeded without approval from the Municipal manager.	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will ensure that contracts amounts are not exceeded without approval from the Municipal manager.

AAP89548-2025	COAF 52 - SCM Competitive Bidding Process not followed	No auditors recommendation	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will ensure that contract management is put in place and assessment and continuous review will be performed.
AAP89549-2025	COAF 52 - SCM Contract Management - Performance measures not in place to ensure effective contract management	Management should also ensure that there is an official within the Municipality who is responsible for contract management.	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will also ensure that there is an official within the Municipality who is responsible for contract management.
AAP89550-2025	COAF 52 - SCM Contract Management- Completeness of the Contract Register	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting
AAP89551-2025	COAF 52 - SCM Contract Management- Possible Irregular Expenditure on Contracts that are not valid	Management is encouraged to always ensure that their contracts are valid, and approval is obtained from the Municipal manager or his delegated official for any extension of time or modification of the contract.• Management should also ensure that there is an official within the Municipality who is responsible for contract management	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will ensure that contracts are valid, and approval is obtained from the Municipal manager or his delegated official for any extension of time or modification of the contract.
AAP89552-2025	COAF 53 – SCM – Non compliance on procurement management:	Management must ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of the SCM regulations and municipality's SCM policy when procuring goods and services. Management should disclose the expenditure incurred after 30 April 2021 as Irregular ExpenditureManagement should ensure that instances of Irregular expenditure are investigated to allow the Municipality to take disciplinary steps against any official who made or permitted Irregular expenditure.	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of the SCM regulations and municipality's SCM policy when procuring goods and services.
AAP89644-2025	COAF 62 - SCM Competitive Bidding Process not followed:	Management should design and implement adequate monitoring and review controls over supply chain management to ensure that all services required by the municipality are procured through fair, equitable, transparent, competitive and cost-effective supply chain management processes.Management should ensure that they investigate the transgression from MFMA 62(1)d and ensure that disciplinary steps are taken against any officials who made or permitted irregular expenditure based on outcome of investigation	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will design and implement adequate monitoring and review controls over supply chain management to ensure that all services required by the municipality are procured through fair, equitable, transparent, competitive and cost-effective supply chain management processes.
AAP89645-2025	COAF 62 - SCM quotation process not followed:	Management must ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of the SCM regulations and municipality's SCM policy when procuring goods and services.Management should ensure that instances of Irregular expenditure are investigated to allow the Municipality to take disciplinary steps against any official who made or permitted Irregular expenditure.	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will ensure that proper compliance monitoring controls are implemented and monitored to ensure compliance with the requirements of the SCM regulations and municipality's SCM policy when procuring goods and services.

AAP89646-2025	COAF 6 - Limitation of scope – SCM Competitive Bidding-RFI 46	Management should ensure to submit requested information within the agreed upon timeframe of three working days as agreed on in the engagement letter.Management should also ensure that their record keeping system is maintained to ensure that information is safely stored, retained and readily available for submission for audit purposes as required by the Municipal Finance Management Act.	Lebogang Nkomo	07/Jan/2026	30/Jun/2026	Management will ensure to submit requested information within the agreed upon timeframe of three working days as agreed on in the engagement letter.
AAP89647-2025	[REMAINS]COAF 65: Conditional grants report not submitted	Management should establish controls to ensure the grants evaluation report is timeously done and the report is submitted to the treasury within the required two-month period after financial year end.	Evans Matope	07/Jan/2026	30/Jun/2026	Management will establish controls to ensure the grants evaluation report is timeously done and the report is submitted to the treasury within the required two-month period after financial year end.
AAP89649-2025	COAF 15: AOPO - Number of households provided with access to water	Management should establish and implement controls to ensure that all reported household numbers are based on reliable, validated, and properly documented data sources. Household figures in business plans and performance reports should be reconciled with credible information (actual list of households provided with access to water). Supporting evidence must be retained and subjected to internal review prior to reporting to ensure completeness, accuracy, and reliability of the reported achievement.	Ziyaad Kana	07/Jan/2026	30/Jun/2026	Management will establish and implement controls to ensure that all reported household numbers are based on reliable, validated, and properly documented data sources. Household figures in business plans and performance reports should be reconciled with credible information (actual list of households provided with access to water). Supporting evidence will be retained and subjected to internal review prior to reporting to ensure completeness, accuracy, and reliability of the reported achievement.
AAP89658-2025	COAF 51 - General Expenditure: Difference between invoice amount claimed and paid.	Management should exercise oversight and review invoices prior to the approval for payments to ensure that the correct amount is paid in accordance with the supplier's invoice.	Lesedi Tshabangu	07/Jan/2026	30/Jun/2026	Management will exercise oversight and review invoices prior to the approval for payments to ensure that the correct amount is paid in accordance with the supplier's invoice.

AAP89659-2025	COAF 51 - General Expenditure: Negative amount reflected for a bursary refund with no relevant documents provided to support the transaction	Management should ensure to submit requested information within the agreed upon timeframe of three working days as agreed on in the engagement letter. Management should also ensure that their record keeping system is maintained to ensure that information is safely stored, retained and readily available for submission for audit purposes as required by the Municipal Finance Management Act.	Lesedi Tshabangu	07/Jan/2026	30/Jun/2026	Management will ensure to submit requested information within the agreed upon timeframe of three working days as agreed on in the engagement letter. Management will also ensure that their record keeping system is maintained to ensure that information is safely stored, retained and readily available for submission for audit purposes as required by the Municipal Finance Management Act.
AAP89693-2025	2. COAF 17- Contingent liability - Contingencies incorrectly assessed - Contingent Liability (Adjusted)	Management should perform adequate reviews during the preparation of the financial statements to ensure that disclosure for contingent liability and assets is prepared properly by applying GRAP 19 requirements. Furthermore, status of the matters per litigation register should be confirmed with legal unit before inclusion in the AFS. Where necessary confirmation with attorneys should be obtained.	Johnny Shai	07/Jan/2026	30/Jun/2026	Management will perform adequate reviews during the preparation of the financial statements to ensure that disclosure for contingent liability and assets is prepared properly by applying GRAP 19 requirements. Furthermore, status of the matters per litigation register will be confirmed with legal unit before inclusion in the AFS. Where necessary confirmation with attorneys should be obtained.
AAP89702-2025	AOPO - Number of SLA signed with water service provider - Inclusion of SLA Signed Outside the Reporting Period	The Municipal Manager should ensure that only valid achievements supported by accurate and appropriately dated documentation are reported, to prevent misstatement of the performance indicator and ensure compliance with audit and performance reporting requirements.	Ziyaad Kana	07/Jan/2026	30/Jun/2026	The Municipal Manager will ensure that only valid achievements supported by accurate and appropriately dated documentation are reported, to prevent misstatement of the performance indicator and ensure compliance with audit and performance reporting requirements.
AAP89651-2025	COAF 26 – Expenditure - Bulk Purchases	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting	Evans Matope	07/Jan/2026	30/Jun/2026	Management will implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting

AAP89652-2025	COAF 42 – Bulk Purchases	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting	Lesedi Tshabangu	07/Jan/2026	30/Jun/2026	Management will implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting
AAP89653-2025	COAF 58 – Bulk Purchases – Prior Year Limitation (Raw water, Depreciation Maintenance)	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting	Lesedi Tshabangu, Evans Matope, Letlhogonolo Chacha	07/Jan/2026	30/Jun/2026	Management will implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting
AAP89654-2025	COAF 44 – Provisions	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting	Letlhogonolo Chacha	07/Jan/2026	30/Jun/2026	Management will implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting
AAP89655-2025	COAF 17: Contingent Liability - Matter/s incorrectly included as a contingent liability.	Litigation register should be reviewed and signed off by the Legal Unit to ensure accuracy of cases to be disclosed thereof. Information disclosed should be agreed to supporting evidence for accuracy.	Johnny Shai	07/Jan/2026	30/Jun/2026	Litigation register will be reviewed and signed off by the Legal Unit to ensure accuracy of cases to be disclosed thereof. Information disclosed should be agreed to supporting evidence for accuracy.
AAP89656-2025	COAF 54:Contracted services: Security services	Management should implement a robust verification process to confirm the receipt of security services prior to authorising payments. This should include obtaining and reviewing timesheets or service delivery reports from the service provider on a monthly basis.	Seatlathebe Lepomane	07/Jan/2026	30/Jun/2026	Management will implement a robust verification process to confirm the receipt of security services prior to authorising payments. This will include obtaining and reviewing timesheets or service delivery reports from the service provider on a monthly basis.
AAP89657-2025	COAF 51 - Contracted services: Remaining population: Payment requisition and deviation memo not signed by delegated official	Management should review all the documentation during procurement process to ensure that all the compliance laws and regulation are complied with.	Lesedi Tshabangu	07/Jan/2026	30/Jun/2026	Management will review all the documentation during procurement process to ensure that all the compliance laws and regulation are complied with.
AAP89660-2025	COAF 56 - Fuel and oil: Differences noted for various fuel receipts not provided	Management should ensure that all approved trips have corresponding invoices for fuel and oil attached. These invoices must be properly filed and safeguarded to prevent loss or misplacement and readily available upon request for audit and verification purposes.	Lesedi Tshabangu	07/Jan/2026	30/Jun/2026	Management will ensure that all approved trips have corresponding invoices for fuel and oil attached. These invoices must be properly filed and safeguarded to prevent loss or misplacement and readily available upon request for audit and verification purposes.

AAP89662-2025	COAF 56 - Fuel and oil: Trip Authorization Forms and Memos not provided for various trips which occurred	Management should ensure that before any employees travel that they acquire the necessary trip authorisation from the assigned delegated official.	Pardon Swarts	07/Jan/2026	30/Jun/2026	Management will ensure that before any employees travel that they acquire the necessary trip authorisation from the assigned delegated official.
AAP89664-2025	COAF 47 - Payment not made within 30 days of receipt of the invoice	Management should ensure that payments to suppliers are made in 30 days as per the requirements of the MFMA Act.	Lesedi Tshabangu, Johnny Shai, Evans Matope, Seatlathebe Lepomane, Nthiba Monyeke, Letlhogonolo Chacha, Tsholofelo Molise	07/Jan/2026	30/Jun/2026	Management will ensure that payments to suppliers are made in 30 days as per the requirements of the MFMA Act.
AAP89667-2025	COAF 14:Council did not adopt MFMA Circular No. 65:(Internal Audit and Audit Committee) and MFMA Circular 127 (Municipal Audit Committee Tool Kit).	The municipal manager should ensure that MFMA Circular No. 65 and MFMA Circular No. 127 (Municipal Audit Committee Toolkit) are submitted to council for review and formal adoption. This will promote compliance with the requirements of the MFMA and strengthen the governance and oversight role of the Audit Committee.	Tsholofelo Molise	07/Jan/2026	30/Jun/2026	The municipal manager will ensure that MFMA Circular No. 65 and MFMA Circular No. 127 (Municipal Audit Committee Toolkit) are submitted to council for review and formal adoption. This will promote compliance with the requirements of the MFMA and strengthen the governance and oversight role of the Audit Committee.
AAP89669-2025	COAF 33 – Property plant and equipment – Movable capital assets (impairment not recognized)	· Base on the discussions with the drivers of the trucks that were effected, together with discussions with the mechanics who are repairing the trucks, as well as the reports provided by management, the main cause of the deteriorated state, is the rural roads on which the trucks travel. They have destroyed the joints and bolts that hold the most of the water tankering equipment on the truck. However, when management requested bought the trucks, the should have requested that the manufacturer adjust the equipment to cater for the unique circumstance in which the trucks operate in.· Secondly, the trucks are still under warranty, as they were purchased in the prior two year. The municipality should inform the suppliers of the faults that they are experiencing, and require the service providers to fix those that are still covered. · Considering the conditions that the trucks are working in, there should be more regular routine maintenance so that they would not break as often· Also, apply consequence management to the drivers who break the trucks to avoid deliberate sabotage. This is because there could be an effort to get these trucks off the road so that private water tankering services can get contracts to transport the water.	Kenneth Kalanko	07/Jan/2026	30/Jun/2026	Management disagreed with the finding it was then resolved.

AAP89673-2025	COAF 46 - Irregular Expenditure	Management should ensure to that they perform proper reviews of Irregular Expenditure register together with its supporting documentation to ensure that it's accurate and supported by the accurate supporting documents.	Lebogang Nkomo, Letlhogonolo Chacha	07/Jan/2026	30/Jun/2026	Management will ensure to that they perform proper reviews of Irregular Expenditure register together with its supporting documentation to ensure that it's accurate and supported by the accurate supporting documents.
AAP89689-2025	1. COAF 27 - Unauthorised Expenditure Opening Balance (ADJUSTED)	Management should implement review controls to detect and correct any misclassifications or discrepancies before finalizing the Unauthorised expenditure calculation.Additionally, management should perform a detailed analysis and review of the VAT population to ensure that VAT amounts are correctly calculated and appropriately reflected for each transaction.	Dipuo Motshelabola, Letlhogonolo Chacha	07/Jan/2026	30/Jun/2026	Management will implement review controls to detect and correct any misclassifications or discrepancies before finalizing the Unauthorised expenditure calculation.
AAP89690-2025	2. COAF 20 - Unauthorized Expenditure – Current year Movement (ADJUSTED)	Management should ensure that all transactions are accurately and timeously captured in the general ledger to prevent omissions when calculating Unauthorised expenditure. Additionally, management should perform a detailed analysis and review of the VAT population to ensure that VAT amounts are correctly calculated and appropriately reflected for each transaction. Furthermore, management should implement review controls to detect and correct any misclassifications or discrepancies before finalizing the Unauthorised expenditure calculation.	Dipuo Motshelabola, Letlhogonolo Chacha	07/Jan/2026	30/Jun/2026	Management will ensure that all transactions are accurately and timeously captured in the general ledger to prevent omissions when calculating Unauthorised expenditure. Additionally, management will perform a detailed analysis and review of the VAT population to ensure that VAT amounts are correctly calculated and appropriately reflected for each transaction. Furthermore, management will implement review controls to detect and correct any misclassifications or discrepancies before finalizing the Unauthorised expenditure calculation.
AAP89691-2025	COAF 45 - Payables from exchange transactions – Retentions (Adjusted)	Management should implement proper review process to ensure that retention amounts are accurately captured in the register and agree with the relevant supporting documentation. Any errors identified should be corrected timeously.	Evans Matope, Letlhogonolo Chacha	07/Jan/2026	30/Jun/2026	Management will implement proper review process to ensure that retention amounts are accurately captured in the register and agree with the relevant supporting documentation. Any errors identified should be corrected timeously.
AAP89692-2025	1. COAF 17: Contingent Liability - Matter/s incorrectly included as a contingent liability. (ADJUSTED)	Litigation register should be reviewed and signed off by the Legal Unit to ensure accuracy of cases to be disclosed thereof. Information disclosed should be agreed to supporting evidence for accuracy.	Johnny Shai	07/Jan/2026	30/Jun/2026	Litigation register will be reviewed and signed off by the Legal Unit to ensure accuracy of cases to be disclosed thereof. Information disclosed should be agreed to supporting evidence for accuracy.

AAP89694-2025	1. COAF 14- Internal audit methodology not reviewed.	The Chief Audit Executive (CAE) should ensure that the Internal Audit methodology is reviewed regularly and updated to incorporate any emerging key risks, and updates in the auditing standards.	Tsholofelo Molise	07/Jan/2026	30/Jun/2026	The Chief Audit Executive (CAE) will ensure that the Internal Audit methodology is reviewed regularly and updated to incorporate any emerging key risks, and updates in the auditing standards.
AAP89695-2025	2. COAF 14- Internal auditors were not trained in	Chief Audit Executive should ensure that internal audit staff are well equipped through continuing professional education to improve their internal audit competencies on the topics like cybersecurity, AI, ESG (Environmental, Social, and Governance), fraud and SCM vulnerabilities. This will assist the internal audit function's ability to provide relevant and reliable assurance.	Tsholofelo Molise	07/Jan/2026	30/Jun/2026	Chief Audit Executive will ensure that internal audit staff are well equipped through continuing professional education to improve their internal audit competencies on the topics like cybersecurity, AI, ESG (Environmental, Social, and Governance), fraud and SCM vulnerabilities. This will assist the internal audit function's ability to provide relevant and reliable assurance.
AAP89696-2025	COAF 05 - No performance evaluation has been done	Accounting officer and PMS manager should ensure to performance evaluations are performed in order to comply with 27(4) (e) and 26(5). There should also be development of the performance management framework for the employees of the municipality that should be linked to the strategic goals and objectives of the municipality.	Ziyaad Kana, Phenyo Chwene	07/Jan/2026	30/Jun/2026	Accounting officer and PMS manager will ensure to performance evaluations are performed in order to comply with 27(4) (e) and 26(5). There will also be development of the performance management framework for the employees of the municipality which will be linked to the strategic goals and objectives of the municipality.
AAP89697-2025	COAF 41: Limitation of scope RFI 69	Management should ensure to submit requested information within the agreed upon time frame of three working days as agreed in the engagement letter.	Lesedi Tshabangu	07/Jan/2026	30/Jun/2026	Management will ensure to submit requested information within the agreed upon time frame of three working days as agreed in the engagement letter.

AAP89698-2025	Misclassification of Receivables (Exchange vs non-exchange)	Management should strengthen controls over the classification and recording of transactions by ensuring that all receivables are assessed against the requirements of GRAP 9 and GRAP 23 at initial recognition, implement a robust review process to validate the nature of transactions before posting to the general ledger, provide training to finance staff on exchange versus non-exchange assessment, and perform supervisory reviews during monthly and year-end processes to prevent and detect misclassification errors and ensure accurate financial reporting	Letlhogonolo Chacha	07/Jan/2026	30/Jun/2026	Management will strengthen controls over the classification and recording of transactions by ensuring that all receivables are assessed against the requirements of GRAP 9 and GRAP 23 at initial recognition, implement a robust review process to validate the nature of transactions before posting to the general ledger, provide training to finance staff on exchange versus non-exchange assessment, and perform supervisory reviews during monthly and year-end processes to prevent and detect misclassification errors and ensure accurate financial reporting
AAP89699-2025	Statement of cash flow differences from audit recalculation.	Management should exercise oversight in ensuring cash flow statement is prepared in accordance with GRAP 2 and the line items are correctly classified based on the municipality's operations.	Letlhogonolo Chacha	07/Jan/2026	30/Jun/2026	Management will exercise oversight in ensuring cash flow statement is prepared in accordance with GRAP 2 and the line items are correctly classified based on the municipality's operations.
AAP89700-2025	The entity recognized a recovery of R27 900 000 related to a previously written-off or impaired investment in VBS Mutual Bank (in liquidation) as other income in Revenue from Non-Exchange Transactions in the Annual Financial Statements for the year ended 30 June 2025. As per par.63 of GRAP 104, If the decrease in the impairment loss relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. This reversal is recognized in surplus or deficit. GRAP 23, which deals with non-exchange transactions like taxes or donations, is not applicable to the recovery of an investment because an investment originates from an exchange transaction.	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting	Letlhogonolo Chacha	07/Jan/2026	30/Jun/2026	Management will implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting
AAP89701-2025	COAF 50 – Prior year invoices set off Revenue from non-exchange-MIG	Management should implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting	Letlhogonolo Chacha	07/Jan/2026	30/Jun/2026	Management will implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial reporting

AAP89703-2025	COAF 15: Inconsistency - The reported target on the APR is not consistant with the planned target on the SDBIP (Number of households provided with access to bourne sanitation by 30 June 2025)	Management should strengthen controls over the approval, communication, and publication processes for the SDBIP and related performance documents. A formal version control and verification process must be established to ensure that only the council-approved SDBIP is published and used for performance reporting. Furthermore, the municipality should implement a review and reconciliation process before finalising the APR to ensure consistency between the approved SDBIP and reported performance information.	Ziyaad Kana	07/Jan/2026	30/Jun/2026	Management will strengthen controls over the approval, communication, and publication processes for the SDBIP and related performance documents. A formal version control and verification process must be established to ensure that only the council-approved SDBIP is published and used for performance reporting. Furthermore, the municipality will implement a review and reconciliation process before finalising the APR to ensure consistency between the approved SDBIP and reported performance information.
AAP89704-2025	COAF 15: AOPO - Non submission of information	Recommendation Management should ensure to submit requested information within the agreed upon timeframe of three working days as agreed on in the engagement letter. Management should also ensure that their record keeping system is maintained to ensure that information is safely stored, retained and readily available for submission for audit purposes as required by the Municipal Finance Management Act.	Ziyaad Kana	07/Jan/2026	30/Jun/2026	Management will ensure to submit requested information within the agreed upon timeframe of three working days as agreed on in the engagement letter. Management should also ensure that their record keeping system is maintained to ensure that information is safely stored, retained and readily available for submission for audit purposes as required by the Municipal Finance Management Act.

AAP89705-2025	COAF 05: AOPO - Number of Jobs created through capital projects by 30 June 2025 - The listing included the invalid jobs created	Management should implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is disclosed in the Annual Performance Report. The PMS Manager and Senior Manager of Engineering should develop an indicator technical description to establish consistent definitions, as well as to standardize the collection and collation of information. This will promote accuracy and uniformity in data handling and reporting. • Please indicate management response to the finding. Management does not agree with the portion where it was indicated that the municipality included a job in the 2024/25 jobs created listing that relates to a contract which was signed and expired in the 2023/24 financial year. Name of Employee: Amogelang Kelebileone Same (9806270592083) Position: General Worker Contract Period: 13 February 2024 – 13 May 2024 Employer (Service Provider): HTE Construction. The contract above expired before the 2024/25 financial year under audit; however, the job was still included in the listing for the period ending 30 June 2025. 1. The Contract was stopped for a prolonged period of time due to the fact that the Contractor was denied access to the farms by the farmers who wanted compensation for the servitudes. The aforesaid employee Amogelang Kelebileone Same has been in the employ of the Contractor (see attached attendance registers for the months of October/November and December 2024). The Contractor has to raise a claim of extension of time of four (4) months due to the stoppages. 2. When the project resumed after a court interdict, the	Ziyaad Kana	07/Jan/2026	30/Jun/2026	Management will implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is disclosed in the Annual Performance Report.PMS Manager and Senior Manager of Engineering will develop an indicator technical description to establish consistent definitions, as well as to standardize the collection and collation of information. This will promote accuracy and uniformity in data handling and reporting.

Volume ii Audited Annual Financial Statements 2024-2025 FY.

Dr Ruth S Mompati District Municipality (DC39)
Annual Financial Statements
for the year ended 30 June 2025

General Information

Legal form of entity	District Municipality
Nature of business and principal activities	Dr Ruth S Mompati District Municipality is a South African Category C Municipal (District Municipality) as defined by the Municipal Structure Act. (Act no 117 of 1998). The nature of business of the Municipality is a provision of service (water and sanitation) to communities in a sustainable manner, to promote social and economic development and to promote a safe and healthy environment. The Municipality's operations are governed by Municipal Finance Management Act 56 of 2003, Municipal Structure Act 117 of 1998, Municipal Systems Act 32 of 2000 and various other acts and regulations namely Division of Revenue Act, Supply Chain Management Regulations 2005, The Constitution of South Africa and Water Services Act 108 of 1997.
Mayoral committee	
Executive Mayor	Cllr Mr MA Maje : Directly elected
Speaker	Cllr Mrs K Sereko : Directly elected
MMC: Economic Development, Tourism & Agriculture	Cllr S T Matobo
MMC: Planning and development	Cllr KL Duiker
MMC : Engineering and Technical Services	Cllr S Seepamere
MMC : Corporate Services	Cllr LC Jacobs
MMC : Budget and Treasury	Cllr NG Masilo
MMC : Community Services	Cllr B Setlhabetsi Mokone
Councillors	Cllr BM Nkewu : Greater Taung Local Municipality
	Cllr MM Ntjilo : Directly elected
	Cllr KK Maamogwa
	Cllr PL Babuseng : Greater Taung Local Municipality
	Cllr JW Dibakwe : Contract
	Cllr CP Herbst : Directly elected
	Cllr KM Lekgotla
	Cllr RL Modise : Greater Taung Local Municipality
	Cllr JK Masilo : Mamusa Local Municipality
	Cllr R Molehe : Naledi Local Municipality
	Cllr MS Morapedi-Letele : Greater Taung Local Municipality
	Cllr LJ Mothibi : Directly elected
	Cllr GK Nthebotsenyane : Kagisano Molopo Local Municipality
	Cllr B Pusho: Greater Taung Local Municipality
	Cllr KC Rooibaatjie: Greater Taung Local Municipality
	Cllr TA Babuile
	Cllr TJ Thetswe: Kagisano Molopo Local Municipality
	Cllr MM Mkandawira
	Cllr OD Koepile: Naledi Local Municipality
	Cllr EG Letebele
	Cllr TS Phokoje
	Cllr ML Gxaweni
Grading of local authority	3
Accounting Officer	Mr Itumeleng Jonas Municipal Manager jonasI@drrsmdm.gov.za 053 928 8297
Chief Finance Officer (CFO)	Mr Letlhogonolo Chacha Acting Chief Financial Officer

	053 928 8297
Registered office	34 Church Street Vryburg 8601
Postal address	PO Box 21 Vryburg 8601
Bankers	Nedbank First National Bank
Auditors	The Auditor General of South Africa Chartered Accountants (S.A.) Registered Auditors
Attorneys	The Municipality has an internal legal unit and also uses a panel of attorneys to ensure competitiveness.
Contact Details	Telephone: (+27) 53 928 6400 Email: info@drrsmdm.gov.za Web address: drrsmdm.gov.za
Provincial Treasury	Telephone: (+27) 18 388 2124 Web address: treasury.nwpg.gov.za
National Treasury	Telephone: (+27) 12 315 5111 Web address: treasury.gov.za

Index

	Page
Accounting Officer's Responsibilities and Approval	6
Audit Committee Report	7 - 8
Accounting Officer's Report	9
Statement of Financial Position	10
Statement of Financial Performance for the period ended 30 June 2025	11
Statement of Changes in Net Assets for the period ended 30 June 2025	12
Cash Flow Statement for the period ended 30 June 2025	13
Statement of Comparison of Budget and Actual Amounts at 30 June 2025	14 - 16
Significant Accounting Policies	17 - 39
Notes to the Annual Financial Statements	40 - 102

Index

Abbreviations used:

CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
DR RSMDM	Dr Ruth Segomotsi Mompati District Municipality
CIGFARO	Chartered Institute of Government Finance Audit And Risk Officers
ME's	Municipal Entities
MEC	Member of the Executive Council
MIG	Municipal Infrastructure Grant (Previously CMIP)
EQS	Equitable Share
PIG_MRG	Public Infrastructure Grant_Municipal Rehabilitation Grant
RBIG	Regional Bulk Infrastructure Grant
mSCOA	Municipal Standard Chart of Accounts
LGSETA	Local Government Sector Education and Training Authority
MMC	Member of Mayoral Committee
MPRA	Municipal Property rates Act
PPE	Property Plant and Equipment
RUL	Remaining useful life
SALGA	South African Local Government Association
UIF	Unemployment Insurance Fund
UIFW	Unauthorised Irregular Fruitless and Wasteful Expenditure
VAT	Value Added Tax
RRAMS	Rural Road Asset Management System
WSIG	Water Service Infrastructure Grant
MDG	Municipal Disaster Recovery Grant
PAYE	Pay as you earn
AGSA	Auditor General of South Africa

Index

APC	Audit and Performance Committee
DORA	Division of Revenue Allocation

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 were 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 internal 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 government grants 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.

I would like to bring to your attention the following material matters to your attention:

I certify that the salaries, allowances and benefits of councillors as disclosed in note 22 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act

The accounting officer is primarily responsible for the financial affairs of the municipality.

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

The annual financial statements set out in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003),set out on page 9, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:

Accounting Officer
Mr Itumeleng Jonas

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2025.

1. Background

Dr. Ruth Segomotsi Mompati District Municipality (Dr.RSMDM) and all its local municipalities namely Naledi Local Municipality, Mamusa Local Municipality, Kagisano Local Municipality, Lekwa Teemane Local Municipality, have opted for the shared Audit and performance Committee Services. The Audit and Performance Committee (APC) was established in terms of section 166 of the Municipal Finance Management Act (MFMA), Act 56 of 2003. The Audit and Performance Committee (APC) has adopted its terms of reference.

Statutory requirements

Section 166 of the MFMA stipulates that each municipality must establish an Audit committee.

The Audit committee is an independent advisory body that advises council, political office bearers, accounting officer, and the staff of the municipality on the following

Internal financial control and internal audit;

Risk management;

Accounting policies

The adequacy, reliability and accuracy of financial reporting and information;

Performance management;

Compliance with the MFMA, the Division of Revenue Act (DORA) and any other applicable legislation;

Performance evaluation

Any other issues referred to it by the municipality;

Review annual financial statements to provide authoritative and credible view of the financial position, on overall compliance with MFMA, DORA any other applicable laws.

Respond to Council on any matter raised by the Auditor- General (AGSA); and

Carry out such investigation into financial affairs of the municipality as may be prescribed

Audit Committee Report

Attendance of meetings

The following, although not members of the Audit and Performance Committee (APC), have standing invitation to Audit and Performance committee meetings:

- The Accounting Officer;
- The Chief Financial Officer;
- The chairperson of the Risk committee
- The Section 56 Managers/Departmental Heads
- Chief Audit Executive
- Chief Risk Officer
- The Auditor- General
- The Provincial Treasury

The members of the audit committee also held meetings with the municipal manager as the accounting officer, council of the municipal entity, the chairperson of risk, senior management of the municipality, the internal audit function and the Auditor General, collectively and individually, on matters related to governance, internal control performance, financial information, risk and other relevant matters concerning the municipality.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Chairperson of the Audit Committee

Date: 31/08/2025

Accounting Officer's Report

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

1. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R3 947 528 853 and that the municipality's total assets exceed its liabilities by R3 947 528 853.

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. There are however, indicators or factors casting doubt on the going concern.

The detailed analysis on going concern is included on note 42 to the annual financial statements.

2. Subsequent events

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

3. Accounting Officers' interest in contracts

The accounting officer has no interest in any contracts.

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. Non-current assets

There were no major changes in the nature of the non-current assets of the municipality during the year:

There were no changes in the policy relating to the use of non-current assets.

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.

7. Non-compliance with applicable legislation

In terms of section 65 (2)(e) of the Municipal Finance Act (No. 56 of 2003), all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. Due to cash flow constraints, the municipality, could not settle all money owing within the prescribed period.

The annual financial statements set out on page 9, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:

Accounting Officer
Mr Itumeleng Jonas

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	186 730 761	194 340 648
Receivables from exchange transactions	4	5 572 898	3 601 477
Inventories	5	59 784 493	41 657 989
VAT receivable	6	91 350 826	90 936 556
Prepayments	7	-	1 015 843
		343 438 978	**331 552 513**
Non-Current Assets			
Investment property	8	10 275 000	10 475 000
Property, plant and equipment	9	4 457 203 692	4 054 241 485
Intangible assets	10	2 076 869	4 060 367
		4 469 555 561	**4 068 776 852**
Total Assets		**4 812 994 539**	**4 400 329 365**
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	11	787 490 152	732 389 548
Trade and other payable from non-exchange transactions	12	-	407 612
Provisions	13	17 633 001	14 521 787
Employee benefit obligation	14	2 530 711	2 911 322
Unspent conditional grants and receipts	15	7 533 162	-
		815 187 026	**750 230 269**
Non-Current Liabilities			
Employee benefit obligation	14	50 278 660	43 668 391
Total Liabilities		**865 465 686**	**793 898 660**
Net Assets		**3 947 528 853**	**3 606 430 705**
Accumulated surplus	16	3 947 528 853	3 606 430 705
Total Net Assets		**3 947 528 853**	**3 606 430 705**

* See Note 40 & 39

Statement of Financial Performance for the period ended 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Rental of facilities and equipment	18	1 662 869	1 511 699
Other income	19	28 228 676	728 486
Investment revenue	20	24 109 228	25 481 968
Total revenue from exchange transactions		**54 000 773**	**27 722 153**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	21	1 181 397 091	1 062 368 022
Total revenue	17	**1 235 397 864**	**1 090 090 175**
Expenditure			
Employee related costs	22	(202 672 112)	(187 433 571)
Remuneration of councillors	23	(13 573 739)	(13 673 829)
Depreciation and amortisation	24	(120 457 451)	(103 249 465)
Finance costs	25	(5 893 967)	(6 466 043)
Lease rentals on operating lease	26	(5 739 108)	(5 759 348)
Debt Impairment	27	(4 936 718)	(2 030 808)
Bulk purchases	28	(211 824 379)	(213 448 403)
Contracted services	29	(214 234 549)	(208 968 727)
Transfers and Subsidies	30	(69 246 369)	(14 359 402)
General Expenses	31	(44 998 469)	(40 386 217)
Total expenditure		**(893 576 861)**	**(795 775 813)**
Operating surplus		**341 821 003**	**294 314 362**
Fair value adjustments	32	(200 000)	807 800
Actuarial gains/losses	14	(341 138)	5 895 944
Impairment loss	33	(181 722)	(268 685)
		(722 860)	**6 435 059**
Surplus for the year		**341 098 143**	**300 749 421**

* See Note 40 & 39

Statement of Changes in Net Assets for the period ended 30 June 2025

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2023	**3 305 681 284**	**3 305 681 284**
Changes in net assets		
Surplus for the year	300 749 421	300 749 421
Total changes	300 749 421	300 749 421
Restated* Balance at 01 July 2024	**3 606 430 710**	**3 606 430 710**
Changes in net assets		
Surplus for the year	341 098 143	341 098 143
Total changes	341 098 143	341 098 143
Balance at 30 June 2025	**3 947 528 853**	**3 947 528 853**
Note(s)		

* See Note 40 & 39

Cash Flow Statement for the period ended 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Grants		1 188 930 253	1 001 085 279
Investment revenue		24 109 228	25 481 968
Other receipts		28 228 676	2 240 185
		1 241 268 157	1 028 807 432
Payments			
Employee costs		(212 828 461)	(199 294 156)
Suppliers		(477 065 189)	(399 679 392)
Finance costs		(107 336)	(206 229)
		(690 000 986)	(599 179 777)
Net cash flows from operating activities	35	**551 267 171**	**429 627 655**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(558 877 058)	(434 409 403)
Net increase/(decrease) in cash and cash equivalents		**(7 609 887)**	**(4 781 748)**
Cash and cash equivalents at the beginning of the year		194 340 648	199 122 396
Cash and cash equivalents at the end of the year	3	**186 730 761**	**194 340 648**

The accounting policies on pages 17 to 39 and the notes on pages 40 to 102 form an integral part of the annual financial statements.

* See Note 40 & 39

Statement of Comparison of Budget and Actual Amounts at 30 June 2025

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	255 000	20 000	**275 000**	-	**(275 000)**	A1
Rental of facilities and equipment	1 622 312	-	**1 622 312**	1 662 869	**40 557**	
Other income	500 135	(176 000)	**324 135**	28 228 676	**27 904 541**	A4
Investment revenue	18 000 000	3 531 000	**21 531 000**	24 109 228	**2 578 228**	A2
Total revenue from exchange transactions	**20 377 447**	**3 375 000**	**23 752 447**	**54 000 773**	**30 248 326**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	1 155 269 000	39 276 000	**1 194 545 000**	1 181 397 091	**(13 147 909)**	A3
Total revenue	**1 175 646 447**	**42 651 000**	**1 218 297 447**	**1 235 397 864**	**17 100 417**	
Expenditure						
Employee related costs	(183 813 564)	1 949 000	**(181 864 564)**	(202 672 112)	**(20 807 548)**	A5
Remuneration of councillors	(10 128 440)	-	**(10 128 440)**	(13 573 739)	**(3 445 299)**	A6
Depreciation and amortisation	(98 554 204)	-	**(98 554 204)**	(120 457 451)	**(21 903 247)**	A7
Impairment loss/ Reversal of impairments	-	-	**-**	(181 722)	**(181 722)**	
Finance costs	-	-	**-**	(5 893 967)	**(5 893 967)**	A8
Lease rentals on operating lease	-	-	**-**	(5 739 108)	**(5 739 108)**	A9
Debt Impairment	-	-	**-**	(4 936 718)	**(4 936 718)**	A10
Bulk purchases	-	-	**-**	(211 824 379)	**(211 824 379)**	A11
Contracted Services	(146 610 000)	(87 432 000)	**(234 042 000)**	(214 234 549)	**19 807 451**	A11
Transfers and Subsidies	(16 850 000)	(8 893 000)	**(25 743 000)**	(69 246 369)	**(43 503 369)**	A12
Inventory consumed	(180 920 000)	180 000 000	**(920 000)**	-	**920 000**	A11
General Expenses	(54 718 000)	(9 264 000)	**(63 982 000)**	(44 998 469)	**18 983 531**	A13
Total expenditure	**(691 594 208)**	**76 360 000**	**(615 234 208)**	**(893 758 583)**	**(278 524 375)**	
Operating surplus	**484 052 239**	**119 011 000**	**603 063 239**	**341 639 281**	**(261 423 958)**	
Fair value adjustments	-	-	**-**	(200 000)	**(200 000)**	
Actuarial gains/losses	-	-	**-**	(341 138)	**(341 138)**	
	-	**-**	**-**	**(541 138)**	**(541 138)**	
Surplus before taxation	**484 052 239**	**119 011 000**	**603 063 239**	**341 098 143**	**(261 965 096)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**484 052 239**	**119 011 000**	**603 063 239**	**341 098 143**	**(261 965 096)**	

Statement of Comparison of Budget and Actual Amounts at 30 June 2025

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	(180 920 000)	-	**(180 920 000)**	59 784 493	**240 704 493**	A11
Receivables from exchange transactions	-	-	**-**	5 572 898	**5 572 898**	A14
VAT receivable	126 362 000	(5 524 000)	**120 838 000**	91 350 826	**(29 487 174)**	A15
Cash and cash equivalents	294 701 000	85 137 000	**379 838 000**	186 730 761	**(193 107 239)**	A16
	240 143 000	**79 613 000**	**319 756 000**	**343 438 978**	**23 682 978**	
Non-Current Assets						
Investment property	9 637 000	-	**9 637 000**	10 275 000	**638 000**	
Property, plant and equipment	4 612 455 000	45 873 000	**4 658 328 000**	4 457 203 692	**(201 124 308)**	A17
Intangible assets	7 054 000	-	**7 054 000**	2 076 869	**(4 977 131)**	A18
	4 629 146 000	**45 873 000**	**4 675 019 000**	**4 469 555 561**	**(205 463 439)**	
Total Assets	**4 869 289 000**	**125 486 000**	**4 994 775 000**	**4 812 994 539**	**(181 780 461)**	
Liabilities						
Current Liabilities						
Other financial liabilities	11 383 000	-	**11 383 000**	-	**(11 383 000)**	A19
Trade and other payables from exchange transactions	1 137 000	6 500 000	**7 637 000**	787 490 153	**779 853 153**	A20
VAT payable	317 000	(23 000)	**294 000**	-	**(294 000)**	
Employee benefit obligation	-	-	**-**	2 530 711	**2 530 711**	A21
Unspent conditional grants and receipts	-	-	**-**	7 533 162	**7 533 162**	A25
Provisions	-	-	**-**	17 633 001	**17 633 001**	A21
	12 837 000	**6 477 000**	**19 314 000**	**815 187 027**	**795 873 027**	
Non-Current Liabilities						
Employee benefit obligation	-	-	**-**	50 278 660	**50 278 660**	A21
Total Liabilities	**12 837 000**	**6 477 000**	**19 314 000**	**865 465 687**	**846 151 687**	
Net Assets	**4 856 452 000**	**119 009 000**	**4 975 461 000**	**3 947 528 852**	**(1 027 932 148)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	4 856 452 000	119 009 000	**4 975 461 000**	3 947 528 853	**(1 027 932 147)**	

Statement of Comparison of Budget and Actual Amounts at 30 June 2025

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	1 155 269 000	39 276 000	**1 194 545 000**	1 188 930 253	**(5 614 747)**	A3
Interest income	18 000 000	3 531 000	**21 531 000**	24 109 228	**2 578 228**	A2
Other receipts	2 695 000	(180 000)	**2 515 000**	28 228 676	**25 713 676**	A4
	1 175 964 000	**42 627 000**	**1 218 591 000**	**1 241 268 157**	**22 677 157**	
Payments						
Employee costs	(423 835 000)	97 657 000	**(326 178 000)**	(212 828 461)	**113 349 539**	A22
Suppliers	-	-	**-**	477 065 189	**477 065 189**	A22
Finance costs	-	-	**-**	(107 336)	**(107 336)**	A24
Transfers and subsidies	(16 850 000)	(2 393 000)	**(19 243 000)**	-	**19 243 000**	A23
	(440 685 000)	**95 264 000**	**(345 421 000)**	**264 129 392**	**609 550 392**	
Net cash flows from operating activities	**735 279 000**	**137 891 000**	**873 170 000**	**1 505 397 549**	**632 227 549**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(749 776 000)	(52 755 000)	**(802 531 000)**	(558 877 058)	**243 653 942**	A17
Net increase/(decrease) in cash and cash equivalents	(14 497 000)	85 136 000	**70 639 000**	946 520 491	**875 881 491**	
Cash and cash equivalents at the beginning of the year	309 199 000	-	**309 199 000**	194 340 648	**(114 858 352)**	
Cash and cash equivalents at the end of the year	**294 702 000**	**85 136 000**	**379 838 000**	**1 140 861 139**	**761 023 139**	
Reconciliation						

1. Significant accounting polices

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.

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.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of 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.

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

Trade receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the 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, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

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 13 - Provisions.

1.4 Significant judgements and sources of estimation uncertainty (continued)

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 14.

Effective interest rate

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

Allowance for doubtful debts

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

VAT

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

1.5 Investment property

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

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

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

Investment property is 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.

1.5 Investment property (continued)

Investment property is 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.

Fair value

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

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

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

1.6 Property, plant and equipment

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

The cost of an item of property, plant and equipment is 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, it's deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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

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

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

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

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

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

1.6 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings		.
Wall	Straight-line	60 years
Carpots	Straight-line	7 years
Electrical installation	Straight-line	30 years
Electrical connection	Straight-line	45 years
Floor	Straight-line	50 years
FF&E	Straight-line	15 Years
Fire Protection	Straight-line	20 Years
Foundation or Formation	Straight-line	100 years
Heating and air conditioning	Straight-line	5 years
Lift	Straight-line	30 years
Paving	Straight-line	50 years
Parameter protection	Straight-line	30 years
Pipe Sewer	Straight-line	40 years
Pipe water	Straight-line	80 years
Plumping	Straight-line	20 years
Security System	Straight-line	7 years
Septik tank	Straight-line	40 years
Small building or enclosure	Straight-line	20 years
Swimming pool	Straight-line	20 years
Office equipment	Straight-line	5 years
IT equipment	Straight-line	5 years
Furniture	Straight-line	7 years
Vehicles	Straight-line	7 years
Infrastructure - Sanitation		.
Building	Straight-line	60 years
Civil structure	Straight-line	30 years
Communal water	Straight-line	10 years
Drainage structure	Straight-line	5 years
Earthworks	Straight-line	20 years
Electrical equipment	Straight-line	50 years
External facility	Straight-line	15 years
HV Substation	Straight-line	50 years
LV Conductors	Straight-line	60 years
Mechanical equipment	Straight-line	30 years
Metal Work	Straight-line	20 years
Municipal service connection	Straight-line	45 years
Parking area	Straight-line	20 years
Paved roads	Straight-line	80 years
Pipe work	Straight-line	80 years
Unpaved road	Straight-line	5 years
Electricity		
MV Substation	Straight-line	45 years
MV Transformer	Straight-line	45 years
LV Conductor	Straight-line	45 years
Water		
Boreholes	Straight-line	100 years
Bulkman	Straight-line	80 years
Damn and Weirs	Straight-line	15 years
Distribution	Straight-line	20 years
PRV stations	Straight-line	80 years
Pump stations	Straight-line	20 years
Resoirvors and Towers	Straight-line	20 years
Water treatment works	Straight-line	30 years
Perimeter protection- Iron palisade	Straight-line	43 years
Wave protection	Straight-line	95 years
Switchgear	Straight-line	18 years
Perimeter protection	Straight-line	28 years
Bridge	Straight-line	100 years
Taxidermy mounts	Straight-line	11 years

1.6 Property, plant and equipment (continued)

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

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

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

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

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

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement for the period ended 30 june 2025.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

1.7 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.

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.

1.7 Intangible assets (continued)

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.

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Patents, trademarks and other rights	Straight-line	Indefinite
Computer software	Straight-line	3 to 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).

1.8 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.

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

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity’s statement of financial position.

1.8 Financial instruments (continued)

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A 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.

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.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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.

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

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

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

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

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 and non-exchange	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at 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
Trade and other payables from exchange transactions	Financial liability measured at amortised cost

1.9 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.

1.9 Leases (continued)

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.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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.

1.10 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 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.

1.11 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.

1.11 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 and income tax expense.

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 either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Recognition and measurement (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.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

1.11 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.12 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

1.13 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.

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Classification of plans

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

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

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.

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

State plans are plans established by legislation that operate as if they are multiemployer plans for all entities in economic categories laid down in legislation.

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.

1.13 Employee benefits (continued)

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.

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.

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 be discounted using the discount rate as specified.

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.

Accounting for the constructive obligation

The entity accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits.

Statement of financial position

The entity recognises the net defined benefit liability (asset) in the statement of financial position. When the entity has a surplus in a defined benefit plan, it measures the net defined benefit asset at the lower of:

(a) the surplus in the defined benefit plan; and

(b) the asset ceiling, determined using the discount rate specified. Any adjustments arising from the limit is recognised in surplus or deficit.

1.14 Provisions and contingencies

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 37.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

1.14 Provisions and contingencies (continued)

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.16 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.

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.

1.16 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.

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

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.

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

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

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.

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.

1.17 Revenue from non-exchange transactions (continued)

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

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

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

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

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

1.18 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.

1.19 Comparative figures

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

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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

1.21 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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

1.22 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).

1.22 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements. Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is disclosed inclusive of VAT.

1.23 Segment information

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity’s financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment’s surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment’s assets and segment’s liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment’s surplus or deficit, the segment’s assets or the segment’s liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment’s surplus or deficit, the segment’s assets or the segment’s liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity’s financial statements.

1.24 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).

1.24 Related parties (continued)

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

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.25 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.

1.26 Service concession arrangements: Entity as grantor

Identification

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- is provided by the operator which:
  - the operator constructs, develops, or acquires from a third party; or
  - is an existing asset of the operator; or
- is provided by the grantor which:
  - is an existing asset of the grantor; or
  - is an upgrade to an existing asset of the grantor.

1.26 Service concession arrangements: Entity as grantor (continued)

Recognition of asset and liability

The entity recognises an asset provided by the operator and an upgrade to an existing asset of the entity, as a service concession asset if the entity controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the entity controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a “whole-of-life” asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the entity recognises a service concession asset, and the asset is not an existing asset of the entity (grantor), the entity (grantor) also recognises a liability.

The entity does not recognise a liability when an existing asset of the entity is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

Measurement of asset and liability

The entity initially measures the service concession asset as follows:

- Where the asset is not an existing asset of the entity, the asset is measured at its fair value.
- Where the asset is an existing asset of the entity and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The entity initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the entity.

Financial liability model

Where the entity has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the entity accounts for the liability as a financial liability.

The entity allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

Where the asset and service components are not separately identifiable, the service component of payments from the entity to the operator is determined using estimation techniques.

Grant of a right to the operator model

Where the entity does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the entity accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the entity and the operator.

The entity recognises revenue and reduces the liability according to the substance of the service concession arrangement.

Dividing the arrangement

If the entity pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Other liabilities, contingent liabilities and contingent assets

1.26 Service concession arrangements: Entity as grantor (continued)

The entity accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial instruments.

Other revenues

The entity accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

If the entity controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the entity recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement.

The right to receive a residual interest in the service concession asset to be received at the end of the arrangement, is an exchange consideration. This is because the entity will receive an asset in exchange for granting the operator access to the asset while providing a mandated function on its behalf in accordance with the substance of the arrangement.

In terms of the policy on Revenue from exchange transactions, the exchange consideration is recognised and measured at fair value. The value of the receivable (the right to the residual interest in the asset), receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

When the entity recognises the right to receive a residual interest in the service concession asset, it also recognises its performance obligation for granting the operator access to the service concession asset in accordance with the substance of the arrangement. The value of the performance obligation is the same as the receivable interest recognised at the commencement of the service concession arrangement.

The performance obligation is reduced and revenue is recognised based on the substance of the arrangement.

Where service concession arrangements include provisions to adjust the arrangement for changes, the effect of such changes is deemed to have taken place at the inception of the service concession arrangements.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has not adopted any standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2025 or later periods:

Standard/ Interpretation:	**Effective date: Years beginning on or after**	**Expected impact:**
GRAP 104(as revised): Financial instruments	01 April 2025	Unlikely to have a material impact
GRAP 106 Transfer of Functions Between Entities Not Under Common Control	01 April 2099	Unlikely to have a material impact
Grap 103 (as revised): Heritage Assets	01 April 2099	Impact is currently being assessed
GRAP 105 Transfer of Functions Between Entities Under Common Control	01 April 2099	Unlikely to have a material impact
Guideline on application of materiality to financial instruments	01 April 2099	Unlikely there will be a material impact
Improvements to standards of GRAP	01 April 2025	Unlikely there will be a material impact
GRAP 1 (Amended): Presentation of Financial statements	01 April 2099	Impact is currently being assessed
GRAP 107 Mergers	01 April 2099	Unlikely there will be a material impact
iGRAP 22: Foreign currency transactions and advance consideration	01 April 2099	Unlikely there will be a material impact

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2025	2024
Cash on hand	-	210
Bank balances	98 696 139	142 644 611
Short-term deposits	88 034 622	51 695 827
	186 730 761	**194 340 648**

No Cash and cash equivalents have been pledged as security.

3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
FNB -Cheque Account number 62419781374	78 718 152	89 141 426	112 700 890	78 718 152	89 141 426	112 700 890
Nedbank - Primary bank account - 1207201049	19 977 980	53 503 177	5 000 847	19 977 980	53 503 177	5 000 847
Nedbank - MAMUSA MIG - 37881163836	28 474 830	129 696	128 820	28 474 830	129 696	128 820
Nedbank - WSIG Retention - 37881163917	8 455 072	7 890 191	6 661 747	8 455 072	7 890 191	6 661 747
Nedbank - MIG - 37881163852	12 878 699	1 000	2 492 141	12 878 699	1 000	2 492 141
Nedbank - MIG Retention - 37881163925	12 349 219	7 973 428	6 787 247	12 349 219	7 973 428	6 787 247
Nedbank - RBIG Retention - 37881163933	25 842 497	33 787 604	21 414 580	25 842 497	33 787 604	21 414 580
Nedbank - DWAF_RBIG - 37881163860	1 000	130 294	36 654 322	1 000	130 294	36 654 322
Nedbank Equitable Share - 37881163895	29 304	881 467	5 366 302	29 304	881 467	5 366 302
Nedbank - WSIG - 37881163909	1 000	1 000	1 748 415	1 000	1 000	1 748 415
Nedbank - EPWP - 37881163887	1 000	1 000	22 754	1 000	1 000	22 754
Nedbank - RAMS - 37881163879	1 000	899 155	133 947	1 000	899 155	133 947
Nedbank -FMG - 37881163844	1 000	1 000	10 170	1 000	1 000	10 170
Petty Cash	-	210	210	-	210	210
Total	**186 730 753**	**194 340 648**	**199 122 392**	**186 730 753**	**194 340 648**	**199 122 392**

VBS Mutual Bank 6 Months Smart Fixed Deposit 10087600002

	2025	**2024**
Amortised balance before writeoff	150 000 000	150 000 000
Amount impaired by Council	(150 000 000)	(150 000 000)
Reversal of a write off 2022	10 500 000	10 500 000
Write off recovered 2022	(10 500 000)	(10 500 000)
Reversal of a write off 2025	27 900 000	-
Write off recovered 2025	(27 900 000)	-
	-	-

The Municipality had an investment with VBS Bank to the amount of R150 000 000. The bank went into liquidation and the investment was fully impaired by the Council in 2018 financial year. In 2022 financial year an amount of R10 500 000 was recovered from VBS.

An amount of R27 900 000 was recovered from VBS in the 2025 financial year.

4. Receivables from exchange transactions

Provision for impairment on receivables	(27 764 440)	(22 827 721)
Other receivables from non-exchange revenue	33 337 338	26 050 624
Employee debtor	-	378 574
	5 572 898	**3 601 477**

4. Receivables from exchange transactions (continued)

Receivables from exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2025, R702 586 (30 June 2024: R3 616 434 were past due but not impaired.

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

	2025	2024
1 month past due	214 304	3 134 353
2 months past due	315 107	464 881
3 months past due	173 175	17 200

Reconciliation of provision for impairment of receivables from exchange transactions

	2025	2024
Opening balance	(22 827 713)	(20 796 913)
Provision for impairment	(4 936 718)	(2 030 800)
	(27 764 431)	**(22 827 713)**

5. Inventories

	2025	2024
Rural sanitation program	59 784 493	41 657 989

Rural sanitation program relates to dry sanitation toilets being constructed for communities. For the 2025 financial year happy letters were signed. The toilets will be transfered to transfers and subsidies on the date of the final completion certificate.

In the 2025 financial year, Rural sanitation Inventory opening balance amounted to R41 657 989 and the completion certificate was received in 2025 financial year. All the inventory was transfered to transfers and subsidies in the financial year 2025.

Inventory pledged as security

No Inventory is pledged as security.

Inventory Reconciliation

		2025	2024
Opening balance - Rural sanitation toilets		41 657 989	-
Current year additions - Rural sanitation toilets		59 784 493	41 657 989
Dry sanitation completed transferred to Community	28	(41 657 989)	-
Closing balance		**59 784 493**	**41 657 989**

6. VAT receivable

	2025	2024
VAT Input Accrual	81 165 840	76 499 497
VAT Control - Receivable from SARS	10 184 986	14 437 059
	91 350 826	**90 936 556**

VAT Input accrual relates to VAT input on all invoices that were not paid at year end 30 June 2025.

VAT control relates to the amount that was receivable from SARS at year end as declared on the VAT 201 submissions. VAT Receivable and VAT Payable are statutory arrangements.

The municipality is registered for VAT on payment basis.

All VAT returns have been submitted by the due date throughout the year.

Figures in Rand	2025	2024

7. Prepayments

Opening balance	1 015 843	218 397
Current year prepayments	-	1 015 843
Transferred to expenditure	(1 015 843)	(218 397)
	-	**1 015 843**

The district municipality paid for software licences covering a period beyond year end in 2024 financial year. The licences fees have been apportioned to isolate amounts relating to the following financial year. There were no prepayments in the current year.

8. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	10 275 000	-	10 275 000	10 475 000	-	10 475 000

Reconciliation of investment property - 30 June 2025

	Opening balance	Fair value adjustments	Total
Investment property	10 475 000	(200 000)	10 275 000

Reconciliation of investment property - 30 June 2024

	Opening balance	Fair value adjustments	Total
Investment property	9 667 200	807 800	10 475 000

Pledged as security

None of the Investment properties were pledged as security.

Investment property in the process of being constructed or developed

There is no investment property under construction not being acquired.

No investment property that is taking a significantly longer period of time to complete than expected.

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.

8. Investment property (continued)

The effective date of the revaluation was 30 June 2025. Revaluation (Fair value adjustments) were performed by independent valuers, Segopane and Associates (Pty) Ltd.

Professional Registration with the South African Council for the Property Valuers Profession: 7718. Sam Segopane is not connected to the Municipality and has recent experience in location and category of the investment property being valued.

The valuation was based on the comparable sales method which consists of comparing the properties with other properties Which have recently been sold in the market and then making the necessary adjustments in order to determine the present market value of the properties

The valuation was based on open market value for existing use. These assumptions are based on current market conditions.

The investment properties were valued in terms of the requirements of GRAP 16 and the details of the valuation is available for inspection at the registered office of the municipality. Properties were individually investigated to confirm classification as investment properties. Investment properties are identified under GRAP 16.

The following criteria was used to determine whether a property should be classified as an investment property:

A building owned by the municipality and leased out to third parties under one or more operating leases Land held for a current undeterminable future use.

Property being constructed or developed for future use as investment property.

Maintenance of investment property

There were no repairs and maintenance for investment property during the period ended 30 June 2025.

Income generated from Investment property

Rental revenue from Investment property	1 662 869	1 511 699

Notes to the Annual Financial Statements

Figures in Rand

9. 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	3 458 580	-	3 458 580	3 458 580	-	3 458 580
Buildings	131 617 030	(100 315 165)	31 301 865	131 422 030	(97 639 716)	33 782 314
Plant and equipment	3 747 058	(3 275 712)	471 346	3 674 958	(3 130 107)	544 851
Furniture and office equipment	2 757 655	(2 220 989)	536 666	2 550 883	(2 107 719)	443 164
Motor vehicles	50 566 787	(28 252 914)	22 313 873	45 998 498	(24 283 217)	21 715 281
IT equipment	19 984 091	(13 448 905)	6 535 186	18 113 761	(10 189 440)	7 924 321
Infrastructure (Including WIP) - Water and Sanitation	5 379 625 984	(987 039 808)	4 392 586 176	4 865 368 770	(878 995 796)	3 986 372 974
Total	**5 591 757 185**	**(1 134 553 493)**	**4 457 203 692**	**5 070 587 480**	**(1 016 345 995)**	**4 054 241 485**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2025

	Opening balance	Additions	Depreciation	Impairment loss	Total
Land	3 458 580	-	-	-	3 458 580
Buildings	33 782 314	195 000	(2 675 449)	-	31 301 865
Plant and equipment	544 851	72 100	(145 605)	-	471 346
Furniture and office equipment	443 164	206 772	(113 270)	-	536 666
Motor vehicles	21 715 281	4 568 289	(3 969 697)	-	22 313 873
IT equipment	7 924 321	1 529 429	(2 736 842)	(181 722)	6 535 186
Infrastructure (Including WIP) - Water and Sanitation	3 986 372 974	515 046 292	(108 833 090)	-	4 392 586 176
	4 054 241 485	**521 617 882**	**(118 473 953)**	**(181 722)**	**4 457 203 692**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2024

	Opening balance	Additions	WIP additions	Depreciation	Impairment loss	Total
Land	3 458 580	-	-	-	-	3 458 580
Buildings	36 094 742	446 650	-	(2 759 078)	-	33 782 314
Plant and equipment	115 792	616 648	-	(165 702)	(21 887)	544 851
Furniture and office equipment	360 716	217 198	-	(102 583)	(32 167)	443 164
Motor vehicles	4 316 848	20 224 786	-	(2 825 950)	(403)	21 715 281
IT equipment	7 453 261	3 126 168	-	(2 440 880)	(214 228)	7 924 321
Infrastructure (Including WIP) - Water and Sanitation	3 583 208 375	4 512 496	491 623 877	(92 971 774)	-	3 986 372 974
	3 635 008 314	**29 143 946**	**491 623 877**	**(101 265 967)**	**(268 685)**	**4 054 241 485**

Pledged as security

No property, plant and equipment has been pledged as security.

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Projects which are taking significantly longer periods to complete

Cumulative expenditure recognised in the carrying value of property, plant and equipment	Amount	Reasons for delay
RDM2011-021 Upgrading of Oxidation Ponds in the Kagisano Molopo Local Municipality Area	11 339 248	The contract was terminated due to poor performance of the consultant. The contractor moved off site. The project has been impaired fully with a cost of R11 339 248 and the carrying value of the project is R0.
BDM2007-027 Upgrading of Bloemhof Water Purification Works (Civil, mechanical, electrical works)	229 237 457	The contractor which is DWS has procurement processes that take too long hence the delays. The municipality has already appointed a new contractor to expedite the construction.
RDM2011-019 Establishment of Oxidation Ponds in the Kagisano LM Area	21 571 421	The contract was terminated due to poor performance of the consultant. The contractor moved off site. The project has been impaired fully with a cost of R21 571 421 and the carrying value of the project is R0.
BDM2007-042 Vryburg New Waste Water Treatment Works	271 356 114	Contractor was terminated due to poor performance. There is an ongoing litigation case around this project and it is the reason management cannot continue with the project currently. The project will continue after the case is finalised.
RDM2011-024 Establishment of Landfill Sites in Kagisano Local Municipality Area	2 625 532	Dr Ruth Segomotsi Mompati District Municipality experienced MIG funding problems and the projects had to be suspended. The project is impaired fully with a cost of 2 625 532 and the carrying value of the project is R0
RDM2011-026 Establishment of Landfill Sites in Mamusa LM Area	2 101 584	Dr Ruth Segomotsi Mompati District Municipality experienced MIG funding problems and the projects had to be suspended. The project is impaired fully with a cost of R2 101 584 and the carrying value of the project is R0
RDM2011-027 Establishment of Landfill Sites in Molopo LM Area	2 370 587	Dr Ruth Segomotsi Mompati District Municipality experienced MIG funding problems and the projects had to be suspended. The project is impaired fully with a cost of 2 370 587 and the carrying value of the project is R0
RDM2011-023 Establishment of Landfill Sites in Greater Taung LM Area	1 031 120	Dr Ruth Segomotsi Mompati District Municipality experienced MIG funding problems and the projects had to be suspended. The project is impaired fully with a cost of 1 031 120 and the carrying value of the project is R0

9. Property, plant and equipment (continued)

RDM2011-025 Consultants to Establish Landfill Sites in Lekwa Teemane LM Area	2 902 177	Dr Ruth Segomotsi Mompati District Municipality experienced MIG funding problems and the projects had to be suspended. The project is impaired fully with a cost of 2 9 02 177 and the carrying value of the project is R0
	544 535 240	**-**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance	**2025**	**2024**
Buildings	429 200	142 741
Motor vehicles	1 200 418	1 083 618
Machinery and equipment	12 125	777 222
Water and sewerage infrastructure	30 498 346	11 840 739
IT Equipment	-	300
	32 140 089	**13 844 620**

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

9. Property, plant and equipment (continued)

Service concession arrangements

Service concession arrangement Naledi Local Municipality

The overall objective and purpose of the service concession arrangement

On 2023/06/26 the entity entered into a service concession agreement with Naledi Local Municipality. The overall objective and purpose of the service concession arrangement is provision of retail water services in the Naledi local municipality area.

Significant terms of the service concession arrangement that may affect the amount, timing, and certainty of future cash flows

The significant terms of the service concession arrangement are This agreement is valid until 30 June 2025 and shall be reviewed annually in accordance with the provisions of chapter 6 of Local government Municipal systems act. The determination of water tariffs annually is the responsibility of DR Ruth Segomotsi Mompati District Municipality(The water Service Authority). Through consultation with Naledi Local Municiapality. Taking into account the business plan and the Budget for Naledi Local Municipality(Water service provider).

The nature and extent of the service concession arrangement are as follows:

Rights to use specified assets: The Naledi local municipality is using water and sanitation infrastructure owned by Dr Ruth Segomotsi Mompati district Municipality. The carrying values of the assets under the concession are disclosed in this note. The local municipality is responsible for maintaining the assets financing the costs from the proceeds collected from the residents.

Rights to expect the operator to provide specified services in relation to the service concession arrangement: The operator is not expected to provide any assets in this concession. The operator will use the existing assets of the grantor.

The carrying amount of service concession assets recognised at the reporting date, including existing assets of the grantor reclassified as service concession assets: The service concession assets in this arrangement are only existing assets of the grantor (Dr Ruth Segomotsi Mompati district municipality). The assets disclosed in the table below are included in the property, plant and equipment note above.

Rights to receive specified assets at the end of the service concession arrangement: Naledi Local municipality does not have any rights to receive any assets at the end of the service concession agreement. The existing assets remain the property of the grantor. as stated in the contract, any plan, manual database, inventory, survey, financial and other record and all other information compiled interms of this contract shall remain the property of the Water service authority (WSA)

Renewal and termination options: The contract will terminate at the expiry of the contract term if the parties agree in writing to terminate the contract. Any party may use its commonn law right should the other party breach any of ther terms or conditions of the contract.

Other rights and obligations: No any ther rights and obligations of the grantor or operator other than those stipulated in the service level agreement

Obligations to provide the operator with access to service concession assets or other revenue-generating assets: Signing of the service level agreement automatically grants the operator the right to access the assets in the concession.

Changes in the service concession arrangement that occurred during the reporting period

During the reporting period, no changes occured in the service concession arrangement

Contract breach by either party during the reporting period and the impact thereof for the entity as grantor

During the reporting period, there were no contract breaches by either party.

9. **Property, plant and equipment (continued)**

Service concession arrangement Greater Taung Local Municipality

The overall objective and purpose of the service concession arrangement

On 2023/06/26 the entity entered into a service concession agreement with Greater Taung Local Municipality. The overal objective and purpose of the service concession arrangement is provision of retail water services in the Greater Taung local municipality area.

Significant terms of the service concession arrangement that may affect the amount, timing, and certainty of future cash flows

The significant terms of the service concession arrangement are This agreement is valid until 30 June 2025 and shall be reviewed annually in accordance with the provisions of chapter 6 of Local government Municipal systems act. The determination of water tariffs annually is the responsibility of DR Ruth Segomotsi Mompati District Municipality (The water Service Authority) Through consultation with Greater Taung Local Municipality. Considering the business plan and the Budget for Greater Taung Local Municipality (Water service provider).

The nature and extent of the service concession arrangement are as follows:

Rights to use specified assets: The Greater Taung local municipality is using water and sanitation infrastructure owned by Dr Ruth Segomotsi Mompati district Municipality. The carrying values of the assets under the concession are disclosed in this note. The local municipality is responsible for maintaining the assets financing the costs from the proceeds collected from the residents

Rights to expect the operator to provide specified services in relation to the service concession arrangement: The operator is not expected to provide any assets in this concession. The operator will use the existing assets of the grantor

The carrying amount of service concession assets recognised at the reporting date, including existing assets of the grantor reclassified as service concession assets: The service concession assets in this arrangement are only existing assets of the grantor (Dr Ruth Segomotsi Mompati district municipality). The assets disclosed in the table below are included in the property, plant and equipment note above.

Rights to receive specified assets at the end of the service concession arrangement: Greater Taung Local municipality does not have any rights to receive any assets at the end of the service concession agreement. The existing assets remain the property of the grantor. as stated in the contract, any plan, manual database, inventory, survey, financial and other record and all other information compiled interms of this contract shall remain the property of the Water service authority (WSA)

Renewal and termination options: The contract will terminate at the expiry of the contract term if the parties agree in writing to terminate the contract. Any party may use its commonn law right should the other party breach any of ther terms or conditions of the contract.

Other rights and obligations: No any ther rights and obligations of the grantor or operator other than those stipulated in the service level agreement

Obligations to provide the operator with access to service concession assets or other revenue-generating assets: Signing of the service level agreement automatically grants the operator the right to access the assets in the concession

Changes in the service concession arrangement that occurred during the reporting period

During the reporting period, no changes occured in the service concession arrangement.

Contract breach by either party during the reporting period and the impact thereof for the entity as grantor

During the reporting period, there were no contract breaches by either party.

Figures in Rand	2025	2024

9. Property, plant and equipment (continued)

Service concession arrangement Lekwa-Teemane Local municipality

The overall objective and purpose of the service concession arrangement

On 2023/06/26 the entity entered into a service concession agreement with Lekwa- Teemane Local municipality. The overal objective and purpose of the service concession arrangement is provision of retail water services in the Lekwa Teemane local municipality area.

Significant terms of the service concession arrangement that may affect the amount, timing, and certainty of future cash flows

The significant terms of the service concession arrangement are This agreement is valid until 30 June 2025 and shall be reviewed annually in accordance with the provisions of chapter 6 of Local government Municipal systems act. The determination of water tariffs annually is the responsibility of DR Ruth Segomotsi Mompati District Municipality (The water Service Authority) Through consultation with LekwaTeemane Local Municipality. Considering the business plan and the Budget for LekwaTeemaneLocal Municipality (Water service provider).

The nature and extent of the service concession arrangement are as follows:

Rights to use specified assets: The LekwaTeemane local municipality is using water and sanitation infrastructure owned by Dr Ruth Segomotsi Mompati district Municipality. The carrying values of the assets under the concession are disclosed in this note. The local municipality is responsible for maintaining the assets financing the costs from the proceeds collected from the residents.

Rights to expect the operator to provide specified services in relation to the service concession arrangement: The operator is not expected to provide any assets in this concession. The operator will use the existing assets of the grantor.

The carrying amount of service concession assets recognised at the reporting date, including existing assets of the grantor reclassified as service concession assets: The service concession assets in this arrangement are only existing assets of the grantor (Dr Ruth Segomotsi Mompati district municipality). The assets disclosed in the table below are included in the property, plant and equipment note above.

Rights to receive specified assets at the end of the service concession arrangement: Lekwa-Teemane Local municipality does not have any rights to receive any assets at the end of the service concession agreement. The existing assets remain the property of the grantor. as stated in the contract, any plan, manual database, inventory, survey, financial and other record and all other information compiled in terms of this contract shall remain the property of the Water service authority (WSA)

Renewal and termination options: The contract will terminate at the expiry of the contract term if the parties agree in writing to terminate the contract. Any party may use its common law right should the other party breach any of other terms or conditions of the contract.

Other rights and obligations: No any other rights and obligations of the grantor or operator other than those stipulated in the service level agreement

Obligations to provide the operator with access to service concession assets or other revenue-generating assets: Signing of the service level agreement automatically grants the operator the right to access the assets in the concession

Changes in the service concession arrangement that occurred during the reporting period

During the reporting period, no changes occured in the service concession arrangement.

Contract breach by either party during the reporting period and the impact thereof for the entity as grantor

During the reporting period, there were no contract breaches by either party.

9. Property, plant and equipment (continued)

Service concession arrangement Mamusa Local Municipality

The overall objective and purpose of the service concession arrangement

On 2023/06/26 the entity entered into a service concession agreement with Mamusa Local municipality. The overal objective and purpose of the service concession arrangement is provision of retail water services in the Mamusa local municipality area.

Significant terms of the service concession arrangement that may affect the amount, timing, and certainty of future cash flows

The significant terms of the service concession arrangement are This agreement is valid until 30 June 2025 and shall be reviewed annually in accordance with the provisions of chapter 6 of Local government Municipal systems act. The determination of water tariffs annually is the responsibility of DR Ruth Segomotsi Mompati District Municipality (The water Service Authority) Through consultation with Mamusa Local Municipality. Considering the business plan and the Budget for Mamusa Local Municipality (Water service provider)

The nature and extent of the service concession arrangement are as follows:

Rights to use specified assets: The Mamusa local municipality is using water and sanitation infrastructure owned by Dr Ruth Segomotsi Mompati district Municipality. The carrying values of the assets under the concession are disclosed in this note. The local municipality is responsible for maintaining the assets financing the costs from the proceeds collected from the residents.

Rights to expect the operator to provide specified services in relation to the service concession arrangement: The operator is not expected to provide any assets in this concession. The operator will use the existing assets of the grantor.

The carrying amount of service concession assets recognised at the reporting date, including existing assets of the grantor reclassified as service concession assets: The service concession assets in this arrangement are only existing assets of the grantor (Dr Ruth Segomotsi Mompati district municipality). The assets disclosed in the table below are included in the property, plant and equipment note above.

Rights to receive specified assets at the end of the service concession arrangement:Mamusa Local municipality does not have any rights to receive any assets at the end of the service concession agreement. The existing assets remain the property of the grantor. as stated in the contract, any plan, manual database, inventory, survey, financial and other record and all other information compiled in terms of this contract shall remain the property of the Water service authority (WSA)

Renewal and termination options: The contract will terminate at the expiry of the contract term if the parties agree in writing to terminate the contract. Any party may use its common law right should the other party breach any of other terms or conditions of the contract.

Other rights and obligations: No any other rights and obligations of the grantor or operator other than those stipulated in the service level agreement

Obligations to provide the operator with access to service concession assets or other revenue-generating assets: Signing of the service level agreement automatically grants the operator the right to access the assets in the concession

Changes in the service concession arrangement that occurred during the reporting period

During the reporting period, no changes occured in the service concession arrangement

Contract breach by either party during the reporting period and the impact thereof for the entity as grantor

During the reporting period, there were no contract breaches by either party

9. Property, plant and equipment (continued)

Service concession assets

Dr Ruth Segomotsi Momapati district municipality has the following existing service concession assets included in the property plant and equipment:

	Naledi Local Municipality		Greater Taung Local Municipality		**Lekwa Teemane Local Municipality**		**Mamusa Local Municipality**	
Sanitation Infrastructure	2025	2024	2025	2024	2025	2024	2025	2024
Cost	201 911 656	120 039 777	65 358 835	58 530 685	198 786 365	198 786 365	136 682 697	136 682 697
Accumulated depreciation	(42 430 348)	(34 532 097)	(22 939 969)	(21 065 504)	(68 116 971)	(62 974 501)	(48 751 051)	(44 466 798)
Accumulated impairment	-	-	(1 566 904)	(1 566 904)	-	-	(591 337)	(591 337)
Carrying Value	159 481 308	85 507 680	40 851 962	35 898 277	130 669 394	135 811 864	87 340 309	91 624 562
	159 481 308	**85 507 680**	**40 851 962**	**481 344 406**	**481 344 406**	**481 344 406**	**481 344 406**	**481 344 406**

	Naledi Local Municipality		Greater Taung Local Municipality		**Lekwa Teemane Local Municipality**		**Mamusa Local Municipality**	
Water supply infrastructure	2025	2024	2025	2024	2025	2024	2025	2024
Cost	641 155 174	634 566 183	1 406 128 741	939 320 774	483 266 849	464 236 365	490 633 934	469 347 545
Accumulated depreciation	(162 720 048)	(148 657 578)	(304 379 910)	(267 945 094)	(102 527 714)	(90 607 298)	(81 909 449)	(70 804 965)
Accumulated impairment	-	-	(193 382)	(193 382)	-	-	(4 937 864)	(4 937 864)
Carrying Value	478 435 126	485 908 605	1 101 555 449	671 182 298	380 739 135	373 629 067	403 786 621	393 604 716
	478 435 126	**485 908 605**	**1 101 555 449**	**2 222 941 837**	**2 222 941 837**	**2 222 941 837**	**2 222 941 837**	**2 222 941 837**

10. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Patents, trademarks and other rights	700 000	-	700 000	700 000	-	700 000
Computer software	14 056 216	(12 679 347)	1 376 869	14 056 216	(10 695 849)	3 360 367
Total	**14 756 216**	**(12 679 347)**	**2 076 869**	**14 756 216**	**(10 695 849)**	**4 060 367**

Reconciliation of intangible assets - 30 June 2025

	Opening balance	Amortisation	Total
Patents, trademarks and other rights	700 000	-	700 000
Computer software	3 360 367	(1 983 498)	1 376 869
	4 060 367	**(1 983 498)**	**2 076 869**

Reconciliation of intangible assets - 30 June 2024

	Opening balance	Amortisation	Total
Patents, trademarks and other rights	700 000	-	700 000
Computer Software	5 343 865	(1 983 498)	3 360 367
	6 043 865	**(1 983 498)**	**4 060 367**

Pledged as security

None of the intangible assets were pledged as security.

10. Intangible assets (continued)

Intangible assets with indefinite useful life

	2025	2024
Patents, trademarks and other rights	700 000	700 000

Dr Ruth Segomotsi Mompati District Municipality as a Water Services Authority (WSA) acquired rights to Wentzel Dam located in Mamusa LM area where they have sole rights to extract water from the dam inorder to satisfy their business mandate ofsupplying water to the communities. This right will only cease to exist when one of the following becomes enforces; (1) the Municipality ceases to exist or merges; (2) the District enters into a contract with one of the locals where they will delegate their service. For this reason, management had concluded that the right will exist into the unforeseen or undeterminable future.

11. Trade and other payables from exchange transactions

	2025	2024
Trade payables	678 367 905	649 513 433
Accrued bonus	4 464 128	4 259 841
Rententions	104 658 119	78 616 274
	787 490 152	**732 389 548**

12. Payables from non-exchange transactions

	2025	2024
Provincial Infrastructure Grant (Mamusa MIG)	-	407 612

The municipality was holding Mamusa MIG funds and paying service providers on behalf of Mamusa local municipality. The balance relates to remaining balance from the allocation after all payments made to date. The outstanding balance was paid in full in the current year.

13. Provisions

Reconciliation of provisions - 30 June 2025

	Opening Balance	Additions	Utilised during the year	Total
Leave provision	14 521 787	6 832 238	(3 721 024)	17 633 001

Reconciliation of provisions - 30 June 2024

	Opening Balance	Additions	Utilised during the year	Total
Leave provision	11 818 884	5 691 642	(2 988 739)	14 521 787

The leave provision represents management's best estimate of the municipality's liability as at 30 June 2025. The provision is an estimate of the leave pay out that will be paid out to employees in the event that they leave the municipality at any point in time.

The uncertainties are around the timing of the outflow and whether there will be any future events that can lead to employees leaving the municipality resulting in the leave pay out becoming due to the employees.

There is no expected reimbursement in respect of this provision.

Figures in Rand	2025	2024

14. Employee benefit obligations

Defined benefit Plan

The municipality provides retirement benefits to its employees by contributing to medical aid and also offers Long service awards to employees who have been in service with the municipality for a certain number of years starting from 5 years of service to 45 years of service. Membership to medical aid is compulsory for all permanent employees. The members contribute to the Keyhealth, SAMWU, BONITAS and LAHEALTH. Dr Ruth Segomotsi Mompati District Municipality, ('Dr Ruth'), has requested a specialist in GRAP 25 reporting, 1 Pangaea Expertise & Solutions (Pty) Ltd ('OPES'), to compile an actuarial valuation report on its post-employment health care liability as at 30 June 2025

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

	2025	2024
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(52 809 371)	(46 579 713)
Non-current liabilities	(50 278 660)	(43 668 391)
Current liabilities	(2 530 711)	(2 911 322)
	(52 809 371)	**(46 579 713)**

The funded status is calculated by comparing the accrued liabilities, as at the valuation date, with the plan assets held. The funded status is therefore indicated as unfunded since there is no plan assets as indicated below.

The fair value of plan assets includes:

We are not aware of any assets set aside for post-employment medical aid subsidy funding that qualify as plan assets in terms of the re
nil value to the fair value of plan assets.

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

	2025	2024
Opening balance	46 579 713	47 489 873
Service cost	3 083 192	2 368 378
Interest cost	5 786 631	6 245 418
Remeasurements	341 138	(5 895 944)
Benefits paid	(2 981 303)	(3 628 012)
	52 809 371	**46 579 713**

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

	2025	2024
Service cost	101 889	(1 259 634)
- Current service cost	3 083 192	2 368 378
- Past service cost	(2 981 303)	(3 628 012)
- Curtailment	(2 981 303)	(3 628 012)
Net interest on the net defined benefit liability (asset)	5 786 631	6 245 418
Remeasurements of the net defined benefit liability (asset)	341 138	(5 895 944)
- Actuarial gains and losses arising from:	341 138	(5 895 944)
- Changes in demographic assumptions	341 138	(5 895 944)
	6 229 658	**(910 160)**

Calculation of actuarial gains and losses

	2025	2024
Actuarial (gains) losses – Obligation	341 138	(5 895 944)

Figures in Rand	2025	2024

14. Employee benefit obligations (continued)

Amounts for the current and previous four years are as follows

	2025	2024	2023	2022	2 021
Defined benefit obligation	52 809 371	44 438 995	47 489 873	51 427 573	44 770 168
Surplus/(Deficit)	(52 809 371)	(44 438 995)	(47 489 873)	(51 427 573)	(44 770 168)
Experience adjustments on plan liabilities	8 370 376	(3 050 878)	(6 234 596)	3 510 324	4 552 769
	-	-	-	-	-

14. Employee benefit obligations (continued)

Key assumptions used - PEMA

Assumptions used at the reporting date:

	2025	2024
Discount rates used	12,29 %	13,35 %
Consumer price inflation	6,61 %	7,74 %
Healthcare cost inflation	8,11 %	9,24 %
Net Discount rate	3,78 %	3,76 %
Normal retirement age	65,00	65,00
Fully accrued age(to take account for ill health and early retirement decrements)	63,00	63,00
Continuation percentage (To take account for ill health and early retirement)	90,00 %	90,00 %
Mortality - Active employees	SA85-90	SA85-90
Mortality pensioners	PA (90)-2	PA (90)-2

Full actuarial valuations were performed by independent actuaries, One Pangaea Financial, for the present value of Employment Medical Subsidy liability at 30 June 2025 using the Projected Unit Credit method.

The basis used to determine the overall expected rate of return on assets is as follows:

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2024 the duration of liabilities was 13.37 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2025 is 12.19% per annum, and the yield on the inflation linked bonds of a similar term was about 5.20% per annum, implying an underlying expectation of inflation of 6.61% per annum ([1 + 12.19%] / [1 + 5.24%] - 1).

A healthcare cost inflation rate of 8.11% was assumed. This is 1.50% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

However, it is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 3.78% per annum ([1 + 12.19%] / [1 + 8.11%] - 1). This year’s valuation basis is therefore stronger than previous year’s basis from a discount rate perspective

Key assumptions LSA

	2025	2024
Discount rate	9,28 %	10,66 %
CPI	3,63 %	5,50 %
Salary increase rate	4,63 %	6,50 %
Net Discount Rate	4,45 %	3,91 %
Average retirement age (years)	63	63
Normal retirement age (years)	65	65
Mortality	SA85-90	SA85-90
Number of employees	159	213

Full actuarial valuations were performed by independent actuaries, One Pangaea Financial, for the present value of Long Service Bonus Awards liability at 30 June 2025 using the Projected Unit Credit method

The basis on which the net discount rate has been determined is as follow

14. Employee benefit obligations (continued)

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation report, 30 June 2024 the duration of liabilities was 6.10 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2025 is 9.28% per annum, and the yield on inflation-linked bonds of a similar term was about 4.97% per annum. This implies an underlying expectation of inflation of 3.63% per annum ([1 + 9.28%-0.5%/ [1 + 4.97%] - 1). The 0.5% deduction is there to account for biases and market frictions that distort the clean nominal–real yield differential due to seasonal CPI lags in index-linked bonds, liquidity premiums, market segmentation and mismatching compounding projections that might be present in the market.

We have assumed that salary inflation would exceed general inflation by 1.00% per annum, i.e. 4.63% per annum

However, it is the relative levels of the discount rate and salary inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 4.45% per annum ([1 + 9.28%] / [1 + 4.63%] - 1).

Figures in Rand	2025	2024

14. Employee benefit obligations (continued)

Sensitivity analysis

Healthcare cost trends (PEMA)

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:

30 June 2025	One percentage point decrease	Valuation basis	One percentage point Increase
Effect on the service cost	2 698 776	2 299 030	1 629 164
Effect on interest cost	5 019 229	4 851 125	5 018 072
Effect on defined benefit obligation	32 480 925	37 201 801	42 969 943

30 June 2024	One percentage point decrease	Valuation Basis	One percentage point increase
Effect on the service cost	1 335 651	1 628 926	1 629 164
Effect on interest cost	4 634 596	5 314 196	5 521 078
Effect on defined benefit obligation	33 634 961	38 463 897	40 035 999

As per the table above, a 1% increase in the medical inflation rate results in a 3.6% increase in the accrued liability whilst a 1% decrease in the medical inflation rate will result in a 3.1% decrease in the accrued liability.

Discount rate (PEMA)

Assumed discount rate have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed discount rate would have the following effects:

30 June 2025	One percentage point decrease	Valuation basis	One percentage point Increase
Effect on the service cost	2 698 776	2 299 030	1 979 528
Effect on interest cost	5 167 169	4 851 125	4 575 252
Effect on defined benefit obligation	42 705 457	37 201 801	42 969 943

30 June 2024	One percentage point decrease	Valuation Basis	One percentage point increase
Effect on the service cost	1 972 539	1 628 926	1 359 475
Effect on interest cost	5 625 991	5 314 196	4 959 454
Effect on defined benefit obligation	44 080 750	38 463 897	33 911 735

Post retirement Mortality (PEMA)

Assumed assumption have a significant effect on the amounts recognised in surplus or deficit. The tables below show the impact of a change in the mortality assumption from PA(90)-2 to PA(90) with a three-year adjustment.

30 June 2025	Valuation basis PA(90)-2	PA(90)-3	Percentage change
Effect on the service cost	2 299 030	2 451 838	5.08%
Effect on interest cost	4 851 125	5 075 356	4.64%
Effect on defined benefit obligation	37 201 801	38 891 257	4.54%

14. Employee benefit obligations (continued)

30 June 2024	Valuation basis PA(90)-2	PA(90)-3	Percentage change
Effect on the service cost	1 628 926	1 671 514	3.07%
Effect on interest cost	5 314 196	5 434 289	2.61%
Effect on defined benefit obligation	38 463 897	39 645 052	2.26%

Salary Inflation Rate (LSA)

Assumed assumption have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed assumption would have the following effects:

30 June 2025	One percentage point decrease	Valuation Basis	One percentage point increase
Effect on the service cost	678 319	730 146	787 952
Effect on interest cost	863 008	922 852	988 781
Effect on defined benefit obligation	8 682 659	9 244 203	9 862 850

30 June 2024	One percentage point decrease	Valuation basis	One percentage point increase
Effect on the service cost	841 638	784 162	733 249
Effect on interest cost	905 819	935 506	960 552
Effect on defined benefit obligation	9 981 335	9 377 912	8 837 911

Discount Rate (LSA)

30 June 2025	One percentage point decrease	Valuation basis	One percentage point increase
Opening Accrued Liability	9 844 147	9 244 203	8 707 456
Service Cost	786 194	730 146	680 594
Net Interest Expense	894 016	922 852	947 089

30 June 2024

	One percentage point decrease	Valuation Basis	One percentage point decrease
Employer's accrued liability	9 981 335	9 377 912	8 837 911
Employer's current service cost	841 638	784 162	733 249
Employer's interest cost	905 819	935 506	960 552

Withdrawal rates (LSA)

The tables below show the impact of a change in the mortality assumption from PA(90)-2 to PA(90) with a three-year adjustment.

30 June 2025	200% Higher	Valuation basis	50% Lower
Opening Accrued Liability	7 850 690	9 244 203	10 200 933
Employer's interest cost	775 024	922 852	1 024 471
Employer's current service cost	577 504	730 146	844 955

Figures in Rand	2025	2024

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal infrastructure Grant (MIG)	7 533 162	-

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 21 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

16. Accumulated surplus

Accumulated surplus reconciliation 30 June 2025

	Accumulated surplus	Total
Opening balance	3 606 430 709	3 606 430 709
Surplus for the year	341 098 144	341 098 144
	3 947 528 853	**3 947 528 853**

Accumulated surplus reconciliation 30 June 2024

	Accumulated surplus	Total
Opening balance	2 915 606 499	2 915 606 499
Adjustment to opening balance	390 074 785	390 074 785
Surplus for the year	305 057 255	305 057 255
Correction to current year surplus	(4 307 830)	(4 307 830)
	3 606 430 709	**3 606 430 709**

17. Revenue

Rental of facilities and equipment	1 662 869	1 511 699
Other income	28 228 676	728 486
Interest received	24 109 228	25 481 968
Government grants & subsidies	1 181 397 091	1 062 368 022
	1 235 397 864	**1 090 090 175**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Rental of facilities and equipment	1 662 869	1 511 699
Other income	28 228 676	728 486
Interest received - investment	24 109 228	25 481 968
	54 000 773	**27 722 153**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	1 181 397 091	1 062 368 022

Figures in Rand	2025	2024

18. Rental of facilities and equipment

Premises		
Premises	1 662 869	1 511 699

The operating lease revenue relates to investment property, ERF 1853, portion of ERF 506 Vryburg, that is being leased to the Department of Transport and Public Work on a month to month pending signing of the new agreement since the initial contract lapsed.

The property is leased at market related prices.

19. Other income

Tender Fees	267 739	198 437
Insurance refund and other receipts	60 937	530 049
Recovery from VBS	27 900 000	-
	28 228 676	**728 486**

Other income comprise of a repayment from VBS bank. Part of the R150 000 000 that was invested and lost when the bank went into liquidation in 2018. This was fully written off by the Council in 2018. The amount of R27 900 000 was recovered in 2025 financial year.

20. Investment revenue

Interest revenue		
Interest received - main account	4 635 798	3 409 522
Interest received - Call accounts	19 473 430	22 072 446
	24 109 228	**25 481 968**

Figures in Rand	2025	2024

21. Government grants & subsidies

Operating grants		
Equitable share	507 253 000	479 122 744
Expanded Public Works Programme (EPWP)	1 287 000	1 079 000
Financial Management Grant (FMG)	3 600 000	2 300 000
LG SETA Grant	665 253	185 278
	512 805 253	**482 687 022**
Capital grants		
Municipal Infrastructure Grant (MIG)	170 338 838	155 156 000
Regional Bulk Infrastructure Grant (RBIG)	401 333 000	322 000 000
Road Asset Management Systems Grant (RAMS)	1 920 000	2 525 000
Water Services Infrastructure Grant (WSIG)	95 000 000	100 000 000
	668 591 838	**579 681 000**
	1 181 397 091	**1 062 368 022**

Conditional and Unconditional

All conditional grants were fully spent in the current year. There is no unspent conditional grants. Included in above are the following grants and subsidies received:

Conditional grants received	681 677 253	583 245 278
Unconditional grants received	507 253 000	479 122 744
	1 188 930 253	**1 062 368 022**

Municipal Infrastructure Grant (MIG)

Current-year receipts	177 872 000	155 156 000
Conditions met - transferred to revenue	(170 338 838)	(155 156 000)
	7 533 162	**-**

Conditions still to be met - remain liabilities15.

Regional Bulk Infrastructure Grant (RBIG)

Balance unspent at beginning of year	-	60 957 712
Current-year receipts	401 333 000	155 156 000
Conditions met - transferred to revenue	(401 333 000)	(155 156 000)
Rejected Rollover	-	(60 957 712)
	-	**-**

Conditions still to be met - remain liabilities15.

Regional Bulk Infrastructure grant was fully spent in the current year. All conditions were met.

The purpose of the grant is to fund bulk connector and internal infrastructure for water services at a basic level of service.

Expanded Public Works Incentive (EPWP)

Current-year receipts	1 287 000	1 079 000
Conditions met - transferred to revenue	(1 287 000)	(1 079 000)
	-	**-**

Conditions still to be met - remain liabilities15.

Figures in Rand	2025	2024

21. Government grants & subsidies (continued)

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP Guidelines.

Road Asset Management Systems (RAMS)

	2025	2024
Balance unspent at beginning of year	-	315 803
Current-year receipts	1 920 000	2 525 000
Conditions met - transferred to revenue	(1 920 000)	(2 525 000)
Roll over rejected	-	(315 803)
	-	-

Conditions still to be met - remain liabilities15.

All conditions were met in the current year for RAMS. The grant was fully spent

Water Service Infrastructure Grant (WSIG)

	2025	2024
Current-year receipts	95 000 000	100 000 000
Conditions met - transferred to revenue	(95 000 000)	(100 000 000)
	-	-

Conditions still to be met - remain liabilities15.

All conditions were met for WSIG in the current year. The grant was fully spent.

Municipal Financial Management Grant (FMG)

	2025	2024
Balance unspent at beginning of year	-	9 170
Current-year receipts	3 600 000	2 300 000
Conditions met - transferred to revenue	(3 600 000)	(2 300 000)
Rejected Roll over	-	(9 170)
	-	-

Conditions still to be met - remain liabilities15.

All conditions were met for FMG in the current year. The grant was fully spent

LGSETA

	2025	2024
Current-year receipts	440 000	185 278
Conditions met - transferred to revenue	(440 000)	(185 278)
	-	-

Conditions still to be met - remain liabilities15.

All conditions were met for LGSETA in the current year. The grant was full spent.

Figures in Rand	2025	2024

22. Employee related costs

Basic Salaries	105 862 140	97 890 170
Bonus	8 076 442	7 893 465
Medical aid - company contributions	9 389 354	8 362 739
Workmen's compensation contribution	1 639 035	1 761 642
Pension fund contributions	15 783 562	15 003 703
UIF and SDL contributions	2 207 046	2 073 258
Leave pay provision charge	5 736 188	5 315 672
Travel, motor car, accommodation, subsistence and other allowances	41 037 966	36 570 949
Overtime payments	8 267 859	8 102 940
Long-service awards	766 310	608 655
Housing benefits and allowances	1 396 111	1 352 268
Sitting allowance	1 067 006	1 117 367
Telephone allowance	1 099 964	1 065 444
Other allowances and subsidies	343 129	315 299
	202 672 112	**187 433 571**

Remuneration of Municipal Manager

Annual Remuneration	1 557 675	1 376 092
Travel Allowance	91 169	150 520
Housing allowance	22 800	28 800
Contributions to UIF, Medical and Pension Funds	79 237	52 993
Rural allowance	81 856	76 190
Leave pay	33 184	54 133
Non Pension allowance	11 865	-
	1 877 786	**1 738 728**

The Municipal manager, Mr I Jonas was appointed as a municipal manager from 1 December 2022 and has been the municipal manager since.

Remuneration of Chief Finance Officer

Contributions to UIF, Medical and Pension Funds	-	2 474
Termination leave	-	229 729
	-	**232 203**

The district municipality currently does not have an appointed CFO. Only officials from the BTO are being appointed as acting CFO.

Mr LC Malema who was the appointed CFO resigned during his suspension on the 30th of June 2023 .

Mr Morena Mofokeng was appointed as an Acting Chief Financial Officer from 11 May 2022 to 03 April 2023. And his contract was extended on month to month from 04 April 2023 until 31 December 2024.

Remuneration of Economic Development, Tourism and Agriculture Manager

Mrs Agnes Maheta was appointed as an Acting Senior Manager Economic Development And Tourism from 01 July 2023 to 30 June 2025.

Remuneration of Engineering Services Manager

Annual Remuneration	444 073	651 738
Housing allowance	155 511	250 813
Contributions to UIF, Medical and Pension Funds	107 209	158 843
Rural allowance	27 910	67 149
Travel allowance	123 591	232 549
leave pay	204 354	-
Annual bonus	98 748	98 748

22. Employee related costs (continued)

	2025	2024
	1 161 396	**1 459 840**

Mr M Maruping was appointed as a Senior Manager Engineering from 1 August 2023 to 31 December 2024.

Mr E Matope was appointed as an Acting Senior Manager Engineering from 01 January 2025 to 30 June 2025.

Remuneration of Corporate Services Manager

Mr MP Swarts was appointed acting senior manager corporate services from 1 March 2024 to 30 June 2025

Remuneration of Chief Audit Executive

	2025	2024
Annual Remuneration	748 989	651 738
Travel Allowance	230 315	256 351
Housing allowance	226 775	215 249
Contributions to UIF, Medical and Pension Funds	158 072	137 434
Non pension allowance	11 865	-
Rural allowance	48 312	43 449
Leave pay	54 692	45 577
Annual bonus	59 249	24 687
	1 538 269	**1 374 485**

Ms T Molise was appointed as a Senior Manager Internal Audit from 01 Agust 2023 to date.

Remuneration of Community Services Manager

	2025	2024
Annual Remuneration	722 259	718 263
Housing Allowance	249 986	274 214
Accomodation	216 750	253 836
Contributions to UIF, Medical and Pension Funds	78 876	79 321
Travel allowance	312 510	140 645
Telephone allowance	-	949
Rural allowance	44 423	47 859
Non pension allowance	10 170	-
Leave pay	168 328	46 019
	1 803 302	**1 561 106**

Mr K Vogt was appointed Senior Manager Community Services from the 1st of July 2020 to 31 May 2025.

Remuneration of Planning and Development Manager

	2025	2024
Annual Remuneration	751 911	651 738
Accomodation and subsistence	140 800	188 484
Travel allowance	344 164	87 504
Contributions to UIF, Medical and Pension Funds	207 457	177 784
Housing Allowance	137 182	117 313
Rural allowance	48 312	63 199
Leave pay	36 462	-
Non Pension allowance	11 865	-
Annual bonus	59 249	123 435
	1 737 402	**1 409 457**

Mr LN Monyeke was appointed Senior manager planning and development from 1st of August 2023 to date

Remuneration of Acting Senior manager Community services

	2025	2024
	54 486	-

Mr E Lepomane was appointed as an Acting Senior Manager community services from the 01 June 2025 to 30 June 2025.

Figures in Rand	2025	2024

22. Employee related costs (continued)

Remuneration of Acting Chief Financial Officer

Acting allowances	410 468	628 849

Mr Morena Mofokeng was appointed as an Acting Chief Financial Officer from 11 May 2022 to 03 April 2023. And his contract was extended on month to month from 04 April 2023 until 31 December 2024.

Mr K Kalanko was appointed as an Acting Chief Financial Officer from 01 February 2024 to 30 June 2024 when Mr Morena Mofokeng was on sick leave.

Mr L Chacha was appointed acting CFO from January 2025 to 30 June 2025

Remuneration of Acting Economic Development, Tourism and Agriculture

Acting allowances	265 466	262 513

Mrs AK Moheta was acting Economic Development, Tourism and Agricuture Manager from 01 January 2023 to 30 June 2023 and the acting appointment was extended from 01 July 2023 to date.

Remuneration of Acting Senior Manager Engineering

Acting allowances	110 802	17 257

Mr E Matope was appointed as an Acting Senior Manager Engineering from 01 January 2025 to date.

Remuneration of Acting Senior Manager Corporate Services

Acting allowances	265 466	262 513

Mr MP Swarts was appointed acting senior manager corporate services from 1 March 2024 to 30 June 2025.

Remuneration of acting manager planning and development

Acting allowances	-	21 876

Mr LN Monyeke was appointed senior manager for planning and development from 1 August 2023 to date.

Remuneration of acting Chief Audit Executive.

Acting allowances	-	21 876

Mr M Mashati was appointed as an Acting Senior Manager Internal Audit from the 01 July 2022 to 30 June 2023 and was extended from 01 July 2023 to 31 July 2023.

Remuneration acting Municipal Manager

Acting allowances	34 002	-

Mr Karel Vogt Acted as municipal manager in January 2025

23. Remuneration of councillors

Councillors- Refer to related parties for details	13 573 739	13 673 829

The remuneration of the political office-bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution

23. Remuneration of councillors (continued)

In-kind benefits

The Executive Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Municipality.

The Mayor and the Speaker each have the use of separate Municipal owned vehicles for official duties and also the fuel at the expense of the Municipality.

24. Depreciation and amortisation

Property, plant and equipment	118 473 953	101 265 967
Intangible assets	1 983 498	1 983 498
	120 457 451	**103 249 465**

25. Finance costs

Interest paid	107 336	220 625
Finance costs on employee benefit plan	5 786 631	6 245 418
	5 893 967	**6 466 043**

26. Lease rentals on operating lease

Premises		
Contractual amounts	3 968 000	3 840 000
Plant and equipment		
Contractual amounts	1 771 108	1 919 348
	5 739 108	**5 759 348**

The rentals above are lease rentals for:

The Municipal office, situated at 34 Church Street, from Ganis Import. The lease contract commenced on 1 March 2021 and ended 28 February 2024. The rental is continuing on a month to month basis after the expiry date.

The storage space in Market Street is leased on a yearly basis.

The Municipality went into a lease agreement with Renashua to rent 6 printers for a period of 3 months beginning June 2023 to August 2023. After expiry the lease continued on a month to month basis.

27. Debt impairment

Movement in provision for bad debts	4 936 718	2 030 808

28. Bulk purchases

Electricity - Eskom	10 101 704	8 772 428
Water	201 722 675	204 675 975
	211 824 379	**213 448 403**

29. Contracted services

Outsourced Services		
Call Centre	5 199 287	7 683 353
Professional Services	8 151 856	12 257 871
Water Research	861 687	4 633 781
Security Services	19 635 954	11 952 391
Sewerage Services	10 088 460	9 727 720
Water Takers	72 729 715	75 936 865

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Contracted services (continued)

Consultants and Professional Services		
Business and Advisory	35 003 996	40 300 215
Infrastructure and Planning	30 423 505	32 631 910
Contractors		
Maintenance of facilities, vehicles and equipment	32 140 089	13 844 621
	214 234 549	**208 968 727**

30. Transfer and subsidies

Other subsidies		
Rural sanitation toilets transferred	41 657 989	-
Transfers to community	27 588 380	14 359 402
	69 246 369	**14 359 402**

31. General expenses

Advertising	651 167	631 649
Assessment rates & municipal charges	1 336 956	2 055 482
Auditors remuneration	6 210 142	5 509 049
Bank charges	92 157	90 226
Legal fees	11 993 500	10 131 398
Refreshments, entertainment and wellness	841 095	1 104 284
Insurance	1 467 713	101 817
Community development and training	2 737 015	1 440 180
Conferences and seminars	1 697 269	2 688 846
IT expenses	16 113	296 965
Fuel and oil	1 482 549	1 955 745
Printing stationery and publications	2 249 030	1 962 082
Protective clothing	18 660	185 000
Royalties and license fees	376 415	94 328
Bursaries	1 489 387	799 249
Software expenses	3 470 237	2 311 880
Subscriptions and membership fees	1 940 721	1 903 329
Telephone and fax	775 461	1 293 247
Training	2 678 530	1 669 215
Accommodation, transport, travel and subsistence	3 055 363	3 470 084
Assets expensed	377 556	567 629
Refuse	16 433	67 533
Funeral assistance	25 000	57 000
	44 998 469	**40 386 217**

32. Fair value adjustments

Investment property	(200 000)	807 800

Fair value adjustments relate to investment property adjustments, the effective date of the revaluation was 30 June 2025. The revaluation were performed by independent valuers, Segopane Associates (Pty) Ltd.

33. Impairment loss

Impairments		
Property, plant and equipment	181 722	268 685

Figures in Rand	2025	2024

34. Auditors' remuneration

	2025	2024
Fees	6 210 142	5 509 049

35. Cash generated from operations

	2025	2024
Surplus	341 098 143	300 749 421
Adjustments for:		
Depreciation and amortisation	120 457 451	103 249 465
Fair value adjustments	200 000	(807 800)
Impairment deficit	181 722	268 685
Debt impairment	4 936 718	2 030 808
Actuarial gains/Losses	6 229 658	(910 159)
Movements in provisions	3 111 214	2 702 903
Changes in working capital:		
Inventories	(18 126 504)	(41 657 989)
Other receivables from non-exchange transactions	(6 908 139)	(3 744 172)
Prepayments	1 015 843	(797 446)
Trade and other payables from exchange transactions	55 100 606	207 678 069
VAT	(414 270)	8 507 036
Payable from non-exchange transactions	(407 612)	-
Unspent conditional grants and receipts	7 533 162	(61 282 745)
Retention movement	37 259 179	(86 358 421)
	551 267 171	**429 627 655**

36. Financial instruments disclosure

Categories of financial instruments

30 June 2025

Financial assets

	At amortised cost	At cost	Total
Other receivables from non-exchange transactions	5 572 898	-	5 572 898
Cash and cash equivalents	-	186 730 761	186 730 761
	5 572 898	**186 730 761**	**192 303 659**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	787 490 152	787 490 152

30 June 2024

Financial assets

	At amortised cost	At cost	Total
Other receivables from non-exchange transactions	3 601 476	-	3 601 476
Cash and cash equivalents	-	194 340 648	194 340 648
	3 601 476	**194 340 648**	**197 942 124**

Financial liabilities

	At amortised cost	Total

Figures in Rand	2025	2024

36. Financial instruments disclosure (continued)

Trade and other payables from exchange transactions	732 389 548	732 389 548
Trade and other payables from non exchange transactions	407 612	407 612
	732 797 160	**732 797 160**

Figures in Rand	2025	2024

37. Contingencies

Contingent liabilities and Contingent assets

Contingent Liabilities

Contingent liabilities incurred relating to the municipality, are as follows:

	2025	**2024**
TEBE GV August 2022 Mr. Tebe was allegedly involved in an accident between Schweizer Reneke and Wolmaranstad and he is suing, inter alia, the Municipality. Morwaagae Attorneys were appointed to defend the matter.	2 750 000	2 750 000
LEKWE-TEEMANE LOCAL MUNICIPALITY // MAGALIES WATER BOARD AND DR RUTH SEGOMOTSI MOMPATI DISTRICT MUNICIPALITY CASE NO: J2745/18Lekwe- Teemane instituted proceedings against Sedibeng Water (Magalies Water Board) on the 26 of January 2021, before its disestablishment claiming an amount of R61 613 191.27 and Dr Ruth S Mompati is cited as the third Defendant.	61 613 191	61 613 191
Dr Ruth Segomotsi Mompati District Municipality Vs Murray & Dickson Construction (Pty) Ltd Eigenbau joint venture Ref: Mr Kgomo/KA.R0034/CIV Murray and Dickson were appointed for the construction of Vryburg Water Treatment Plant and the alleges that they are owed for worked done to the amount of 17 479 433.3	17 479 433	17 479 433
Theron Jordaan and Smit Inc obo Dephethogo Trading and Security. Dephethogo Trading and Security alleges unpaid amount of R3 509 399.76 for services rendered. We have appointed TMK Attorneys to defend the matter. Amounts were paid.	-	3 509 399
Pennells Attorneys obo LEPOGO Construction JV. Lepogo Construction is suing the Municipality R7 001 886,19 for outstanding payment. We have appointed Morwaagae Attorneys to defend the matter.	7 001 886	7 001 886
BAATEGE KB The plaintiff alleges that she fell into the trenches in Huhudi and suffered damages from both District Municipality and Naledi Local Municipality(Liability split equally until additional information is available)	400 000	400 000
Onno Fortuin CASE NUMBER 2775/2023 October 2023Onno Fortuin is suing the Municipality for alleged non payment for work at Vryburg Water Treatment plant	6 984 634	6 984 634
WCYBER Green droplets JV Contract was terminated in January 2025. The service provider claims the SLA was cancelled before the end of the duration as stipulated. They claim settlement for the remainder of the contract. Our own estimate of the claim is R12 819 724.20	12 819 724	-
Modiboa Attorneys v Dr. RSM DM Modiboa Attorneys has taken the Municipality to the North West High Court claiming an amount of R5 596 303.44 for alleged non payment of service rendered.	5 596 303	-
	114 645 171	**99 738 543**

Contingent Assets

Contingent asset/s incurred relating to the municipality, are as follows:

				2025	**2024**
Dr Ruth Segomotsi Mompati District Municipality vs CMS Water Technologies cc March 2023 CMS Water Technologies were appointed for upgrading of water treatment works in Bloemhof: Electrical work and has not commenced and we have appointed lawyers to recover money spent. We appointed Mpoyana Ledwaba Attorneys to recover damages and/or seek specific performance	-	-	-	7 000 000	7 000 000

Figures in Rand				2025	2024
37. Contingencies (continued)					
The AG raised Material Irregularity in the awarding of VAT Recovery tender to PK's Financial services and they have advised that we must recover the money spent on PK's Financial Services. We have appointed De Swardt Myambo Hlahla Attorneys to advise as to the possibility of recovery.	-	-	-	3 500 000	3 500 000
	-	**-**	**-**	**10 500 000**	**10 500 000**

Figures in Rand	2025	2024

38. Related parties

Relationships	
Accounting Officer	Mr Itumeleng Jonas Municipal Manager
Chief Financial Officer	Mr Morena Mofokeng Acting Chief Financial Officer from 01 May 2022 to 31 December 2024. Mr Lethlogonolo Chacha Acting CFO from January 2025 to June 2025
Members of key management	Mr MP Swarts was appointed acting senior manager corporate services from 1 March 2024 to 30 June 2025 Mr Monyeke was appointed as senior manager - Planning and development from 01 September 2023 to 30 June 2025 Mr Maruping was appointed as Senior manager - Engineering from 1 August 2023 to 31 December 2024. Mr E Matope was acting as a Senior Manager - Engineering from 01 January 2025 to 30 June 2025 Mrs Moheta Agnes was acting as a Senior manager - EDTA from 01 July 2023 to 30 June 2025 Mr K Vogt appointed as a Senior manager - Community services from 01 June 2020 to 31 May 2025. Mr E Lepomane was appointed acting senior manager community services from 01 June 2025 to 30 June 2025. Ms T Molise was appointed as a Senior Manager Internal Audit from 01 Agust 2023 to 30 June 2025
Councillors	Executive Mayor (Cllr MA Maje, appointed on 26 May 2022) Speaker (Cllr K Sereko, appointed on 8 November 2021) MMC Technical (Cllr S Seepamere, appointed on 26 May 2022) MMC EDTA (Cllr ST Matobo, appointed on 26 May 2022) MMC Corporate Services (Cllr LC Jacobs, appointed on 26 May 2022 MMC Community Services (B Setlhabetsi-Mokone, appointed on 26 May 2022) MMC Budget and Treasury (NG Masilo, appointed on 26 May 2022 MMC Planning and Development (KL Duiker, appointed on 26 May 2022) Cllr KM Lekgotla MPAC, Dr Ruth Segomotsi Mompati District Municipality Cllr GK Nthebotsenyane, Indirectly elected Cllr B Pusho, indirectly elected Greater Taung Local Municipality Cllr R Molehe, indirectly elected Naledi Local Municipality Cllr NP Tunyiswa, indirectly elected Naledi Local Municipality was replaced by Mr OD Koepile Cllr BM Nkewu, indirectly elected Greater Taung Local Municipality

Related party transactions

For remuneration of key mangement officials refer to note 22

38. Related parties (continued)

Remuneration of management

Management class: Councillors

30 June 2025

Name	Basic salary	Travel allowance	Telephone allowance	Housing allowance	Medical, Pension and UIF	Total
Mr TA Babuile	202 343	120 043	47 004	87 636	31 318	488 344
Ms PL Babuseng	10 052	31 496	-	38 363	490	80 401
Mrs KI Duiker	312 845	213 818	-	204 894	5 983	737 540
Mr JW Dibakwe	210 981	119 620	47 004	103 690	43 296	524 591
Mrs ML Gxaweni	173 413	111 742	44 098	119 056	3 894	452 203
Mr CP Herbst	310 237	27 761	47 004	42 537	4 203	431 742
Mr LC Jacobs	317 249	123 371	-	165 546	5 467	611 633
Mr OD Keopile	8 793	15 433	-	14 878	263	39 367
Ms EG Letebele	19 292	25 003	-	23 239	485	68 019
Mr KM Lekgotla	350 104	92 824	-	99 260	4 788	546 976
MM Mkandawira	308 023	25 226	47 004	45 218	4 221	429 692
Mr RL Modise	8 349	27 219	-	22 450	334	58 352
Mis NG Masilo	280 608	153 874	-	163 479	5 063	603 024
Mrs JK Masilo	7 367	92 447	-	90 442	1 109	191 365
Mrs R Molehe	8 349	25 517	-	28 450	434	62 750
Mr MA Maje	714 281	177 853	47 004	310 489	12 053	1 261 680
Mrs Morapedi - Letele	8 349	104 468	-	100 450	1 166	214 433
Mrs LJ Mothibi	210 981	159 523	47 004	182 530	4 774	604 812
Miss ST Matobo	473 184	247 747	47 004	261 569	8 995	1 038 499
Ms GK Nthebotsenyane	18 262	204 729	-	115 381	1 568	339 940
Mr KK Maamogwa	283 665	173 310	47 004	104 162	32 165	640 306
Ms BM Nkewu	8 594	146 192	-	107 752	1 373	263 911
Miss MM Ntjilo	283 665	86 188	47 004	97 503	4 486	518 846
Ms B Pusho	8 594	24 319	-	52 552	628	86 093
Mr TS Phokoje	49 420	103 740	-	72 948	1 562	227 670
Miss KC Rooibaatjie	8 840	21 264	-	21 454	320	51 878
Mrs K Sereko	504 370	277 057	47 004	246 864	78 445	1 153 740
Mrs B Sethlabetsi - Mokone	550 974	274 281	47 004	247 049	91 689	1 210 997
Mrs S Seepamere	280 608	143 739	-	139 479	4 835	568 661
Mr TJ Thetshwe	16 204	26 463	-	23 155	452	66 274
	5 947 996	**3 376 267**	**561 142**	**3 332 475**	**355 859**	**13 573 739**

30 June 2024

Name	Basic salary	Travel allowance	Telephone allowance	Housing allowance	Medical Pension and UIF	Total
Mr TA Babuile	214 673	86 689	53 208	90 122	30 533	475 225
Ms PL Babuseng	7 924	43 812	-	57 852	536	110 124
Mrs KL Duiker	312 003	219 008	-	271 201	6 465	808 677
Mr JW Dibakwe	214 672	103 788	53 208	76 139	54 426	502 233
Mr CP Herbst	221 316	57 224	53 208	95 558	4 140	431 446
Mr LC Jacobs	301 083	140 521	-	197 352	5 459	644 415
Mr OD Keopile	3 721	4 330	-	6 050	94	14 195
Mr GD Kgabo	213 251	53 313	51 119	88 798	3 958	410 439
Ms EG Letebele	30 148	63 349	-	62 712	1 021	157 230
Mr KM Lekotla	254 536	148 982	-	171 457	4 837	579 812

38. Related parties (continued)

Mr Mkandawira	211 905	111 884	52 691	159 200	4 616	540 296
Mr RL Modise	7 924	42 602	-	59 302	551	110 379
Miss NG Masilo	301 084	154 922	-	195 452	5 605	657 063
Mrs JK Masilo	7 924	69 386	-	69 201	760	147 271
Mrs R Molehe	8 169	20 474	-	10 704	231	39 578
Mr MA Maje	678 376	169 594	53 208	329 907	11 859	1 242 944
Mrs MS Morapedi Letele	7 924	52 124	-	49 102	520	109 670
Mrs LJ Mothibi	214 672	162 125	53 208	205 950	4 890	640 845
Mr ST Matobo	507 833	156 478	53 208	237 497	9 029	964 045
Miss GK Nthebotsenyane	26 729	179 471	-	154 184	1 786	362 170
Mr Maamogwa	181 457	99 068	53 208	96 448	21 590	451 771
Ms BM Nkewu	7 924	119 984	-	117 202	1 118	246 228
Miss MM Ntjilo	214 664	115 802	53 208	163 300	4 567	551 541
Ms B Pusho	7 924	38 463	-	47 576	464	94 427
Mr TS Phokoje	75 378	76 722	3 400	65 251	1 748	222 499
Miss KC Rooibatjie	7 924	8 275	-	11 552	188	27 939
Mrs K Sereko	542 675	192 315	53 208	218 855	109 161	1 116 214
Mrs B Sethlabetsi - Mokone	507 833	318 716	53 208	302 868	90 008	1 272 633
Mrs S Seepamere	301 084	159 881	-	159 888	5 368	626 221
Mr TJ Thetswe	26 974	39 345	-	40 089	726	107 134
Mis NP Tunyiswa	5 446	1 362	-	2 269	88	9 165
	5 625 150	**3 210 009**	**639 290**	**3 813 038**	**386 342**	**13 673 829**

Figures in Rand	2025	2024

39. Prior period errors

Payable from exchange transactions

Invoices relating to general expenditure were erroneously omitted in the 2024 financial year. Invoice to the amount of R290 998.31 including VAT of R9 175.05 and R438 519.54 including VAT of R22 402.65 for legal fees and R19500 for Advertising all amounts inclusive of VAT.

Magalies wrote of debt to the amount fo R447 900153 due to the fact that the amounts could not be substantiated. We have processed a journal to clear the debt. VAT on the debt is R57 512 257,21 and R390 382 896 excluding VAT amount.

Stellalander invoices to the amount of R385 733 were erroneously omitted from the records. We have raised the invoices in the prior period. The VAT thereof on the amount was R47 370.83 and the amount excluding VAT is R338 363

VAT Receivable

Invoices relating to general expenditure were erroneously omitted in the 2024 financial year. Invoice to the amount of R290 998.31 including VAT of R9 175.05 and R438 519.54 including VAT of R22 402.65 for legal fees.

Stellalander invoices to the amount of R385 733 were erroneously omitted from the records. We have raised the invoices in the prior period. The VAT thereof on the amount was R47 370.83 and the amount excluding VAT is R338 363

Magalies wrote of debt to the amount fo R447 900153 due to the fact that the amounts could not be substantiated. We have processed a journal to clear the debt. VAT on the debt is R57 512 257,21 and R390 382 896 excluding VAT amount.

Nedfleet card transactions were erroneously captured inclusive of VAT to the amount of R5060.83. A journal has been processed to reclassify the amount from General expenses to VAT

Property, Plant and equipment

The depreciation expense on movable assets was incorrectly calculated in the 2024 financial year, resulting in the understatement of depreciation by the factual amount of R346 350.90 and overstatement of accumulated surplus by the same amount

An adjustment was made on transfer amounts to infrastructure from WIP to the amount of R62 445 957.62. the corresponding depreciation on this amount was calculated as R1 345 122.48

Invoices realting to the dry sanitation project to the amount of R6 906 135 excluding VAT were erroneously captured under WIP for infrastructure assets. The invoices have been reclassified to Inventory

An adjustment was made on transfer amounts to infrastructure from WIP to the amount of R14 127 514.48 the corresponding depreciation on this amount was calculated as R156 972.38

Refurbishment of Christiana water purification Cert1 to the amount of R2 436 328.12 for feasibility studies was incorrectly captured under WIP. A journal has been processed to reclassify the amount to contracted services.

Inventories

Invoices realting to the dry sanitation project to the amount of R6 906 135 excluding VAT were erroneously captured under WIP for infrastructure assets. The invoices have been reclassified to Inventory.

General Expenditure

Invoices relating to general expenditure were erroneously omitted in the 2024 financial year. Invoice to the amount of R290 998.31 including VAT of R9 175.05 and R438 519.54 including VAT of R22 402.65 for legal fees and R19500 for Advertising all amounts inclusive of VAT

Nedfleet card transactions were erroneously captured inclusive of VAT to the amount of R5060.83, Finance costs to the amount of 14 397.14 and repairs and maintenance of 324 142.55. A journal has been processed to reclassify the amount from General expenses to VAT.

Finance costs

39. Prior period errors (continued)

Nedfleet card transactions were erroneously captured inclusive of Finance costs to the amount of 14 397.14 A journal has been processed to reclassify the amount from General expenses to VAT.

Depreciation expense

The depreciation expense on movable assets was incorrectly calculated in the 2024 financial year, resulting in the understatement of depreciation by the factual amount of R346 350.90 and overstatement of accumulated surplus by the same amount.

An adjustment was made on transfer amounts to infrastructure from WIP to the amount of R62 445 957.62. the corresponding depreciation on this amount was calculated as R1 345 122.48

An adjustment was made on transfer amounts to infrastructure from WIP to the amount of R14 127 514.48 the corresponding depreciation on this amount was calculated as R156 972.38

Contracted services

Refurbishment of Christiana water purification Cert1 to the amount of R2 436 328.12 for feasibility studies was incorrectly captured under WIP. A journal has been processed to reclassify the amount to contracted services.

Raw water expenses to the amount of R204 675 975 have been reclassified to Bulk purchase in the 2024 Financial year.

Nedfleet card transactions were erroneously captured inclusive of repairs and maintenance of 324 142.55. A journal has been processed to reclassify the amount from General expenses to VAT

Accumulated surplus

The depreciation expense on movable assets was incorrectly calculated in the 2024 financial year, resulting in the understatement of depreciation by the factual amount of R346 350.90 and overstatement of accumulated surplus by the same amount.

An adjustment was made on transfer amounts to infrastructure from WIP to the amount of R62 445 957.62. the corresponding depreciation on this amount was calculated as R1 345 122.48

An adjustment was made on transfer amounts to infrastructure from WIP to the amount of R14 127 514.48 the corresponding depreciation on this amount was calculated as R156 972.38

Invoices relating to general expenditure were erroneously omitted in the 2024 financial year. Invoice to the amount of R290 998.31 including VAT of R9 175.05 and R438 519.54 including VAT of R22 402.65 for legal fees and R19500 for Advertising all amounts inclusive of VAT.

Magalies wrote of debt to the amount fo R447 900153 due to the fact that the amounts could not be substantiated. We have processed a journal to clear the debt. VAT on the debt is R57 512 257,21 and R390 387 896 excluding VAT amount.

Refurbishment of Christiana water purification Cert1 to the amount of R2 436 328.12 for feasibility studies was incorrectly captured under WIP. A journal has been processed to reclassify the amount to contracted services.

Stellalander invoices to the amount of R385 733 were erroneously omitted from the records. We have raised the invoices in the prior period. The VAT thereof on the amount was R47 370.83 and the amount excluding VAT is R338 363

VAT on Mamusa Inv (GRV3730) was incorrectly reversed. a journal entry was raised to capture it. The VAT Amount was R25 245 relating to Mamusa MIG provincial infrastructure grant.

Actuarial gains were adjusted due to the adjustments on the pensioners listing. The adjustment resulted in an increase in the remeasurement of Post Employment medical Aid benefits by an amount of R689 323. A journal has been processed to incorporate this adjustment.

Nedfleet card transactions were erroneously captured inclusive of VAT to the amount of R5 060.83. A journal has been processed to reclassify the amount from General expenses to VAT

39. **Prior period errors (continued)**

Employee benefits Obligations

Employee benefits obligations were adjusted due to the adjustments on the pensioners listing. The adjustment resulted in an increase in the remeasurement of Post Employment medical Aid benefits by an amount of R81 281 to the current portion and R770 604 decrease to the non current portion. A journal has been processed to incorporate this adjustment

Payable from non exchange.

VAT on Mamusa Inv (GRV3730) was incorrectly reversed. a journal entry was raised to capture it. The VAT Amount was R25 245 relating to Mamusa MIG provincial infrastructure grant.

Actuarial gains

Actuarial gains were adjusted due to the adjustments on the pensioners listing. The adjustment resulted in an increase in the remeasurement of Post Employment medical Aid benefits by an amount of R689 323. A journal has been processed to incorporate this adjustment.

Irregular Expenditure

The irregular expenditure amount was adjusted by R282 903 784 as at 30 June 2024 relating to irregular expenditure incurred during the year which was erroneously omitted in the 2024 financial year. Furthermore, the irregular expenditure for year ending 30 June 2023, was adjusted by R32 866 755.

Commitments

Commitments to the amount of R17 873107 was erroneously omitted from the register. The commitment amount has been adjusted to include the appointment.

Bulk purchases

Raw water expenses to the amount of R204 675 975 have been reclassified to Bulk purchase in the 2024 Financial year from contracted services.

Unauthorised expenditure1

We recalculated unauthorised expenditure for 2024 financial year taking into account adjustments from financial year 2019 and the adjustment was an increase in unauthorised expenditure of R166 447 706.

Contingent liabilities

A contingent liabilities for arising from Onno Fortuin CASE NUMBER 2775/2023, Baateke KB and Theron Jordan to the amount of R 6 984 634, R200 000 and R3 509 399 respectively was omitted from the AFS. the contingent liabilities have now been Disclosed.

Contingent liability arising from Mohlala Attorneys case number 2019/01/14 2515/2019 To the amount of R3 500 000 was erroneously included in the register. The case was finalised in October 2023. The matter has been removed from the AFS

contingent liability arising from Morweng Attorneys 2020/03/04 Obo Vince Homes case number 3137/2019 to the amount of 6 251 728.35 was erroneously included in the register. Judgement on the matter was given in 2021 March. the matter has been removed from the Register.

CASE NO: J2745/18Lekwe- Teemane instituted proceedings against Sedibeng Water (Magalies Water Board) on the 26 of January 2021, before its disestablishment claiming an amount of R61 613 191.27 and Dr Ruth S Mompati is cited as the third Defendant. Was omitted from the register. The case hace been included

Dr Ruth Segomotsi Mompati District Municipality Vs Murray & Dickson Construction (Pty) Ltd Eigenbau joint venture Ref: Mr Kgomo/KA.R0034/CIV Murray and Dickson were appointed for the construction of Vryburg Water Treatment Plant and the alleges that they are owed for worked done to the amount of 17 479 433.3. This case had been exluded. We have included in the AFS

Figures in Rand	2025	2024

39. Prior period errors (continued)

Cashflow Statement

Adjustment to property plant and equipment to the amount of R9 342 463 resulted in a restatement of purchase of property plant and equipment on the face of cashflow statement and restatement of casshflow from operating activities on the face of cashflow statement.

The correction of the error(s) results in adjustments as follows:

	2025	2024
Statement of Financial Position		
Property, plant and equipment (decrease)	-	(11 190 908)
Payable from exchange transactions (Increase)	-	446 765 402
VAT Receivable decrease	-	(57 428 247)
Inventories Increase	-	6 906 135
Employee benefits obligations (current) (Increase)	-	(81 281)
Employee benefits obligations(Non current) Decrease	-	770 604
Payable from non exchange decrease	-	25 245
Statement of financial performance		
Depreciation expense Increase	-	(1 848 445)
General expenditure Increase	-	(373 839)
Contracted services decrease	-	201 915 504
Bulk purchases (Increase)	-	(204 675 975)
Actuarial gains increase	-	689 323
Finance costs increase	-	(14 397)

Cash Flow Statement for the period ended 30 June 2025

	2025	2024
Cash flow from operating activities		
Payments to suppliers as previously reported	-	(390 336 929)
Inventories incorrectly sitting as WIP	-	(9 342 463)
	-	**(399 679 392)**
Cash flow from investing activities		
Purchase of property plant and equipment as perviously reported	-	443 751 868
Adjustments 2023/24	-	(9 342 469)
	-	**434 409 399**
Commitments		
Opening balance as previously reported	-	1 069 616 815
Adjustments 2023/2024	-	17 873 107
	-	**1 087 489 922**
Fruitless and wasteful Expenditure		
Opening balance as previously reported	-	17 359 581
Adjustments 2023/2024	-	129 869
	-	**17 489 450**

Figures in Rand	2025	2024

39. Prior period errors (continued)

Irregular expenditure

	2025	2024
Opening balance as previously reported	-	2 165 967 141
Adjustment for 2023	-	32 866 755
Adjustments fro 2024 Expenditure	-	282 903 784
Restated balance	**-**	**2 481 737 680**

Unauthorised expenditure
Terms and conditions

	2025	2024
Opening balance as previously reported	-	1 404 160 358
Adjustment for 2024	-	155 111 271
Adjustments 2023	-	11 336 436
Restated balance	**-**	**1 570 608 065**

Contingent Liabilities
Terms and conditions

	2025	2024
Opening balance as previously reported	-	19 703 614
Adjustments	-	565 342 744
Restated opening balance	**-**	**585 046 358**

40. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

30 June 2024

	Note	As previously reported	Correction of error	Restated
Payable from exchange transactions		(1 179 154 949)	446 765 401	(732 389 548)
Property plant and equipment		4 065 432 395	(11 190 908)	4 054 241 487
VAT Receivable		148 364 804	(57 428 247)	90 936 557
Inventories		34 751 854	6 906 135	41 657 989
Employee benefits obligations(Current)		(2 830 041)	(81 281)	(2 911 322)
Employee benefits (Non current)		(44 438 995)	770 604	(43 668 391)
Payable from non exchange		(432 857)	25 245	(407 612)
		3 021 692 211	**385 766 949**	**3 407 459 160**

Statement of financial performance

30 June 2024

	Note	As previously reported	Correction of error	Restated
Bulk Purchases		(8 772 428)	(204 675 975)	(213 448 403)
Actuarial gains		5 206 621	689 323	5 895 944
Contracted services		(410 884 231)	201 915 504	(208 968 727)
General expenditure		(40 012 376)	(373 839)	(40 386 215)
Depreciation		(101 401 019)	(1 848 445)	(103 249 464)
Finance costs		(6 451 646)	(14 397)	(6 466 043)
Surplus for the year		**(562 315 079)**	**(4 307 829)**	**(566 622 908)**

Figures in Rand	2025	2024

41. Risk management

Financial risk management

Liquidity risk

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

The municipality is exposed to the following liquidity risks:

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	787 490 152	-	-	-

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	732 389 548	-	-	-

Credit risk

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

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

No credit limits were exceeded during the reporting period, and management does not expect any surplus from non-performance by these counterparties.

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

Financial instrument	30 June 2025	30 June 2024
Receivable from exchange transactions	5 572 898	3 601 477
Cash and Cash equivalents	186 730 761	194 340 648

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 is exposed to interest rate fluctuation on interest charged by creditors.

42. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of 3 947 528 853 and that the municipality's total assets exceed its liabilities by 3 947 528 853.

Management considered the following matters relating to the going concern assumption:

- The 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 receives conditional grants and equitable share every year. This aids the municipality in the realisation of assets and settlement of liabilities,contingent obligations and commitments.

42. Going concern (continued)

- The municipality’s budget is subjected to a very rigorous independent assessment process to assess its cash backing status before it is ultimately approved by Council

- Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.This basis presumes that funds will be available to finance future operations and that the realisation of assets andsettlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The following events and conditions that may cast significant doubt about the going concern assumption have been analyzed as at 30 June 2025 and conclusion made on each of them.

A - Financial events

1. Net current liability position
We have assessed that the municipality’s financial position at 30 June 2025 and the municipality is at a net liability position.The municipality has a net current liability position where the current liabilities exceed the current assets by R471 748 048, which casts doubt on the municipality’s ability to pay all its current liabilities in the normal course of operations. The municipality has a net asset of R3 947 528 853 as at 30 June 2025. This means that the Municipality will be in a position to pay off all its liabilities during the normal course of operations.

2. **Financial support by debtors and creditors**

All creditors are paid within a reasonable time except for the amount owed to Sedibeng /Magalies Water with a balance of R616 380 930.26 at the end of 30 June 2025. The municipality received a debt write off from Magalies of R447 900 154,85. This is a significant milestone towards the financial stability of the municipality.

The accounts receivable R91m is mainly from amounts payable by SARS on VAT outstanding. Even though there is a low debt recoverability rate there is no deliberate intention by debtors to withdraw financial support.

3**. Operating cash flows**
We have assessed the operating cash balance of the municipality for two financial periods ending 30 June 2025.The municipality showed a net positive cash flow of R186 730 761 and R194 340 647.85 for 30 June 2025 and June 2024 financial years respectively. We also inspected the approved budget for 2024 financial year and it also shows a positive net cash flow. There are no negative operating cash flows indicated by historical and prospective financial information.

4**. Key financial ratios**

The current ratio shows that the municipality’s current liabilities exceed its current assets. The ratios for the two years are below the treasury threshold of 1.5:1, however, 90.79% of the trade payables is made up of amounts owed to one supplier Sedibeng /Magalies Water.

B - Other operating events

1**. Key Management turnove**r
Senior management positions have been on an acting capacity due to the resignation of the Chief Financial officer and termination of Senior Manager Corporate as at 30 June 2025.

2. Legal proceedings
The municipality has contingent liabilities amounting to the value of R114 645 171 which could severely impact the municipality's cash inflows should the alleged actions become successful.

3. Grant funding
The municipality has an unfunded budget which may impact on its ability to receive equitable share timeously . However, the municipality also noted that in terms of the Division of Revenue Act (DORA), treasury has apropriated equitable share that are increasing over the years. (There is no decline in grant funding for operations). There is also no indication from treasury to stop continued funding to the municipality.

42. Going concern (continued)

Conclusion
Management after analyzing all the indicators on the going concern assumption as documented above conclude that there are material factors that may cast doubt on the municipality's ability to continue as a going concern.

43. Commitments

Authorised capital expenditure

	2025	2024
Already contracted for but not provided for		
• Property, plant and equipment	497 453 363	1 087 489 922
Total capital commitments		
Already contracted for	497 453 363	1 087 489 922

Total commitments

	2025	2024
Total commitments		
Authorised capital expenditure	497 453 363	1 087 489 922

This committed expenditure relates to plant and equipment and will be financed by available bank facilities conditional and unconditional grants, existing cash resources and funds internally generated.

Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the municipality for the provision of automated telephone and printing services and rental of offices The lease agreement the offices lapsed 28 February 2024 and the automated telephone agreement ended January 2022. The agreements continued on a month to month hence no commitment at year end.

44. Unauthorised expenditure

	2025	2024
Opening balance restated	1 570 608 065	1 075 307 339
Add: Unauthorised expenditure - current	322 973 643	495 300 726
Less: Council write off	(259 597 833)	-
Closing balance	**1 633 983 875**	**1 570 608 065**

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

	2025	2024
Non-cash	28 916 084	11 384 933
Cash	294 057 558	483 915 793
	322 973 642	**495 300 726**

Unauthorised expenditure: Budget overspending – per municipal department:

	2025	2024
Vote 1 Municipal manager	4 433 576	1 904 132
Vote 2: Community and social services	3 139 883	1 427 695
Vote 8: Environmental Health	1 747 657	876 725
Vote 5: Finance	29 955 945	-
Vote 7: Corporate	11 384 554	-
Vote 8:Technical	268 971 510	102 753 319
Vote 4: Executive	8 952	-
Vote 5 Finance	665 081	-
Vote 7 Corporate services	2 666 486	-
Vote 8 Technical	-	388 338 855
	322 973 644	**495 300 726**

Figures in Rand	2025	2024

44. Unauthorised expenditure (continued)

Recoverability steps taken/criminal proceedings

No unauthorised expenditure instances have been recovered from the municipal officials and no criminal charges have been laid against any official.

Disciplinary steps taken/criminal proceedings

No disciplinary steps have been taken on unauthorised expenditure identified in the current and previous financial years.

45. Fruitless and wasteful expenditure

	2025	2024
Opening balance as previously reported	17 489 450	16 896 984
Add: Fruitless and wasteful expenditure identified - current	2 129 523	592 466
Less: Amount recovered - current	(3 200)	-
Closing balance	**19 615 773**	**17 489 450**

Fruitless and wasteful expenditure is presented inclusive of VAT

Fruitless & Wasteful expenditure tabled before Council and the report was referred to the Municipal Public Accounts Committee. The list of investigations by MPAC not concluded and no case has been reported to South African Police Service.

Disciplinary steps taken/criminal proceedings/recoveries

The MPAC is busy with the investigations to establish instances which led/has led to non-compliance with the supply chain. management pre-scripts. No instances of fruitless and wasteful has been written-off. Instances of overpayments is set to be recovered from the suppliers in the new financial year ending 30 June 2025. However, an amount of R2000 from Reel Multimedia was recovered during the year ending 30 June 2024.

45. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings	2025	2024
Interest charged by Eskom	No disciplinary action taken	42 462	8 290
Interest charged by Telkom	No disciplinary action taken	97 486	164 336
Interest charged by and overpayments to Auditor General	No disciplinary action taken	677 774	-
Instances of overpayments to suppliers	No disciplinary action taken	686 100	53 983
Interest charged by Nebank	No disciplinary action taken	9 850	-
Storage costs Lektratek Water Technology	No disciplinary action taken	615 851	242 309
Interest charged by greater Taung Local Municipality	No disciplinary action taken	-	32 168
		2 129 523	**501 086**

Figures in Rand	2025	2024

46. Irregular expenditure

Opening balance as previously reported	2 481 737 680	1 919 126 686
Add: Irregular expenditure - 2023 Adjustment	-	32 866 755
Add: Irregular expenditure - 2024 adjustment	-	282 903 784
Add: Irregula expenditure - 2025	526 913 924	246 840 455
Less: Amount written off - current	(959 304 851)	-
Closing balance	**2 049 346 753**	**2 481 737 680**

Figures in Rand	2025	2024

46. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Awards made to suppliers whose tax affairs were not in order/confirmed		15 234 679	14 154 471
Roster not applied in line with SCM policy		-	7 383 993
Non compliance with SCM regulation par 29(2)		-	18 968 417
SCM processes not resumed after expiry ofcontract		8 656 181	9 128 918
Prescribed SCM processes not followed		124 816 733	148 768 658
Non-compliance with PPPFA Regulation 2023 on specific goals		96 215	2 404 779
Non compliance with SCM Regulatiomn par. 28 and par. 38 - Failure to disclose or failure to confirm the winning bidder's account for municipal rates and taxes and municipal service charges		102 669 476	96 154 703
Non-compliance with SCM Regulation regarding subcontracting for contracts exceeding R30million		2 374 377	8 360 523
Points on functionality incorrectly awarded		15 976 099	1 775 122
Deviations due to poor planning or reasons not justifiable/ No deviation memo		66 506 239	17 578 150
Extension exceeding the 15% variation limit with no valid and acceptable reasons.		-	3 171 971
Failure to resume SCM processes upon expiry of emergency award		-	20 235 103
Awards made to persons in the service of state		-	178 300
Awards made to Suppliers whose business partners are in the service of the state		535 214	-
Bid for a transactions over R10 million not advertised for more than 30 days		6 673 386	8 567 568
Functionality criteria used to evaluate not specified in the original bid document		112 538 860	108 927 699
Functionality points awarded could not be confirmed		53 370 988	41 374 735
Declaration of interests not submitted		751 257	441 072

Figures in Rand	2025	2024
46. Irregular expenditure (continued)		
Three (3) quotes not obtained	328 513	1 466 639
Deliberate splitting into parts or items of smaller value for transactions to avoid procurement processes	844 031	97 945
Payments made exceeded contract value	15 479 475	20 605 474
No evidence of rotatoin of catering suppliers	62 200	-
	526 913 923	**529 744 240**

Cases under investigation

(2024: R1 522 432 829) cases related to non-compliance with procurement process requirements is under investigations

Figures in Rand	2025	2024

47. 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.

	2025	2024
In an emergency		
Road Lodge Rusternburg - Accomodation services	-	57 600
Xenadu Trading Enterprise - Provision of car rental services	-	57 200
Morongwe Media and Projects - Exhibition stands	-	186 300
Oreboi Trading Enterprise - Honey sucker services	-	2 097 000
Super Quick Taung	50 094	-
Mahbima - Sewer Jet services	256 680	-
Morgan Nissan Repairs and maintenance	18 975	-
Orange Toyota - Repairs and maintenance	216 628	-
Silverton Radiators	111 420	-
Vryburg Midas - Repairs and maintenance	3 208	-
	657 005	**2 398 100**
Goods or services only produced or available from single supplier		
Orange Toyota - Repairs and maintenance of vehicles	251 359	151 236
Commerce Edge South Africa (Pty) Ltd - 17th annual smart procurement worldindaba	-	39 122
Pro-Active College - Records Management Registry and mail management	-	65 340
IMESA Conference - IMESA conference at Port Elizabeth	-	8 900
Bodumedi Fm - Advertising	-	30 000
Morgan Nissan Stellalander - Repairs and maintenance of vehicles	34 546	43 184
Institute of Municipal People Practition South Africa - Course Training	73 700	25 400
Fire Protection Association of SA - Course Training	-	6 207
3 Sixty Degree Investment - Conference venue and catering	-	79 925
The Ethics Institute - Course training	3 949	29 988
WISA - WISA conference at Durban	-	63 929
CIGFARO	350 042	-
Institute of Internal Auditors SA	72 150	-
NWU Business school	8 500	-
Motsweding FM; Advert for Executive Mayor's 2025 bursaries on radio	39 951	-
SAGE South Africa (Pty) Ltd ; Sage 300 people payroll and HR Training	33 965	-
Institute of Management Accounting and Strategy - Municipal training	30 000	-
Institute of waste management of sothern africa: Membership fees	7 500	-
Adapt IT: Training of BTO officials	291 816	-
CIAGOLO SA	30 000	-
	1 227 478	**543 231**
Where it is impractical or impossible to follow SCM processes		
Xenadu Trading Enterprise - Provision of car rental services for the Mayor & WISAConf.	-	273 389
Tsanaryze travels - Provision of car rental services for the Speaker	-	49 000
Kay2 Zee Gee Tours	-	86 000
ZKV Group - Accommodation, transport and meals at Expo in Namibia	-	1 182 658
Orange Toyota - Service and repairs of fire vehicles	-	47 769
Huku Auto Engineering - Maintenance of fire vehicles	-	14 889
Basadzi Personnel - Advertising	-	101 701
Belle Travel Agency - Flights and accommodation services	-	145 548
Droza Construction and projects - Supply of new generator and maintenance of oldgenerator	-	897 746
Vaaltar FM - Placement of a Promo Activation ad services	-	9 600
Golden Building Construction - Catering for 200 people 4 days working on fire at Kagisano	-	64 000

Figures in Rand	2025	2024

47. Deviation from supply chain management regulations (continued)

Garne Trading and projects	-	39 500
Mahbhima: Sewer Jet	74 618	-
3 Sixty Degrees: Hiring of conference venue and catering	78 269	-
	152 887	**2 911 800**

Figures in Rand	2025	2024

48. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA

Opening balance	781 447	832 933
Current year subscription / fee	1 788 104	1 726 764
Amount paid - current year	(1 817 666)	(1 778 250)
	751 885	**781 447**

Audit fees

Opening balance	-	(27 425)
Current year subscription / fee	6 210 142	5 509 048
Amount paid - current year	(9 204 957)	(6 305 406)
Amount paid - previous years	-	(2 575)
VAT Charged on current year fee	931 521	826 358
Local municipality audit fee subsdy	1 385 573	-
	(677 721)	**-**

PAYE and UIF

Opening balance	(82 595)	-
Current year subscription / fee	41 132 025	37 209 899
Amount paid - current year	(39 260 416)	(37 292 494)
	1 789 014	**(82 595)**

Pension and Medical Aid Deductions

Current year subscription / fee	39 111 226	37 149 242
Amount paid - current year	(39 111 226)	(37 149 242)
	-	**-**

49. Budget differences

Material differences between budget and actual amounts

The initially budgeted amounts were adjusted as per the special adjustment budget. The reasons for the special adjustments are included in the special adjustment budget that is submitted in the audit file for the 2025 financial year. Below are reasons for significant and material variances between budget and actual:

A1: Sale of Goods – Municipality budgeted for sale of goods as per the MSCOA chart of account it is a standalone item. However, on the reporting side the item is grouped with other income.

A2: Investment revenue – The variance is due to utilising money market investment, resulting in higher interest yields than those offered by the primary bank account.

A3: Government grants and Subsidies – The variance is due to the budget including Municipal system Improvement grant that was never received due to the municipality not submitting the business plans and required supporting documents since MSIG is a reimburse grant.

A4: Other income – The variance is due to recovery of bad debt previously written off for VBS bank. The case is still on going and the amounts to be recovered cannot be easily predicted and when the amounts can be received is also not predictable. The amount was not budgeted for.

A5: Employee cost – The variance is due to overtime and acting allowances which were more in the current year than prior year. Moreover, the budget was too low compared to the actual amount for previous year.

A6: Remuneration of councillors – The variance is due to upper limits that are approved after the budget adjustment was finalised. Moreover, the budget was too low compared to the actual amount for previous year.

49. Budget differences (continued)

A7: Depreciation: – The variance is due to new significant projects transferred from Work in progress to infrastructure which resulted in increased in depreciation.

A8: Finance costs – The variance is due to the actuarial valuations which were not budgeted for as there are estimates.

A9: Operating leases – The variance is because operating leases agreements were on a month-to-month basis and could not be budgeted for appropriately since no appointments or adverts were made for leases.

A10: Debt impairment – The variance is due to no budget for impairments

A11: Contracted services, Bulk purchases and Inventory consumed – The budget is in line with the MSCOA Chart of Accounts. Bulk purchases were budgeted for under inventory. However, on presentation they are presented separately as raw water under bulk purchases and maintenance expenditure related to water under contracted services.

A12: Transfers and subsidies – The variance are due to rural sanitation toilets that were transferred from inventory to the community after successful completion at the date of the completion certificate. The rural sanitation toilets would be under Assets during construction and get expensed on completion.

A13: General expenses – Implementation of cost containment measures where only expenditure that is necessary was approved resulted in the variance.

A14: Receivable from non-exchange – The variance is due to the financial assistance (loans) granted to local municipalities to assist with their cash flow challenges. Receivable from non-exchange was not budgeted for. The budget was put under receivables from exchange.

A15: Vat receivable – The variance is due to increased expenditure on contracted services and capital expenditure..

A16: Cash and Cash equivalents - The budget premised under expenditure of grants based on the historic expenditure patterns of conditional grants. Therefore, an expectation of an inverse relationship between grant spending patterns and cash in hand.

A17: Property plant and equipment – Variance is a result of inventory for rural sanitation toilets that are budgeted for under property plant and equipment but on presentation are presented separately on the AFS. Also the budget considered additions and not consider depreciation for the budgeted financial year.

A18: Intangible assets – The under expenditure was due to the non-implementation of the document management system as the service providers were not responsive to the bid

A19: Other financial liabilities – The variance is due to the budget which was not revised since the loan from DBSA was paid off. In addition, the budget on the borrowings also covered the current portion of the DBSA loan

A20: Payable from exchange – The variance is due to accrual of the Magalies Water Board invoices which have increased at a pace that is higher than the financial means anticipated by the district.

A21: Employee benefit Obligations and provisions –The Variance is due to under budgeting by the district and not considering actuarial movements and interest impact the liability

A22: Payments to suppliers and employees - The variance is due to not budgeting for employee related costs and payment to suppliers separately on the cashflow statement. Also, explanations made under employee costs note A5 justify the overall variance.

A23 - Transfers and subsidies - The cashflow statement does not have transfers and subsides as separate line items. the effect is considered in the payments made to suppliers.

A25 - **Unspent conditional grants** - The variance was due to recovery of EQS by using payments from an incorrect period. the balnce came as a result of audit adjustments.

50. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The four business units comprise of:

Government and adminstration wich includes finance department, internal audit and executive and council.

Economic and environmental services whichh includes planning and environmental and protection services

Public safety

Trading services which includes water management, waste management and waste water management.

50. Segment information (continued)

Segment surplus or deficit, assets and liabilities

30 June 2025

	Government and administration	Economic and environmental services	Public safety	Trading services	Total
Revenue					
Governments grants and subsidies - Operational	207 608 387	62 111 965	44 079 476	199 005 424	512 805 252
Governments grants and subsidies - capital	-	1 920 000	-	666 671 839	668 591 839
Rental from Fixed Assets	1 662 869	-	-	-	1 662 869
Tender fees and insurance refund	328 676	-	-	-	328 676
Investment revenue	24 109 228	-	-	-	24 109 228
Other Income	27 900 000	-	-	-	27 900 000
Total	**261 609 160**	**64 031 965**	**44 079 476**	**865 677 263**	**1 235 397 864**
Expenditure					
Employee related costs	105 583 619	49 383 770	37 120 868	10 583 853	202 672 110
Remuneration of councillors	13 573 740	-	-	-	13 573 740
Depreciation and amortisation	7 509 124	145 606	3 969 697	108 833 089	120 457 516
Finance costs	5 786 631	107 336	-	-	5 893 967
Operational leases	5 264 108	-	475 000	-	5 739 108
Debt Impairment	4 936 718	-	-	-	4 936 718
Bulk Purchases	-	-	-	211 824 379	211 824 379
Contracted services	72 653 231	13 686 379	6 185 005	121 709 872	214 234 487
Transfers and subsidies	42 071 989	5 346 499	-	21 827 881	69 246 369
General expenses	40 758 570	930 739	3 295 159	13 999	44 998 467
Investment property Fair value adjustment	200 000	-	-	-	200 000
Actuarial gains and losses	341 138	-	-	-	341 138
Impairment loss	-	-	181 722	-	181 722
Total segment expenditure	**298 678 868**	**69 600 329**	**51 227 451**	**474 793 073**	**894 299 721**
Total segmental surplus/(deficit)	**(37 069 708)**	**(5 568 364)**	**(7 147 975)**	**390 884 190**	**341 098 143**

	Government and administration	Economic and environmental services	Public safety	Trading services	Total

50. Segment information (continued)

Assets

	Government and administration	Economic and environmental services	Public safety	Trading services	Total
Cash and cash equivalents	186 730 761	-	-	-	186 730 761
Trade and other receivables from exchange	5 572 898	-	-	-	5 572 898
Inventory	-	-	-	59 784 493	59 784 493
VAT receivable	91 350 826	-	-	-	91 350 826
Investment property	10 275 000	-	-	-	10 275 000
Property plant and equipment	41 832 298	471 346	22 313 873	4 392 586 176	4 457 203 693
Intangible assets	2 076 868	-	-	-	2 076 868
Total segment assets	**337 838 651**	**471 346**	**22 313 873**	**4 452 370 669**	**4 812 994 539**
Liabilities					
Trade and other payables from exchange transactions	(787 490 152)	-	-	-	(787 490 152)
Provision	(17 633 001)	-	-	-	(17 633 001)
Current liabilities: Employee benefit obligations	(2 530 711)	-	-	-	(2 530 711)
Non Current: Employee benefit obligations	(50 278 660)	-	-	-	(50 278 660)
Unspent conditional grants	-	-	-	(7 533 162)	(7 533 162)
Total segment liabilities	**(857 932 524)**	**-**	**-**	**(7 533 162)**	**(865 465 686)**
Total liabilities as per Statement of financial Position					**(865 465 686)**

50. Segment information (continued)

30 June 2024

	Government and administration	Economic and environmental services	Public safety	Trading services	Total segment (deficit) surplus
Revenue					
Rental of facilities and equipment	1 511 699	-	-	-	1 511 699
Government garants and subsidies: Capital	-	2 525 000	-	577 156 002	579 681 002
Government garants and subsidies: Operational	194 415 276	58 667 256	41 635 024	187 969 466	482 687 022
Investment revenue	25 481 968	-	-	-	25 481 968
tender fees and insurance refunds	728 486	-	-	-	728 486
Total	**222 137 429**	**61 192 256**	**41 635 024**	**765 125 468**	**1 090 090 177**
Expenditure					
Employee related costs	96 226 010	46 909 098	34 596 010	9 702 452	187 433 570
Remuneration of councillors	13 673 828	-	-	-	13 673 828
Depreciation and amortisation	7 286 039	165 702	2 825 950	92 971 774	103 249 465
Finance costs	6 245 418	220 625	-	-	6 466 043
Operating leases	5 759 348	-	-	-	5 759 348
Debt impairment	2 030 808	-	-	-	2 030 808
Bulk Purchases	-	-	-	213 448 403	213 448 403
Contracted services	82 166 087	12 434 041	8 408 460	105 960 143	208 968 731
Transfers and subsidies	1 000 804	5 358 598	-	8 000 000	14 359 402
General expenses	36 520 730	748 199	3 030 305	86 983	40 386 217
Fair value adjustments to Investment property	(807 800)	-	-	-	(807 800)
Actuarial gains and losses	(5 895 944)	-	-	-	(5 895 944)
Impaimrent loss	-	-	268 685	-	268 685
Total segment expenditure	**244 205 328**	**65 836 263**	**49 129 410**	**430 169 755**	**789 340 756**
Total segmental surplus/(deficit)	**(22 067 899)**	**(4 644 007)**	**(7 494 386)**	**334 955 713**	**300 749 421**

	Government and administration	Economic and environmental services	Public safety	Trading services	Total segment (deficit) surplus

50. Segment information (continued)

Assets

	Government and administration	Economic and environmental services	Public safety	Trading services	Total
Cash and cash equivalents	194 340 648	-	-	-	194 340 648
	-	-	-	-	-
trade and other receivables from exchange transaction	3 601 478	-	-	-	3 601 478
Inventory	-	-	-	41 657 989	41 657 989
VAT receivable	90 936 556	-	-	-	90 936 556
Prepayments	1 015 843	-	-	-	1 015 843
Intangible assets	4 060 366	-	-	-	4 060 366
Investment property	10 475 000	-	-	-	10 475 000
Property, plant and equipment	49 668 746	544 851	21 715 281	3 986 372 974	4 058 301 852
Total segment assets and liabilities	**354 098 637**	**544 851**	**21 715 281**	**4 028 030 963**	**4 404 389 732**
Liabilities					
trade and other payables from exchange	732 389 547	-	-	-	732 389 547
trade and other payables from non exchange	(242 317 796)	4 308 033	24 233 937	214 183 425	407 599
Provision	14 521 787	-	-	-	14 521 787
Employee benefit obligations current	2 911 322	-	-	-	2 911 322
Employee benefit obligations non current	43 668 391	-	-	-	43 668 391
Total segment liabilities	**551 173 251**	**4 308 033**	**24 233 937**	**214 183 425**	**793 898 646**
Total liabilities as per Statement of financial Position					**793 898 646**

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

Measurement of segment surplus or deficit, assets and liabilities

50. Segment information (continued)

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies, except that pension expense for each segment is recognised and measured on the basis of cash payments to the pension plan.

The nature of differences between the measurements of the reportable segments' assets or liabilities and the entity's assets or liabilities

There are no differences in measurements of assets and liabilities between the reportable segments. The measurements described in the notes to the financial statements apply to all reportable segments.

The nature and effect of any changes from prior periods in the measurement methods used to determine reported segment surplus or deficit

There was no changes from prior periods on the measurement methods used to determine reportable segment surplus or deficit.

The nature and effect of any asymmetrical allocations to reportable segments

An municipality allocated depreciation expense to a segment without allocating the related depreciable assets to that segment.