



JOE MOROLONG
LOCAL MUNICIPALITY

ANNUAL REPORT

2024-2025

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CHAPTER 1

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

The 2024/25 Financial Year marked a critical period of consolidation and progress for the Joe Morolong Local Municipality. Despite persistent socio-economic challenges, the Municipality continued to advance its mandate of delivering sustainable services, strengthening governance systems, and improving the quality of life for all residents.

Guided by our collective vision, Council and Administration worked collaboratively to stabilise municipal operations, enhance financial management, and accelerate service delivery interventions. These efforts reflect our unwavering commitment to responsive, accountable, and developmental local government.

VISION

To be a financially and administratively stable and well-governed municipality, where all residents have access to basic services, quality education, employment opportunities, safety, a healthy living environment, and an economically sustainable and inclusive local economy.

KEY POLICY DEVELOPMENTS

During the year under review, Council adopted the **2025/26 Integrated Development Plan (IDP) and Budget**, which served as the primary strategic instruments guiding service delivery and development priorities. These tools have enabled the Municipality to further improve livelihoods, build resilient communities, and strengthen collaborative relationships with mining houses, sector departments, and Traditional Leadership.

In addition, Council approved several governance and oversight-related policies aimed at enhancing monitoring and evaluation processes and strengthening the oversight role of Councillors. A notable achievement during the year was the **reduction of audit findings by 66**, as reported by the Auditor-General of South Africa. This improvement demonstrates a concerted, council-wide effort to strengthen internal controls, improve record-keeping, and ensure compliance with legislative and regulatory requirements.

KEY SERVICE DELIVERY IMPROVEMENTS

The Municipality made measurable progress in delivering basic services in line with its constitutional mandate. Indigent households continued to benefit from free basic water and electricity, notwithstanding ongoing operational and resource-related challenges.

Communities benefitted from the completion of:

- **15 Water Supply projects**
- **6 Borehole Refurbishment projects**
- **4 Road infrastructure projects**
- **4 Dry Pit Sanitation projects**

A total of **251 double dry pit sanitation units** were installed, while **98% of service delivery queries** received during the financial year were successfully resolved. Furthermore, **370.54 kilometres of gravel roads** were graded, improving access and mobility across the municipal area.

PUBLIC PARTICIPATION

The functionality of Ward Committees played a critical role in strengthening engagement between the Municipality, communities, and community-based organisations. These structures enabled the identification of service delivery challenges and facilitated timely interventions.

In addition to face-to-face engagements, public meetings, and stakeholder forums, the Municipality increasingly leveraged its **official social media platforms** to enhance communication, transparency, and public participation. This multi-channel approach ensured broader community reach and improved responsiveness.

FUTURE ACTIONS

The Municipality remains committed to delivering services efficiently and sustainably, while ensuring that residents have access to essential basic services. Economic growth and job creation remain key priorities.

Municipality in collaborations with the department of minerals resources will continue to strengthen relations, through outreach programme, with the Mining houses and promote local benefit.

Associated with a growing mining area, the growth of the services sector is inevitable. Services such as Logistics, Retail, Civil and Construction, and Hospitality are significant support industries to Mining. They are contributing to the local economy and may be explored further to extract maximum benefit out of them.

The **Solar Energy** Sector presents an opportunity as an emerging sector with great potential, this due to promotion of green energy. Joe Morolong has the natural endowment and competitive edge to significantly contribute to the national energy strategy. With that we anticipate the generation of economic activities both in the upstream and downstream of the industry. The associated benefits would be jobs and business opportunities, through the industry ecosystem. This opportunity is been market at different platform i.e. Investment Summit, IDP Community Consultations, SMME Information Sharing Sessions, SMME Workshops. Future facilitation of enabling environment for investment uptake in the communal areas, with the key stakeholders.

There are some unique natural offerings that makes Joe Morolong a preferred destination for the development of the Tourism Attraction Sites. Tourism still has to be explored to its optimal potential. Among those thought of we need to promote the development of Heritage Tourism (Tshikalane Memorial Site, Joe Morolong Memorial Site), Unique Land Marks (Kiang Kop) and Arts and Culture (Traditional Music and Dance). The potential of the industry is been marketed at different platforms including but not limited to the Tourism Indaba, Investment Summit, IDP Community Consultations, SMME Information Sharing Sessions, SMME Workshops.

The Learnership programme by Agri-Seta has imparted great knowledge and skills on a great number of our unemployed youth and aspirant farmers, five hundred and fifty (550) That by extension has opened up opportunity for improved farming output and potential for Agro-Processing.

Municipality through its SDF is in the process of establishing a township in the Longdon Farm (Hotazel Town), aiming to achieve mixed use settlement. There is expectation of job creation both in the development phase and in the upkeep phase. Municipality stands to benefit in the increase of revenue through provision of municipal services, property sales, rates and taxes.

GOVERNANCE AND AUDIT OUTCOMES

The Municipality successfully reduced audit issues related to **Asset Management**, contributing to an improved audit opinion. The strategic focus for the upcoming financial year is to resolve all remaining audit matters, with the objective of achieving an **unqualified audit opinion for the 2024/25 Financial Year**.

Infrastructure development remains central to service delivery, with ongoing emphasis on water, sanitation, electricity, and road infrastructure to support sustainable communities.

AGREEMENTS / PARTNERSHIP

The Municipality continues to be guided by the **Simplified IDP Framework for Smaller (B4) Municipalities**, developed by the Department of Cooperative Governance and Traditional Affairs. This framework enables focused planning on core municipal functions, supported by strategic partnerships. The Municipality acknowledges the critical technical support provided by **MISA**, as well as the contributions of some mining houses within Joe Morolong and the John Taolo Gaetsewe District. Their support through **SLPs** has significantly enhanced infrastructure development, service delivery, and enterprise development initiatives.

CONCLUSION

The Municipality has made notable progress in strengthening sustainable governance practices that underpin continuous and reliable service delivery. These achievements reflect our collective commitment to the people of Joe Morolong, whose needs remain the driving force behind our mandate to serve with integrity and pride.

Service delivery commitments for the 2024/25 financial year were framed within a basic services-led development agenda, informed by a renewed approach to local governance. Emphasis was placed on responsiveness, coordination, and the accelerated resolution of service delivery backlogs to provide immediate relief to communities.

The Municipality also prioritised the strengthening of service delivery systems and institutional processes, ensuring sustainability and impact. Improving living conditions for the most disadvantaged residents, while supporting economic growth, business development, and job creation, remained central to our development trajectory.

In closing, I extend my sincere appreciation to Council, the Municipal Manager and all staff members for their dedication, which has resulted in a **significant improvement in the 2024/25 audit outcome**. This achievement reflects improved financial reporting, strengthened oversight, and renewed commitment to transparency and accountability. The unqualified audit opinion on the Annual Performance Report affirms the credibility and reliability of reported service delivery outcomes.

We would like to urge the sector departments to improve their relations with the municipality, through IGR platforms. This is intended to improve planning and avoid any duplication of efforts.

Finally, I wish to thank all stakeholders, sector departments, and Traditional Leadership for their continued partnership and support. Let us continue to work together to transform the lives of our people and build sustainable, resilient, and prosperous communities.

Joe Morolong Local Municipality

“Re ungwelwa rotlhe”

Mayor: Cllr DD Leutlwetse-Tshabalala

COMPONENT B: EXECUTIVE SUMMARY

1.1 Municipal Manager's Overview

As we reflect on the municipality's achievement and challenges during the 2024/25 financial year, I am delighted to share that Joe Morolong Municipality has once again maintained the improved financial performance breaking the undesirable practice that has been on-going for the past several years.

The Municipality has, through the dedicated staff and the support from sector departments, addressed most of its findings that prevented a positive audit opinion as required by Office of the Auditor General. We achieved this despite the 67% senior manager vacancy rate. The achievement underscores our commitment to sound financial management, improved internal controls, and adherence to generally recognised audit standards. It is a demonstration of the hard work, conscientiousness, and enthusiasm of our management team, officials, and the entire Council.

We demonstrated an improved performance in service delivery, governance, and financial management. The provision of services to 188 villages was achieved despite insufficient funding.

Water remains a huge challenge since our area is a semi-arid region. The area is named Kgalagadi which is derived from a Setswana word "Kgala", meaning "the great thirst". Our municipality faced some delays in infrastructure projects due to factors beyond our control, such as disruptions by communities, and underfunding.

The vastness of the municipality and its rural nature pose a challenge to the attainment of the vision and mission of the municipality. Poor road conditions have been an extreme setback in reaching the areas due to constant breakdowns of the fleet.

The resilience conveyed by our councillors, management team, officials, and other stakeholders has been overwhelming during the year. This was particularly demonstrated when it came to the prioritisation of projects, given the limited budget. I am delighted to report that we have emerged stronger and more united despite the challenges.

The presentation of this Annual Report indicates an insightful performance of the municipality over the past 12 months; showcasing how we have navigated through our challenges, while maintaining essential services and operational efficiency.

We commit to continue to effectively and efficiently use the limited financial resources to provide basic services to the communities we serve and report prudently on how the resources were applied.

Furthermore, we will continue to engage with our communities through various platforms like community meetings, social media platforms, and written submissions to ensure that the voices of our community members are heard; as they play a pivotal role in shaping the future of our municipality.

I would like to extend my heartfelt gratitude to the Mayor, Speaker, Council Whip, Executive Committee, Municipal Public Accounts Committee (MPAC), all Councillors, the Audit, Performance and Risk Committee (APRC), and my fellow management team for their unwavering dedication and strategic

vision throughout the year. The achievements mentioned in the report are as a result of their leadership and collaboration.

Lastly, I would like to appreciate all Joe Morolong Staff members for their hard work and commitment. You are a true demonstration of the saying "*Mabogo dinku a thebana*".

Municipal Manager: Ms B. Motlhaping

1.2 Municipal Functions, Population and Environmental Overview

1.2.1 Powers and Functions of the Municipality

The mandates of the municipality as contained in section 152 of the Constitution are:

- To provide democratic and accountable government for local communities
- To ensure the provision of services to communities in a sustainable manner
- To promote social and economic development
- To promote a safe and healthy environment
- To encourage the involvement of communities and community organizations in matters of local government

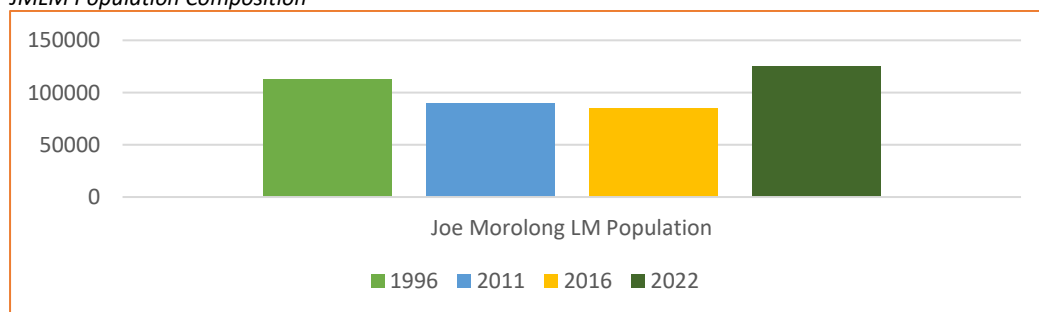
The functions that the Joe Morolong Local Municipality performs are:

- Cemeteries
- Municipal Planning
- Local Tourism and LED
- Sanitation
- Local Sports facilities
- Municipal roads
- Public spaces
- Street lighting
- Water reticulation
- Operations and maintenance of water
- Environmental management services
- Veld Fire fighting

1.2.2 Population Details

The population figures drawn from the 2022 Census indicate that an estimated total of 125 420 people reside in Joe Morolong Local Municipality's jurisdiction. This is indicative of an increase of about 41 219 people from the 84 201 in the 2016 community survey figures, as shown on the figure below. This is the first time there has been an increase in the JMLM population within the 26 years period between the year 1996 and 2022.

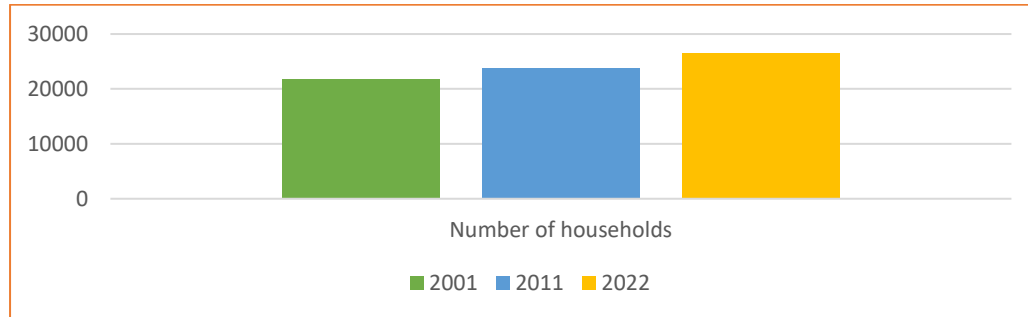
JMLM Population Composition



Source: StatsSA 1996, 2011, 2016 & 2022

The number of households in JMLM has increased by 1958 households in the period between 2001 and 2011; and by 2830 households between 2011 and 2022.

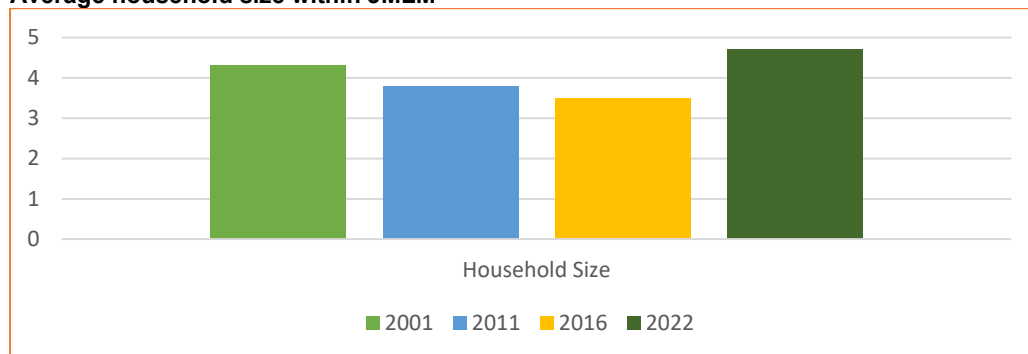
Number of households



Source: StatsSA 1996, 2011, 2016 & 2022

There has also been an increase in the average number of persons per household for the first time in the municipality; from 3.5 in 2016 to 4.7 in 2022.

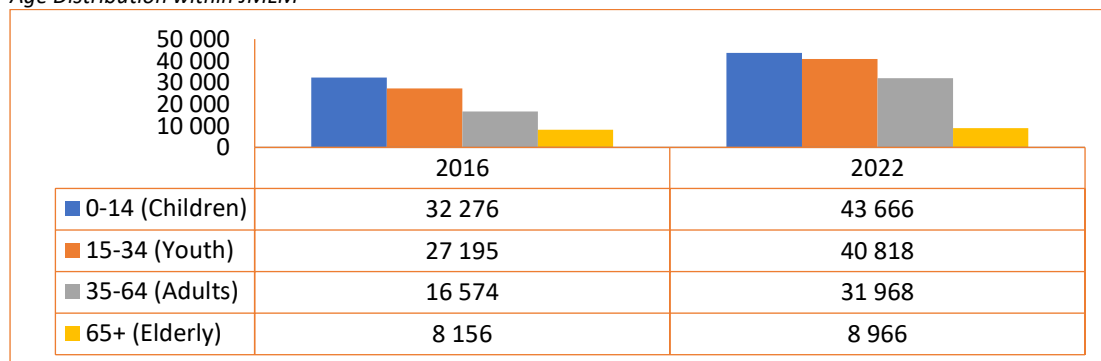
Average household size within JMLM



Source: StatsSA 1996, 2011, 2016 & 2022

The age profile of the JMLM is shown on the figure below; which shows that young children who are between the ages of 0 - 14 years make up the majority of the population in the municipality. This, combined with the 7% ratio of the elderly, make up the economically inactive population. Although the economically inactive population has decreased from 48% in 2016 to 42% in 2022, the ratio is still significantly high. This indicates that the age dependency ratio in the municipality is very high, even before the consideration of the economic factors such as the unemployment rate. This places a greater pressure on government as the economically inactive people are the bigger recipients of government spending in terms of social welfare grants, health care, education, etc.

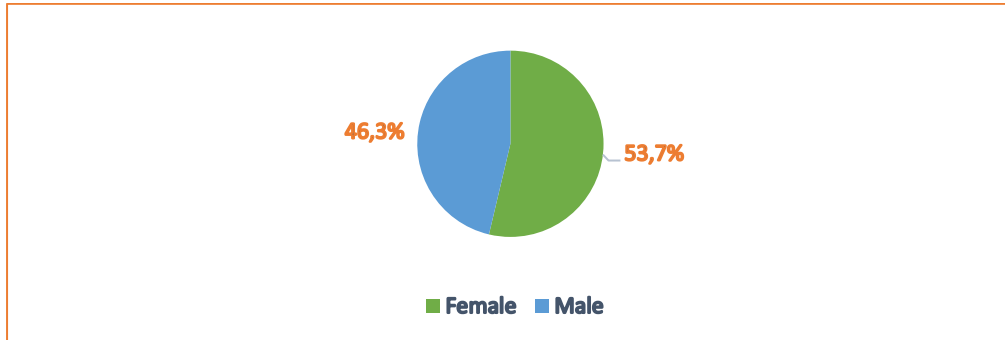
Age Distribution within JMLM



Source: StatsSA 2016

In terms of gender composition, the share of the female population is the highest in JMLM. This is generally due to the migration of the male working population who seek to earn for their families. According to StatsSA, this trend is prevalent in all the JMLM wards except for ward 4, where there are more males than females in relation to the total population. This may be as a result of job opportunities found in Hotazel and Vanzylsrus. The two towns consist of a few houses, small shops, a hotel, fuel filling station and a Post Office, which may provide some employment opportunities for the population around Joe Morolong LM.

Sex Ratio



Source: StatsSA 2022

The survey further reveals a marginal increase in the poverty head count, from 6.4% (2011) to 6.6% (2016). This has serious implications for the provision of basic services, including a continuous increase (percentage) in service backlogs. It also implies that the demand for economic opportunities to respond to the challenges of poverty are on the increase.

Furthermore, the increase in the demand for service delivery and poverty status places a lot of pressure on limited resources including infrastructure, which should be assisting the attempts to meet the current levels on the provision of basic services and the growing demand for more services.

1.3 Service Delivery Overview

The 2024-25 financial year service delivery commitments for Joe Morolong Municipality were set within the context of basic service delivery agenda, arising from the dedicated approach of the new term of local government. The focus was on ensuring improved, dependable and impactful service delivery to communities. The underpinning strategy for this trajectory of service delivery included the acceleration of responsiveness to speedily resolve service delivery backlogs and coordinate onsite responses to observed service delays for immediate community relief.

The municipality's efforts of improving service delivery also focused on the strengthening of the established service delivery processes and practices. The provision of sustainable basic services to improve the living conditions of the most disadvantaged residents and pushing for growth and development through supporting initiatives for business development and job creation took centre stage.

In line with the commitment to improve the conditions of the poorest and disadvantaged residents, Joe Morolong Local Municipality made significant strides, as evidenced by the following service delivery highlights:

- We have been able to provide basic services to the people as per our mandate. Our indigents have been receiving their free basic water and electricity, but not without the usual challenges.
- Our communities also benefitted from 15 completed Water Supply projects, 6 Borehole Refurbishment projects, 4 Road projects and 4 Dry Pit Sanitation projects.
- A total of 251 double dry pit units were installed.
- 98% of all queries received were resolved during the Financial Year.
- A total of 370,54 km of gravel roads were graded.
- The collection of refuse in Hotazel and Vanzylsrus has been improved and we are collecting waste twice on a weekly basis.
- Functionality of ward committees has assisted the municipality to foster a close relationship with the community and community organizations and in identifying service delivery challenges and attending to them speedily.

1.3.1 Achievements

- JMLM received a total of R 68 808 000,00 from MIG. This was utilised to construct new water infrastructure, double pit sanitation units, refurbished the Dithakong sport field (in-progress) and also to upgrade gravel roads to paving block roads
- The municipality also received R 50 000 000,00 from DWS (WSIG-grant) which was used to implement Water Supply- and Borehole Refurbishment projects
- Both grants were 100% spent at the end of the Financial Year
- 251 Households were served with safe basic sanitation
- A total of 6.83km gravel roads were upgraded to paving block roads during the financial year

1.3.2 Challenges

Below are some of the key challenges JMLM had to mitigate during the financial year:

- Community stoppages due to dissatisfied members were managed as and when it appeared. Stoppages in Doxon 1&2 villages caused the project to be paused for a year and funds were allocated to another project – issues were resolved and the project is progressing very well
- The borehole drilled on the Padstow Water Supply project was found to be class 4. Siting for a new borehole took place and drilling will start in the new financial year
- Hard rock excavation on some project sites also caused delays

1.4 Financial Health Overview

The 2024–2025 financial year, ended 30 June 2025, was characterised by continued economic pressure, driven largely by elevated inflation, higher interest rates, and rising input costs across the economy. These conditions increased operating expenses and placed strain on municipal cash flows. Despite these challenges, the year under review reflected an improvement in the financial performance

of Joe Morolong Local Municipality, mainly as a result of enhanced revenue collection levels and strengthened financial management interventions.

The financial performance of Joe Morolong Local Municipality for the 2024/2025 financial year reflects a mixed outcome when compared to both the original budget and the adjustment budget, particularly in relation to revenue composition and expenditure pressures.

Financial Overview: 2024/2025			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	200 311,00	219 743,00	321 423,00
Taxes, Levies and tariffs	91 217,00	74 033,00	130 956,00
Other	40 529,00	44 252,00	191 616,00
Sub Total	332 057,00	338 028,00	643 995,00
Less: Expenditure	387 093,00	509 933,00	543 164,00
Net Total*	- 55 036,00	- 171 905,00	100 831,00
<i>* Note: surplus/(deficit)</i>			<i>T 1.4.2</i>

Revenue Performance

Total income for the year amounted to R643.995 million, significantly exceeding the adjusted budget of R338.028 million. This represents strong revenue overperformance and reflects the impact of higher-than-anticipated receipts across all major revenue categories.

- Grants increased to R321.423 million, well above the adjusted budget of R219.743 million, primarily due to the recognition of additional operational and capital grant funding during the year.
- Taxes, levies and tariffs generated R130.956 million, substantially exceeding the adjusted budget of R74.033 million, indicating improved billing and collection performance.
- Other revenue amounted to R191.616 million, compared to an adjusted budget of R44.252 million, largely driven by once-off and non-recurring revenue items recognised during the financial year.

Expenditure

Total expenditure amounted to R543.164 million, exceeding the adjusted budget of R509.933 million. The overspending was mainly attributable to increased costs under:

- Finance Charges;
- Transfers and Subsidies;
- Materials and bulk purchases; and
- Service delivery–related operational pressures experienced during the year.

Surplus / (Deficit)

The Municipality recorded a net surplus of R105.058 million for the 2024/25 financial year, compared to an adjusted budgeted deficit of R50.558 million. This positive outcome represents an improvement of R155.616 million against the adjusted budget and was primarily the result of significant revenue overperformance, which more than offset the expenditure overruns.

While the surplus reflects a strong financial outcome for the year, it is important to note that a substantial portion of the surplus relates to once-off revenue items, and therefore does not necessarily translate into sustained long-term financial stability.

In assessing the appropriateness of the going concern assumption, management considered a range of factors, including the Municipality's current and projected financial performance, anticipated cash flows, the likelihood of continued intergovernmental funding, and the availability of alternative funding mechanisms, should these be required. These considerations were evaluated within the context of the prevailing economic environment and operational realities.

The Municipality has also implemented cost-containment and expenditure management programmes aimed at curbing fruitless and wasteful expenditure and improving overall financial discipline. While liquidity constraints persist in the short to medium term, management is of the view that the interventions in place, together with ongoing support through government funding, support the conclusion that Joe Morolong Local Municipality remains a going concern as at 30 June 2025.

Operating Ratios	
Detail	%
Employee Cost	22%
Repairs & Maintenance	1%
Finance Charges & Impairment	2%
	<i>T 1.4.3</i>

Operating Ratios

Operating ratios provide insight into the Municipality's cost structure and the sustainability of its operating expenditure relative to total operating expenditure.

- Employee costs accounted for 27 per cent of total operating expenditure during the year. This level is within generally accepted norms for local government and indicates effective control over personnel-related costs while maintaining adequate capacity to deliver services.
- Repairs and maintenance expenditure represented only 1 per cent of total operating expenditure. This low level of spending raises concern regarding the adequacy of asset maintenance and may increase the risk of accelerated infrastructure deterioration and higher future replacement costs if not addressed.

- Finance charges and impairment costs amounted to 2 per cent of operating expenditure. This relatively low ratio reflects limited borrowing and contained financing costs; however, impairment levels should continue to be monitored to ensure that asset values remain fairly stated.

Total Capital Expenditure: 2022/2023 to 2024/2025			
			R'000
Detail	2022/2023	2023/2024	2024/2025
Original Budget	116 115	137 121	137 628
Adjustment Budget	132 578	133 378	111 030
Actual	116 784	127 969	209 098
			<i>T 1.4.4</i>

For the 2024/2025 financial year, the Municipality approved an original capital budget of R137.628 million, which was subsequently adjusted downward to R111.030 million during the adjustment budget process. The downward adjustment was primarily aimed at aligning planned capital projects with funding availability, project readiness, and implementation capacity.

Actual capital expenditure for the year amounted to R209.098 million, which is significantly higher than both the original and adjustment budgets. This represents a substantial increase when compared to the prior year's actual expenditure of R127.969 million in 2023/2024 and R116.784 million in 2022/2023.

The variance between the adjusted budget and actual expenditure in 2024/2025 may be attributed to:

- Expenditure incurred on multi-year projects funded through conditional grants and completed projects from previous financial years,
- Accounting recognition of capital expenditure relating to prior-year commitments.

1.5 Organisational Development Overview

The Joe Morolong Local Municipality acknowledges that the realisation of its growth and development objectives as well as acceptable service delivery levels depend on the existence of a capable workforce. Therefore, as part of its organisational development, the municipality prioritises capacity development, development and implementation of policies that support individual development while also creating an exciting work place for everyone to voluntarily improve competencies and efficiencies.

The ability to evolve and respond adequately to the changing labour market and individual employee needs is also a critical imperative, which the municipality strives to achieve. The municipality further acknowledges that to realise these noble intents, a holistic approach to human resources management and development is required.

In terms of the Employment Equity (EE) Plan, the municipality recorded commendable progress despite a series of challenges experienced. In its efforts to meet the overall EE targets, the municipality is doing reasonably well in the senior and middle management levels. The biggest challenge, as with all organisations, is the underrepresentation of people with disabilities. Consideration of suitability to avoid discrimination of people with disabilities is one of the contributing factors.

The Corporate Services Department is responsible for the effective and efficient execution of all the supporting administrative functions that include support needed to attract, retain and develop talent in the municipality, the coordination of systems and processes, to enable the municipality to perform matters of service delivery. The department also administers the Municipality’s human resource development and management, political offices, labour relations, information technology, facilities management and records management.

1.5.1 Staff Establishment

There are 228 employees of which 3 were appointed on contract, 5 finance interns and 29 Councillors in the Municipality. The total number of posts as per the approved structure is 339, and there are 111 vacant posts.

Staff establishment as at 30 June 2025

Department	Approved Posts	Employees	Vacancies	Vacancies%
Corporate Services	53	46	7	13%
Office of the Municipal Manager	30	21	9	30%
Community Services	69	42	27	39%
Technical Services	122	80	42	34%
Financial Services	41	37	4	10%
Economic Development Planning and Tourism	11	8	3	27%
TOTAL	326	234	92	28%

The following positions were filled in the 2024/2025 financial year.

1. SCM Officer
2. HR Officer
3. Storeman
4. Cashier
5. Senior Process Controller
6. PMU Technician
7. General Work (16)
8. Cleaner (3)
9. Sewer Truck Operator
10. Housing Officer
11. Security Officer

The following positions were filled on contract basis.

1. Protocol Driver to The Speaker
2. Traffic Officer
3. Motor Vehicle Registration Officer

1.6 Auditor-General Report

The Municipality received a Qualified audit opinion for the 2024/2025 financial year.

Notwithstanding the qualification, the audit outcome reflects a significant improvement in the quality of the Municipality's financial reporting. The number of qualification paragraphs was reduced from 57 in the previous financial year to only 3 paragraphs in the 2024/2025 audit, demonstrating meaningful progress in addressing prior-year audit findings and strengthening financial management controls. The issues leading to the qualification are listed on the table below.

The basis of the qualification
VAT Receivables
Irregular Expenditure

The full Audit Report is contained in Chapter 6.

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 2024/2025 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	December
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	January
19	Commencement of draft Budget/IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	

T 1.7.1

To comply with the statutory requirements dictated by all relevant legislation that guides the development of the Annual Report, it is critical that meeting the timelines set and ensuring that all the information provided in the report is credible, useful and reliable. The municipality has undertaken reasonable actions to ensure that information presented in this report is factual and can be supported although any identification of errors must not be seen as a deviation from this intent. The municipality always strives to ensure proper alignment between its plans as contained in the IDP, Service Delivery and Budget Implementation Plan (SDBIP), other plans and how reporting is handled to ensure proper accountability and transparency.

The annual report is intended to inform the community on how the municipality has performed financially and administratively in achieving its targets as clearly set out in our IDP and SDBIP.

This report also highlights the achievements, challenges and areas that need improvement. Our successes are real and measurable and the fact that we were able to complete most of our infrastructure projects is a pride to us, as it contributes not only to service delivery but as a stimulant for an increase in the economic activities.

The IDP remains a critical tool that we utilize to plan for our short, medium and long-term objectives. This annual report will highlight our improvement in performance and financial management.

CHAPTER 2

GOVERNANCE

CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Governance of the Joe Morolong Local Municipality is structured as follows:

STRUCTURE	RESPONSIBLE FOR	OVERSIGHT	ACCOUNTABLE TO
Council	Approve policies	Mayor, Portfolio committee and Audit committee	Community
	Adopt IDP		
	Adopt the Budget		
Mayor	Policies, and Budget outcomes	Municipal Manager	Council
	Oversight over the Municipal Manager		
Municipal Manager	Overall administration	The Municipal administration	Council through the Mayor
CFO and other senior management	Administration of departments	Financial management and operational functions	Municipal Manager

2.1 Political Governance

The governance system of Joe Morolong Local Municipality is a mayoral system that has Section 80 committees:

- Finance, Human Resources and Administration
- Infrastructure
- Economic Development, Planning and Tourism
- Community Services

The Mayor heads the municipality and fulfils this task by working together with the councillors. The Mayoral committee is functional and it ensures that there is integration of the work of Council between portfolio committee and respective departments.

The Speaker of Council presides over Council meetings. Furthermore, the Speaker fulfils the role of strengthening democracy and managing community participation in local government, particularly through the ward committees by ensuring that the ward committee system functions effectively. The Speaker promotes public consultation, involvement and participation in the affairs of the municipality.

The Speaker is supported by the Council Whip, who is responsible for maintaining cohesion within the governing party and to build relationships with other political parties represented in Council. Other tasks include:

- i. Ensuring that each of the political parties are properly represented on the various committees;
- ii. Maintaining sound relations between the various political parties; and
- iii. Attending to disputes between political parties.

The Municipal Council comprises of the governing and decision-making body of the Municipality whilst the municipal officials focus on the implementation of the Council resolutions. Council determines the direction of the Municipality by setting the course through the development of the IDP and allocation of resources. Council develops policies and the responsibility of the municipal staff is to ensure that

those policies are implemented. Council therefore plays an oversight role over the implementation of those policies.

The Municipality is using the Audit, Risk, and Performance Committee shared services with the District Municipality. The committee provides opinions and recommendations on financial management, Risk and performance information.

The Municipal Public Accounts Committee (MPAC) acts as an oversight committee for the annual report in terms of Section 79 of the Municipal Structures Act, 117 of 1998. The aim of the committee is comprised of non-executive councillors, with the specific purpose of providing Council with comments and recommendations on Municipal Reports and any item that has been referred to the committee by the Council.

2.1.1 Political Structure



Mayor:
Cllr. D. Leutlwetse-Tshabalala



Speaker:
Cllr. V. Jordan



Council Whip:
Cllr. G. Tagane

The Executive Committee

The Mayor, as the Political Head, is supported by the following Executive Committee Members who head the respective portfolio committees:



Cllr. N. Kgosierileng
Community Services



Cllr. N. Mokweni
Economic Development,
Planning & Tourism



Cllr. P. Kaotsane
Infrastructure



Cllr. B. Mbolekwa
Finance, HR & Admin

2.1.2 Councillors

Since the Local Government Elections held on 01 November 2021, 29 Councillors drawn from all political parties represented in Council make up the Council. These Councillors include 15 elected Ward Councillors and 14 appointed Proportional Representative Councillors.

The parties in Council are illustrated below.

POLITICAL PARTY	TOTAL SEATS	WARD SEATS	PR SEATS
ANC	18	13	5
EFF	8	2	6
DA	1	-	1
SARKO	1	-	1
F4SD	1	-	1
TOTAL	29	15	14

Each Ward Councillor chairs a Ward Committee as part of the Ward Participatory System that encourages participation at community level. Ward Councillors, as representatives of wards, have a responsibility to make sure that the voices of the communities in their respective wards are heard in Council and its structures. They are also responsible for creating a two-way link between these communities and Council and thus have direct access to the Speaker of Council.

A full list of Councillors (including committee allocations and attendance at council meetings) can be found in **Appendix A**; and committees and committee purposes are set out in **Appendix B**.

2.1.3 Political Decision-Making

Council is the highest decision-making structure of the municipality. The Council of Joe Morolong Local Municipality is made up of four Portfolio Committees which report to the Executive Committee (EXCO) and the EXCO reports to Council, who, eventually, takes the final decision. The Council decides whether to approve or reject reports after altering where it deems necessary to do so.

Once a decision has been taken by Council, the administration wing has to implement that decision and report back to Council in the form of a Council Resolution Register. The said register indicates how the administration has implemented the Council decision and progress thereof.

2.2 Administrative Governance

The Municipal Manager heads the municipal administration, with the support of the five heads of departments. The purpose of this senior management team is to perform activities that lead to the accomplishment of the mission and vision of Council. It is important for the Municipal Manager to develop an effective and efficient administration environment that allows for the successful implementation of the Integrated Development Plan (IDP). The heads of the different directorates manage the execution of the IDP based on their respective targets; which are aimed at responding to the needs of the communities and thereby ensuring service delivery.

The administrative governance of the JMLM is structured as follows:

Tier 1	Tier 2	Tier 3
Municipal Manager: Ms. B. Motlhaping	Municipal Manager's Office Ms. B. Motlhaping	Strategic Manager in the Office of the Municipal Manager
		Manager: Legal and Compliance
		Manager: Internal Audit
		Manager: Communications
		Chief Risk Officer
	Director: Corporate Services Vacant	Manager in the Office of the Mayor
		Manager: Human Resources
		Manager: Information Technology
		Manager: Performance Management Development System
		Manager: Records Management
		Manager: Administration
		Manager: Council Committees
		Manager: Vanzylsrus Satellite Office
		Manager: Project Management Unit
		Manager: Roads and Stormwater
	Director: Technical Services Vacant	Manager: Water and Sanitation
		Manager: Fleet Management
		Manager: Water Quality
		Manager: Electricity (Vacant)
		Manager: IDP/PMS
	Director: Economic Development Planning and Tourism Mr. P. Moseki	Manager: LED
		Manager: Town Planning
		Senior Manager: Financial Control
	Chief Financial Officer Vacant	Manager: Financial Control
		Manager: Expenditure
		Manager: Supply Chain Management
Manager: Budget & Reporting		
Manager: Assets Management		
Manager: Revenue		
Director: Community Services Vacant	Manager: Housing	
	Manager: Disaster Management & Facilities	
	Manager: Environmental Services	
	Superintendent: Testing & Licensing	

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 Intergovernmental Relations

Section 42 of the Constitution provides that all spheres of government must cooperate with one another in a mutual trust and good faith by establishing and providing for structures to promote intergovernmental relations.

The cooperation of all the spheres of government ensures the synergy and alignment of programmes and maximization of resources instead of working in silos which leads to the duplication of services and wasting of limited financial resources. Joe Morolong Local Municipality is participating in both the national and provincial intergovernmental structures.

2.3.1 National Intergovernmental Structures

The Municipality participates in various forums at national level. These forums include the CFOs Forum, MMs Forum and various Salga Forums.

2.3.2 Provincial Intergovernmental Structure

This structure is held on a quarterly basis. It is usually held after the District Intergovernmental Forum Meetings have been held. It is at the District Intergovernmental Forum Meeting where Sector Departments report their progress in terms of service delivery, together with other stakeholders. The District then consolidates a comprehensive report for the PIGR meeting that includes all the stakeholders in the province. This meeting is attended by the Premier as chair, all Mayors for District and Local Municipalities, Municipal Managers, HODs, Senior Managers in Sector Departments and Parastatals. The municipality is also part of forums such as the Joint Internal Audit and Risk Forum and the Provincial SPLUMA Forum.

2.3.3 District Intergovernmental Structure

This structure is constituted by the District Executive Mayor as a Chairperson, all Mayors of Local Municipalities, Municipal Managers, Senior Managers in Municipalities, Sector Departments and Parastatals. All stakeholders are expected to report in terms of annual plans and quarterly reports on progress regarding planned activities. The IGR is held on a quarterly basis and it is usually held after the Local Municipal IDP Representative Forum has been held. Sector Departments and other stakeholders report progress in terms of service delivery to the IDP Representative Forum. Following this, the Joe Morolong Municipality would then consolidate a comprehensive report and present it to the IGR Forum.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public participation in the municipality is done through various platforms such as Community Consultation meetings (IDP Roadshows), Ward meetings, IDP Representative Forum meetings and social media. The success of public accountability and participation in the municipality is made possible by the activeness of the ward councillors and committees on the ground as well as the municipal communications team.

Ward councillors are expected to communicate the work of council through meetings with the established committees. In these meetings, Councillors report on the implementation of the IDP and budget. They also note the service delivery challenges that are experienced by communities, and forward all issues to the Executive Committee for intervention. Outside of Council, public participation is also enhanced through the Speaker's Forum which is held on a quarterly basis.

2.4 Public Meetings

The public participation programme of the Joe Morolong Local Municipality is intended to create opportunities for the political principals to be actively involved in the sharing of information about what government and in particular the Joe Morolong Local municipality is doing to improve and add to the betterment of the lives of the community.

Through public participation, greater access to the decision-making processes of the municipality to all its stakeholders is opened up.

It implies that members of the general public or representatives of the affected community or the role players are actively involved in the planning process of the municipality.

To accomplish the above the municipality has developed a public participation plan which is intended to be rolled-out in collaboration with other role players; stakeholders and sector departments in the area of jurisdiction of the municipality. Through the public participation approach the municipality wishes to strengthen and enable good governance and sustained service delivery. It is therefore crucial that the stakeholders of the municipality be involved in the affairs of the municipality.

The participation processes that will be improved by the plan are as follows:

- ✓ Ward meetings;
- ✓ IDP and Budget Consultation meetings;
- ✓ Joint Outreach Programmes with other sectors of government; and
- ✓ Media briefings.

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Community participation for the IDP analysis phase	11 – 20 November 2024	29	19	1054	Yes	08 – 22 April 2025 Community meetings in all wards

2.5 IDP Participation and Alignment

IDP/Budget participation

The Municipal System Act states that the Municipality must have a five (5) year vision for the long-term development of the Municipality and development priorities, which must be aligned with national and provincial sectoral plans and priorities. The IDP and Service Delivery Budget Implementation Plan (SDBIP) are reviewed and adopted annually by council. Municipal Performance is measured through the SDBIP.

Annually, the Municipality must base their performance against performance measure as clearly outlined in the SDBIP. The SDBIP includes the annual delivery agenda of the Municipality as it is spelt out in the IDP document.

The IDP Representative Forum has been functional but there are certain sector government departments that have not been participating. Government entities and mining companies are also participating in the forum. They have been reporting progress on the programme and projects that they are implementing in our municipal area.

Ward Committees

The Local Government: Municipal Structures Act, 1998 says: The objective of a ward committee is to enhance participatory democracy in local government. Ward committees are a part of local governance and an important way of achieving the aims of local governance and democracy mentioned in the Constitution, 1996.

The Local Government: Municipal Structures Act, 1998 is the Act that makes provision for the establishment of ward committees as a possible way of encouraging community participation in municipal matters. A general understanding has emerged that a ward committee is an area-based committee whose boundaries coincide with ward boundaries. All the 15 ward committees are functional and they have been holding their monthly meetings consistently and quarterly reports have been submitted to Council.

Council has had two community consultations for the purpose of developing/reviewing the Integrated Development Plan and Budget. The first meeting was for identifying community needs, followed by the second one to provide feedback in terms of available budget for implementation of identified projects and programmes.

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	T 2.5.1

COMPONENT D: CORPORATE GOVERNANCE

The Municipal Council comprises of the governing and decision-making body of the Municipality whilst the municipal officials focus on the implementation of the Council resolutions. Council determines the direction of the Municipality by setting the course through the development of IDP and allocation of resources. Council develops policies and the responsibility of the municipal staff is to ensure that those policies are implemented.

2.6 Risk Management

Municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The strategic risk register has been developed through workshops.

The top five risks of the municipality are as follows:

- a) Ageing infrastructure
- b) Poor Socio-Economic status
- c) Theft and abuse of assets
- d) Litigations
- e) Unfavourable Audit opinion from AG

2.7 Anti-Corruption and Fraud

The risk management function has the following anti-fraud and corruption objectives:

- To implement the fraud prevention plan which includes a fraud prevention policy in the district municipality.
- To develop and implement an investigation policy.
- To monitor a case management system that will ensure effective and efficient management of cases.
- To provide assurance to the council and the municipal manager on the management of fraud risks.
- Promote professional ethics in the district municipality.

The municipality has approved Fraud and Corruption policy, Fraud Response Plan, and a Whistle-Blowing policy. The municipality has functional Internal Audit and Risk Management units and the Audit, Risk and Performance Committee is in place. The municipality has also established a Disciplinary Board and the members thereof have been appointed.

2.8 Supply Chain Management

All Supply Chain Management officials comply with the prescribed levels required for their positions in terms of the MFMA Competency Regulation Guidelines.

There were adverse remarks in the Auditor General's Report for the previous financial year regarding the quality of the Supply Chain Management of Joe Morolong Local Municipality. This necessitated a need for skills review and wherein gaps were identified, training has been planned and adherence to the training plan is currently being monitored.

The Joe Morolong Local Municipality have adopted and implemented the following policies and practices relating to Supply Chain Management:

- Supply Chain Management Policy
- Contract Management Policy
- Preferential Procurement Policy
- Infrastructure Procurement and Delivery Management Policy

2.9 By-Laws

The JMLM currently has the following by-laws:

By-law	Department
Draft By-law for Tariffs	Finance Services
By-law for SPLUMA	Economic Development Planning and Tourism
Draft By-law for Water	Technical Services
Draft By-law for Environment	Community Services
Draft By-law for Cemeteries	
Draft By-law for Waste Management	
Draft By-law for Spaza Shops	Economic Development Planning and Tourism
Draft By-law for Property Rates	Finance Services
Draft By-law for Use of Facilities	Community Services
Draft By-law for Use of Electricity	Technical Services

2.10 Websites

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	06 Feb 2025
All current budget-related policies	Yes	07 Mar 2025
The previous annual report (2023/2024)	Yes	06 Feb 2025
The annual report (2023/2024) published/to be published		
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2023/2024) and resulting scorecards	Yes	23 Aug 2024
All service delivery agreements (2023/2024)	No	
All long-term borrowing contracts (2023/2024)	No	
All supply chain management contracts above a prescribed value (give value) for 2023/2024	No	
An information statement containing a list of assets over a prescribed if value that have been disposed of in terms of section 14 (2) or (4) during 2024/2025	No	
Contracts agreed in 2023/2024 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in 2023/2024	No	
All quarterly reports tabled in the council in terms of section 52 (d) during 2023/2024	No	
		T 2.10.1

The Municipality will ensure that all required documents are timeously uploaded on the website, which will enhance public participation and guarantee compliance with various legislative requirements.

2.11 Public Satisfaction on Municipal Services

The Municipal Systems Act states that the Municipality must have a five (5) year vision for the long-term development of the Municipality and development priorities, which must be aligned with national and provincial sectoral plans and priorities. The IDP and Service Delivery Budget Implementation Plan (SDBIP) are reviewed and adopted annually by council. Municipal Performance is measured through the SDBIP. Annually, the Municipality must base their performance against performance measure as clearly outlined in the SDBIP. The SDBIP includes the annual delivery agenda of the Municipality as it

is spelt out in the IDP document. The IDP Representative Forum has been functional with sector government departments participating, government entities and mines within our municipal jurisdiction. They have been reporting on the progress on the programme and projects that they are implementing in our municipal area.

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

CHAPTER 3 - SERVICE DELIVERY PERFORMANCE

The municipality is obliged to provide quality services to the communities within the municipal jurisdiction. The JMLM is committed to making the lives of its communities better. The municipality has been able to provide services to the people as per its mandate. The municipality's indigents have been receiving their free basic water and electricity. The collection of refuse in Hotazel and Van Zylsrus has improved and the municipality is collecting twice on a weekly basis.

There has been some improvement in the tracing of debtors and this has impacted positively on revenue collection by the municipality. The establishment of youth forums has assisted the municipality to interact with young people, both out of school, unemployed, employed and those in business as it is a structure that deals with challenges facing young people in our locality. Functionality of ward committees has assisted the municipality to foster a close relationship with the community and community organizations and in identifying service delivery challenges and attending to them speedily.

On our SDBIP, 12 Targets were stated for Service Delivery. Of this 9 Targets (75%) were achieved. The remaining 3 Targets will be achieved early in the 1st quarter of 2025-26 financial year.

COMPONENT A: BASIC SERVICES

The local economy in Joe Morolong LM is dominated by mining and therefore not able to absorb all the job seekers. This is mainly due to the low level of education and skills of the residents. It should also be noted that most residents in our area are grant dependent. This makes the provisioning of basic service by the Municipality even more important.

The Department: Technical Services is responsible for all Operations and Maintenance aspects related to water-, roads- and sanitation services. Further to this, it also implements infrastructure project, through the Project Management Unit (PMU). Joe Morolong Local Municipality has an established PMU, whose aim is to assist the municipality to meet the pressing needs of basic service provisioning. The PMU integrates the efforts of all the various Departments within the Municipality, in order to achieve set standards and SDBIP objectives. Community Services, Corporate Services, Finance, Economic Development, Planning and Tourism and Technical Services are all important participants in the implementation of Water-, Sanitation-, Housing/Building- and Roads and Stormwater infrastructure projects. The capacity of the PMU has recently increased with the appointment of two Civil Technicians.

3.1 Water Provision

The JMLM is the Water Services Authority (WSA). This means that it must regulate water issues within its jurisdiction guided by the National Water Act 32 of 1998. The municipality also serves as a Water Services Provider (WSP), meaning that it is of the municipality's best interest to ensure that water is provided to residents on acceptable standards including quality guided by SANS 241.

As the WSA, the municipality is still experiencing challenges on certain identified water systems and sources. This is because the predominant water source is ground water, which is dropping rapidly.

JMLM's water quality program is implemented on a smaller scale due to budgetary constraints. Full SANS water quality monitoring was not implemented due to compliance issues. A tender for Laboratory services was advertised twice without getting any successful bidders.

Joe Morolong LM is providing water to 188 villages and Vanzylsrus town by means of abstraction from boreholes. Only Hotazel town receives water from the Vaal-Gamagara Water Pipeline, managed by the Vaal Central Water Board. Water infrastructure demands are documented and prioritised in our IDP, WSDP and 5-Year Water and Sanitation Services Plan. During the 2024-25 financial year, the following 20 water infrastructure projects were implemented:

Water Supply

- Padstow Water Supply Phase 1 & 2
- March Water Supply Phase 1
- Dinokaneng Water Supply
- Cahar Water Supply Phase 1
- Madularanch Water Supply Phase 2 & 3
- Dockson 1&2 Water Supply Phase 1 & 2
- Heuningvlei Water Reticulation Phase 2
- Logobate Water Supply Phase 1
- Cassel Water Supply Phase 3
- Kampaneng Water Supply Phase 1
- Manyeding Water Supply
- Skerma Water Supply
- Diking Water Supply
- Gamadubu/Lebonkeng Water Supply
- Glenred Water Supply
- Slough/Loopeng
- Lurie Water Pipeline Repair

Of these, 15 projects were completed in the financial year. The following 5 water supply projects were not completed due to reasons provided:

- Doxon Water Supply Phases 1&2 - the scope was withdrawn due to non-performance and allocated to a new contractor
- Heuningvlei Water Reticulation – Eskom connections to boreholes are outstanding
- Cahar Water Supply – project could not be implemented due to delays in MIG registration
- Slough/Loopeng - Only Phase 1 (feasibility study) could be concluded in the 24/25 financial year

The uncompleted projects will be completed early in the 2025-26 financial year.

Borehole Refurbishment

- Mesimantsi Wyk 3&4 BH Refurbishment Phase 2 (2)
- Mathanthanyaneng BH Refurbishment
- Stillrus BH Refurbishment (2)
- Khudukwaneng BH Refurbishment
- Magojaneng BH Refurbishment (2)

Grant-funded Borehole Refurbishment projects were implemented in 5 villages. These villages were Metsimantsi Wyk 3&4 (2), Stillrus (2), Magojaneng (2), Khudukwaneng (1) & Mathanthanyaneng (1).

Six boreholes were successfully refurbished during the financial year. The following two projects were incomplete due to the following reasons:

- Mathanthanyaneng - delays in the delivery of Diesel Engines in the country affected the completion of the project
- Stillrus - delays in the delivery of electrical motors in the country affected the completion of the project

Water Operations and Maintenance

JMLM has a fully functional and capable Operations and Maintenance (O&M) unit. The unit has sufficient resources to successfully undertake the O&M function. Due to vast distances between some villages and the JMLM office, the following satellite O&M offices are operational:

- Churchill office (main office)
- Heuningvlei office
- Vanzylsrus office

Some of the villages in JMLM have aging water infrastructure and, in some cases, borehole levels are dropping. This causes water shortages and results in community complaints. In order to address this challenge, JMLM is using WSIG-funding to implement borehole refurbishment projects.

Service Levels

The service level data was provided for 2024-25 FY by using the more recent Census 2022 data as the baseline for the 2024-25 financial year.

The table below display the service levels:

Water Service Delivery Levels				
Description	Households			
	2021/2022	2022/2023	2023/2024	2024/2025
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Water:</u> (above min level)				
Piped water inside dwelling	4 770	4 770	4 770	4 770

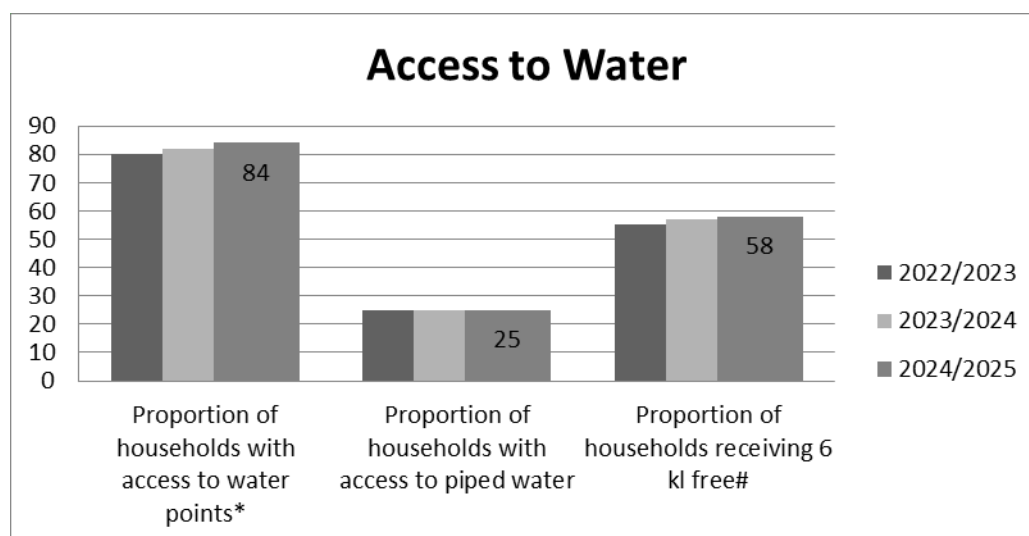
Piped water inside yard (but not in dwelling)	1 951	1 951	1 951	1 951
Using public tap (within 200m from dwelling)	13 711	14 621	15 021	15 521
Other water supply (within 200m)	–	–	–	0
<i>Minimum Service Level and Above sub-total</i>	20 433	21 343	21 743	22 243
<i>Minimum Service Level and Above Percentage</i>	77%	80%	82%	84%
<u>Water:</u> (below min level)				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling)	6 103	5 193	4 793	4 293
No water supply				
<i>Below Minimum Service Level sub-total</i>	6 103	5 193	4 793	4 293
<i>Below Minimum Service Level Percentage</i>	23%	20%	18%	16%
Total number of households*	26 537	26 537	26 537	26 537
* - To include informal settlements				T 3.1.3

Households - Water Service Delivery Levels below the minimum				
Description	Households			
	2021/2022	2022/2023	2023/2024	2024/2025
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Formal Settlements				
Total households	26 537	26 537	26 537	26 537
Households below minimum service level	6 103	5 193	4 793	4 293
Proportion of households below minimum service level	23%	20%	18%	16%
				T 3.1.4

Capital Expenditure 2024/2025: Water Services					
					R' 000
Capital Projects	2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	92 842	92 842	92 935	-1%	
Padstow Water Supply Phase 2	10 000	10 000	10 452	4%	29 849
March Water Supply	3 092	4 163	4 232	27%	11 895
Dinokaneng Water Supply	5 306	8 016	8 002	34%	8 016
Madula Ranch Water Supply Phase 3	1 829	1 829	1 853	1%	27 522
Dockson 1&2 Water Supply Phase 2	7 628	7 628	7 628	0%	21 973
Heuningvlei Water Reticulation Phase 2	6 050	6 050	6 050	0%	17 180
Logobate Water Supply	7 884	7 884	7 884	0%	21 677
Cassel Water Supply Phase 3	14 485	14 485	14 482	0%	51 312
Kampaneng Water Supply	6 418	6 418	6 412	0%	17 628
Manyeding Water Supply	11 037	11 037	11 037	0%	11 037
Mesimantsi Wyk 3&4 BH Refurbishment Phase 2	1 831	1 831	1 667	-10%	4 027
Mathanthanyaneng BH Refurbishment	2 765	2 765	2 746	-1%	2 765
Stillerus BH Refurbishment	2 218	2 218	2 217	0%	2 218
Khudukwaneng BH Refurbishment	2 085	2 085	2 084	0%	2 085
Magojaneng BH Refurbishment	2 806	2 806	2 940	5%	2 806
Dithakong Sport Field Refurbishment	7407	3626	3248	-128%	17670
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.1.9

The variance is due to the following reason:

- There was slow contractor performance on the Dithakong Sport Field Refurbishment project (not a Water related project, but a MIG-funded project). In order to expedite expenditure, funds were removed from this project and allocated to March Water Supply- and Dinokaneng Water Supply projects.



** Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute*
6,000 liters of potable water supplied per formal connection per month

T 3.1.5

Our main focus in the new financial year is to close the registered business plans for Padstow-, Cassel- and Madularanch Water Supply projects.

Securing sufficient water source and storage was also prioritised for the Damrose 1,2&3-, Magobing-East- and Cardington villages. Construction of water reticulation infrastructure will only commence once the water demand of these villages was met.

The Heuningvlei Bulk Water Scheme is currently undergoing major refurbishment and as a result, effectively operating the scheme will also be a priority during the 2025-26 financial year.

Borehole refurbishment was also prioritised for implementation in 5 villages.

During the 2024-25 financial year, the Acting Director: Technical Services held various planning sessions in order to review the Strategic Plan for O&M. For O&M purposes, the JMLM area is divided into 3 clusters, each with its own supervisor. The focus of this review was mainly on Cluster 1, being the biggest and the most troublesome cluster. The emphasis was on cost control (fuel-, fleet- and asset management), and also on borehole protocol management.

Employees: Water Services				
Job Level	2024/2025			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	63	3	19	30%
7 - 9	23	6	7	30%
10 - 12	8	7	3	38%
13 - 15	1	9	0	0%
16 - 18	0	11	0	0%
19 - 20	1	18	0	0%
Total	96	54	29	30%

Water Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To provide bulk water and sanitation services	Number of water supply projects completed by 30 June 2025	8	7	20	15	15
	Number of Boreholes Refurbished by 30 June 2025	7	7	8	5	5
	Number of quarterly operations and maintenance reports on water, sanitation and electricity submitted to the Municipal Manager by 30 June 2025	N/A	N/A	4	4	N/A

3.2 Waste Water (Sanitation) Provision

Sanitation provisioning in the Joe Morolong Rural area is mainly by means of VIP or UDS Dry Pit latrines, except some few individuals with septic tanks. The system used is depended on the water protocol in the particular area.

Residents in Hotazel, one of our two towns, are connected to waterborne sanitation systems. Hotazel is serviced by a Waste Water Treatment Works (WWTW) that releases its effluent for irrigation purposes.

The residential area of Van Zylsrust, our second town, still uses VIP and septic tanks for sanitation. Van Zylsrust has a Waste Water Treatment Works which comprises of oxidation ponds and does not release grey water into a natural water source. This town needs funding to be connected to waterborne sanitation systems.

Sanitation infrastructure demands are documented and prioritised in our IDP.

During the 2024-25 Financial Year, 251 new double pit sanitation units were erected in various villages. It should be noted that proper health and hygiene training forms part of all our dry pit sanitation projects.

Table 3.2.3. indicates the Sanitation backlog:

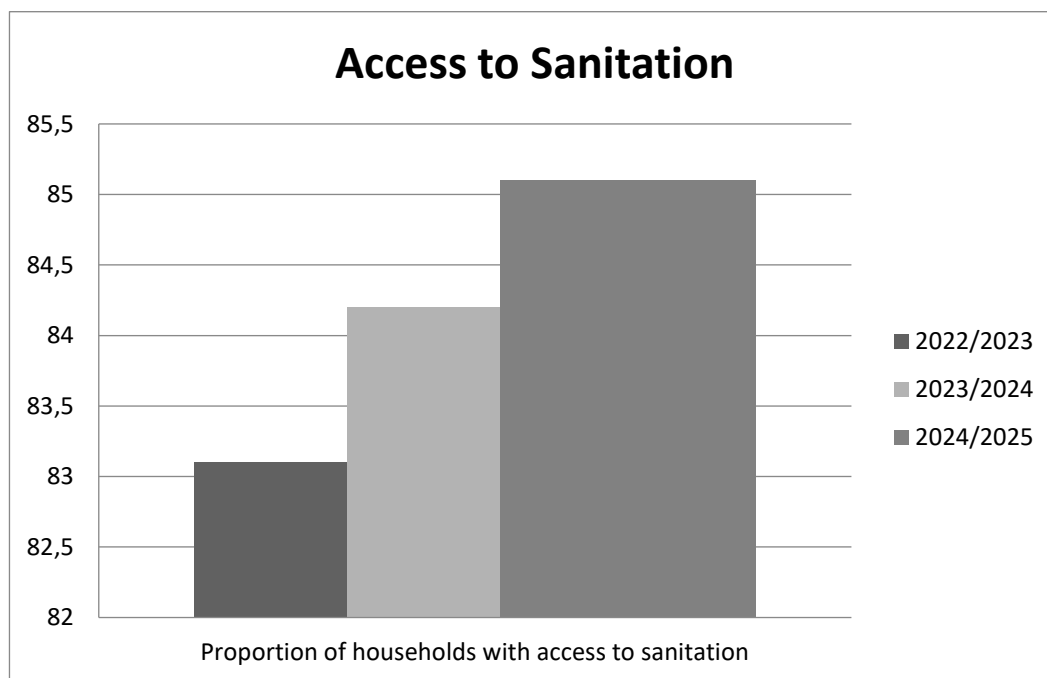
Sanitation Service Delivery Levels				
Description	*Households			
	2021/2022	2022/2023	2023/2024	2024/2025
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
<u>Sanitation/sewerage:</u> (above minimum level)				
Flush toilet (connected to sewerage)	4 319	4 319	4 319	4 319
Flush toilet (with septic tank)	1 194	1 194	1 194	1 194
Chemical toilet	728	728	728	728
Pit toilet (ventilated)	15 098	15 801	16 091	16 342
Other toilet provisions (above min.service level)				
<i>Minimum Service Level and Above sub-total</i>	21 340	22 043	22 333	22 584
<i>Minimum Service Level and Above Percentage</i>	80,4%	83,1%	84,2%	85,1%
<u>Sanitation/sewerage:</u> (below minimum level)				
Bucket toilet	0	0	0	0
Other toilet provisions (below min.service level)	0	0	0	0
No toilet provisions	2 576	1 873	1 583	1 332
<i>Below Minimum Service Level sub-total</i>	2 576	1 873	1 583	1 332
<i>Below Minimum Service Level Percentage</i>	9,7%	7,1%	6,0%	5,0%
Total households	26 537	26 537	26 537	26 537
<i>*Total number of households including informal settlements</i>				T 3.2.3

It should be noted that the backlog figures were adjusted during the 2024-25 financial year by using the more recent Census 2022 data as baseline.

Households - Sanitation Service Delivery Levels below the minimum						
Description	Households					
	2021/2022	2022/2023	2023/2024	2024/2025		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	26 537	26 537	26 537	26 537	26 537	26 537
Households below minimum service level	5 197	4 494	4 204	250	251	3 953
Proportion of households below minimum service level	20%	17%	16%	1%	1%	15%
Informal Settlements						
Total households	–	–	–	–	–	–
Households ts below minimum service level	–	–	–	–	–	–
Proportion of households ts below minimum service level	N/A	N/A	N/A	N/A	N/A	N/A
						T 3.2.4

Waste Water Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target
To provide bulk water and sanitation services	Number of households provided sanitation by 30 June	290	790	250	251	250

The graph below shows Access to Sanitation over a 3-year period:



T3.2.5

Although our sanitation backlog is considered to be a moving target, it is clear from the above chart that JMLM is making good progress in addressing the backlog. MIG-funding is used to construct double dry pit sanitation units.

Below is the municipality's capital expenditure for the financial year:

Capital Expenditure Year 2024/2025: Sanitation Services					
R' 000					
Capital Projects	2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	10 225	10 225	10 205	0%	
Dithakong Dry Sanitation Phase 2	3 263	3 263	3 262	0%	25 835
Maologane Dry Sanitation	2 615	2 615	2 614	0%	2 615
Makgaladi Dry Sanitation	1 362	1 362	1 361	0%	1 362
Gamorona Dry Sanitation	2 985	2 985	2 967	-1%	5 978
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.2.9

Note

A total of 251 new double pit dry sanitation units were erected during the reporting period, with a total allocation of R 10 225 142,51 MIG-funding.

As with water, the sanitation backlog is a moving target in our area, mainly due to electrification projects. The water protocol of a specific village is used to determine the type of unit to be installed.

The water protocol of a specific village is used to determine the type of unit to be installed.

Basic sanitation provisioning is hampered by the lack of systematic layout planning of stands (households) in the rural area. Scattered households make it very expensive to provide sanitation services and has a direct impact on our cost/capita.

Our main focus for the next 2 financial years will be to close the registered sanitation business plan for Dithakong village.

Although there have been some improvements since the 2022 Census was conducted, a lot still needs to be done in terms of increasing the access to decent sanitation that meet the RDP standards. According to our IDP, 44 villages still has a sanitation backlog. This is mainly due to expansion of the villages

3.3 Electricity

Joe Morolong Local Municipality's electricity delivery strategy is centred on ensuring that every household has access to safe, reliable, and affordable electricity by 2024/25, in line with the National Basic Standard. The approach combines targeted electrification in areas without access, proactive maintenance of the existing network, and strong collaboration with Eskom to guarantee fair service delivery throughout the municipality. As the licensed distributor in Hotazel township, the municipality's focus is on expanding connections and improving operational efficiency to meet community needs.

The municipality also acts as a project coordinator for electricity projects implemented by Eskom and DEE. The main objectives for coordination is to engage Eskom and the Department of Electricity and Energy to increase the electrification budget in order to expedite the eradication of backlogs. On the operational aspects, Joe Morolong Local Municipality will budget for highmast lights, standby generator and electricity connections. The electrification of diesel driven boreholes will also receive attention. There is also a need for more electrical Operations & Maintenance budget and Personnel.

Electricity Service Delivery Levels				
Description	Households			
	2021/2022	2022/2023	2023/2024	2024/2025
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Energy: (above minimum level)				
Electricity (at least min.service level)				

Electricity - prepaid (min.service level)	21 225	22 425	22 425	23 883
Minimum Service Level and Above sub-total	21 225	22 425	22 425	23 883
Minimum Service Level and Above Percentage	80,0%	84,5%	84,5%	90,0%
Energy: (below minimum level)				
Electricity (< min.service level)				
Electricity - prepaid (< min. service level)				
Other energy sources	5 312	4 112	4 112	2 654
Below Minimum Service Level sub-total	5 312	4 112	4 112	2 654
Below Minimum Service Level Percentage	20,0%	15,5%	15,5%	10,0%
Total number of households	26 537	26 537	26 537	26 537
				T 3.3.3

Households - Electricity Service Delivery Levels below the minimum						
Description	2021/2022	2022/2023	2023/2024	2024/2025		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	26 537	26 537	26 537	26 537	26 537	26 537
Households below minimum service level	5 312	4 112	4 112	1 458	1 458	2 654
Proportion of households below minimum service level	20%	15%	15%	5%	5%	10%
						T 3.3.4

Capital Expenditure 2024/2025: Electricity Services					
R' 000					
Capital Projects	2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	45 685	45 685	45 685	0%	
INEP	45 685	45 685	45 685	0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.3.8

Joe Morolong Local Municipality (JMLM) coordinates electricity projects in partnership with Eskom and the Department of Electricity and Energy (DEE). In 2024/25, the Municipality had a backlog of 4,102 connections, of which 1,458 were addressed. Around 1,500 new connections are under investigation for 2025/26 implementation.

The Municipality's priority is to engage Eskom and DEE to increase electrification funding to accelerate backlog elimination. Operational budgets focus on high-mast lighting, Eskom connections, and electrification of diesel-powered boreholes, with additional resources needed for O&M and personnel.

Budget variances arose from delayed procurement, additional maintenance, and higher operational costs. Year 5 IDP targets remain achievable, with mitigation measures including reprioritization and accelerated project execution where needed.

Agreements with Eskom on supply management, load-shedding coordination, and invoicing reconciliation have been maintained, ensuring minimal service disruption and continued progress toward electrification goals.

Employees: Electricity Services				
Job Level	2024/2025			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	0	0	0	0%
7 - 9	0	0	0	0%
10 - 12	4	2	4	75%
13 - 15	1	0	1	100%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
Total	5	2	5	80%

Electricity Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target
To provide electricity	Number of dwellings provided with new connections to the mains supply by Eskom within municipal jurisdiction	N/A	N/A	1388	1415	N/A
	Number of quarterly operations and maintenance reports on electricity submitted to the Municipal Manager by 30 June 2026	N/A	N/A	N/A	N/A	4

3.4 Waste Management

a) Refuse removal

A weekly household refuse removal service is available for formal households at Hotazel and Vanzylsrus, which are the only townships in the Joe Morolong Local Municipality. This service is rendered for a total of 800 households. Waste is collected from kerbside and is sent to the licensed landfill sites situated in each area.

Illegal dumping remains a concern throughout the Municipal area. The clearing of illegal dumping conducted at hotspot areas. Considerable volumes of waste are removed from these illegal dumps, and the waste streams originate household, business and industrial sources.

b) Environmental advocacy and awareness

Municipality further conducted waste management awareness campaigns and conduct clean-up campaigns in communities as well as schools.

c) Challenges

- Insufficient landfill equipment.
- Misapplication of the waste management tariffs.
- Implementation of by-laws.
- The municipality also faces a significant recycling challenge due to lack of recycling facilities and the distance to the available markets.

Employees: Solid Waste Management Services				
Job Level	2024/2025			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	1	0	0	0%
4 - 6	19	9	19	36%
7 - 9	0	0	0	0%
10 - 12	1	0	1	100%
13 - 15	1	1	1	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
Total	22	10	22	39%

Waste Management Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2022/23		2023/24		2024/25
		Target	Actual	Target	Actual	Target
To provide refuse removal services	Number of households provided with refuse removal services in Hotazel and Vanzylsrus by 30 June	818	818	834	800	834

3.5 Housing

Joe Morolong LM Council will be adopting the Municipal Housing Sector Plan which will work as a planning tool for the Municipality in addressing various housing backlogs (Emergency housing, etc). This, along with other requirements, will assist the Municipality in getting accreditation and subsequently being able to execute their own projects based on approved Business plans submitted. Currently, the Municipality is collecting backlog data on Housing need (which will also include the need for land for home builders).

The main challenges that the municipality faces in housing delivery are as follows:

- Land acquisition (Land either privately owned or communal)
- Dolomitic areas

c) Funding constraints for thorough geotechnical investigations in all villages

Submissions have been made to COGHSTA to avail more funding for an extended scope to cater for all villages within JMLM for Dolomitic investigations as well as Geotechnical investigation to be conducted. This will enable us to easily get funded for eradication of the current backlog on housing. The municipality is in the process of acquiring land for housing development in the JMLM area. The development will be able to cater for all income groups, providing low-cost houses to rental units.

Since JMLM is not accredited for housing provision, all housing projects, including temporary relief caused by disasters, are currently being executed by the District Municipality. JMLM identifies and documents those community members affected by disasters and submits such information for inclusion into the NHNR and to the District Municipality for inclusion into Business plans for project funding.

The following is how JMLM will improve housing delivery service:

- a) Housing Sector plan approval by Council
- b) JMLM Accreditation
- c) Source project funding through approved Business Plans

The delivery of human settlements is a core mandate of the Department of Human Settlements. The JMLM is faced with capacity challenges and financial constraints with regard to human settlements delivery. As such, the municipality relies on the support and guidance of the District, Department of Cooperative Governance, Human Settlements and Traditional Affairs (COGHSTA), and the Department of Human Settlements.

JMLM mainly focuses on housing consumer education, to ensure that community members are fully capacitated on accessing various subsidy programmes offered by the Department of Human Settlements.

In trying to address the that are facing the municipality in so far as human settlements development is concerned, JMLM participates in the District Human Settlements Forum which takes place every quarter.

Percentage of households with access to basic housing				
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements	Vacancies (as a % of total posts)
2021/2022	19 637	19 637	82%	
2022/2023	23 353	23 353	88%	
2023/2024	23 353		88%	
2024/2025	23 353		88%	
				T 3.5.2

Employees: Housing Services				
Job Level	2024/2025			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	1	1	1	0%
7 - 9	0	0	0	0%
10 - 12	1	1	1	100%
13 - 15	1	1	1	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
Total	3	3	3	50%

Housing Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target
To promote integrated human planning	Number of quarterly housing consumer education held in 15 wards by 30 June	4	4	15	15	4

Capital Expenditure 2024/2025: Housing Services						
Capital Projects	2024/2025					R' 000
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	R170 810 095.35	R 0.00	R24 117 384.37			
Construction of 125 BNG Houses in Lotlhakajaneng and Segwaneng	R 34 749 999.90		R 11 109 362.79			
Construction of 164 BNG Houses in Deurham, Padstow and Gasehunelo Wyk 5	R 59 604 514.20		R 5 850 741.97			
Construction of 157 BNG Houses in Madibeng and Perth	R 42 825 581.25		R 5 411 244.89			
Construction of 114 BNG Houses in Makhubung and Heuningvlei	R 33 630 000.00		R 1 746 034.72			
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>						T 3.5.6

Budgeting for the construction of Capital housing projects is strictly done at COGHSTA and Municipality has no influence or control over any variations to the budget allocated.

Municipality prioritises projects as per Business Plans submitted to COGHSTA. The current priority with the project implemented in the current financial year is to eradicate the backlog due to incomplete houses that date back about 10 years ago. Second priority is to address/ eradicate mud houses within our jurisdiction.

3.6 Free Basic Services and Indigent Support

The provision of access to free basic services is to cater for the basic needs of indigent households is a constitutional imperative.

The municipality recently achieved a significant milestone by successfully approving over 3,000 applications for indigent support in compliance with the Municipal Systems Act. This process reflects the municipality's commitment to ensuring equitable access to essential services for its most vulnerable residents. Through a streamlined and efficient registration process, the municipality prioritized community outreach, clear communication, and robust verification measures to identify eligible applicants. This achievement not only enhances the provision of social relief but also strengthens the municipality's ability to allocate resources effectively and meet its statutory obligations under the Municipal Systems Act.

In response to this requirement, Joe Morolong Local Municipality developed an Indigent Support Policy. In the main, the policy addresses all issues related to the sustainable provision of basic services to indigent households in communities falling under the jurisdiction of JMLM. It further sets out procedures and guidelines for the effective subsidisation of basic service charges to approved indigent households within budgetary and intergovernmental grant guidelines. The policy also provides clarity on issues related to eligibility for benefiting from the basket of services organised under this policy.

Free Basic Service Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target
To promote and enhance the financial viability of the municipality	Indigent register annually developed and submitted to Council by 30 June	30 June	-	30 June	26 June	30 June

COMPONENT B: ROADS AND STORM WATER

3.7 Roads

Joe Morolong Local Municipality is a rural municipality with a total area of 20 172 km². It is estimated that 90% of our roads are gravel roads with a combination of access- and internal roads.

The Municipality is not providing any public transport services, e.g. busses. According to our Roads and Stormwater Master Plan, there are more than 2 000 km of roads in our area. Joe Morolong is mainly responsible for the construction of new roads and bridges as well as the upgrading and maintenance of the access and Internal roads and bridges.

We utilise graders for the maintenance of gravel roads within our 15 wards. During 2024/25 financial year, a total of 370,54 km of gravel roads were bladed.

The demand for upgrading of roads and stormwater infrastructure is documented and prioritised in our IDP and categorised as follows:

Access Roads – there are 10 high priority access roads

Internal Roads – 29 internal roads are listed in our IDP

Bridges – 22 bridges have to be refurbished/updated

During the 2024-25 Financial Year, two Grant-funded road infrastructure projects were embarked on, of which a total of 3.2 km meters of Internal roads was completed. The following Grant-funded roads were implemented:

- Ncwelengwe Internal Road – 1.7 km paved road completed
- Gahuwe to Dithakong Access Road – 1.5 km paved road completed

As for SLP-funded projects, the following projects were embarked on in the FY:

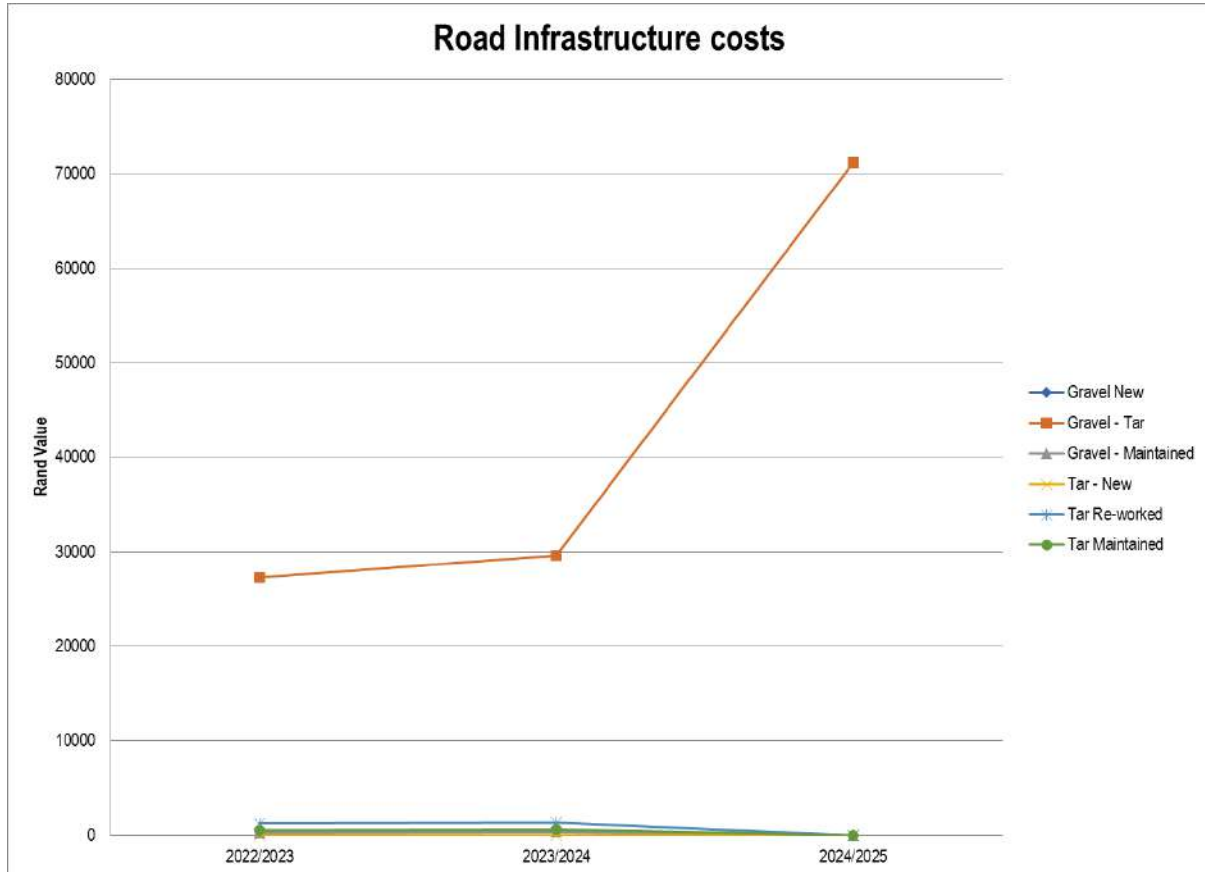
- Kokfontein Access Road – 2.04 km will be upgraded; completed in August 2025
- Masankong Access Road – 860m paved road completed in July 2024
- Motolwaneng – 730m upgraded to paving blocks; completed in August 2025

Below is the state of gravel roads in the JMLM area:

Gravel Road Infrastructure				
				Kilometres
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to surfaced roads	Gravel roads graded/maintained
2022/2023	160,00	20,00	12,00	120,00
2023/2024	166,00	25,00	14,00	140,00
2024/2025	159,17	0	6.83	370,54
				<i>T 3.7.2</i>

Tarred Road Infrastructure					
					Kilometres
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2022/2023	98,00	14,00	25,00	15,00	120,00
2023/2024	114,00	20,00	30,00	25,00	140,00
2024/2025	120,83	6,83	0,00	0,00	0,00
					<i>T 3.7.3</i>

Cost of Construction/Maintenance					Kilometres
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2022/2023	475	27 234	260	0	1220
2023/2024	490	29 588	280	0	1300
2024/2025	0	71 222	2 000	0	0
					T 3.74



From the graph above, it is clear that JMLM is not focusing on constructing new roads. Our long-term aim is to upgrade key existing gravel roads to paving block roads. One such road was the upgrading of the Churchill to Batharos road a few years back. These types of upgrades allow our community members safe access to medical facilities, schools and business centres.

Employees: Road Services				
Job Level	2024/2025			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	16	6	16	73%
7 - 9	1	6	1	100%
10 - 12	0	0	0	0%
13 - 15	1	1	1	0%

16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
Total	18	13	18	71%

Road Service Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target
To provide roads and stormwater services	Number of quarterly progress reports on road maintenance developed and submitted to the Municipal Manager by 30 June	-	-	4	4	4

Capital Expenditure 2024/2025: Road Services					
					R' 000
Capital Projects	2024/2025				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	80 513	80 513	80 422	0%	
Ncwelengwe Internal Road Phase 2	11 156	11 156	11 064	-1%	31 706
Gahuwe to Dithakong Access Road Phase 2	18 046	18 046	18 046	0%	29 986
Kokfontein Access Road	32 545	32 545	32 545	0%	57 319
Masankong Access Road	9 200	9 200	9 200	0%	66 811
Motolwaneng - Gadiboe Access Road	9 567	9 567	9 567	0%	24 674
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.7.9</i>

The municipality successfully implemented grant-funded projects relating to the upgrading of 3 200m of internal road projects during the reporting period. We also commenced with gravel to surfaced roads with SLP-funding from the mines.

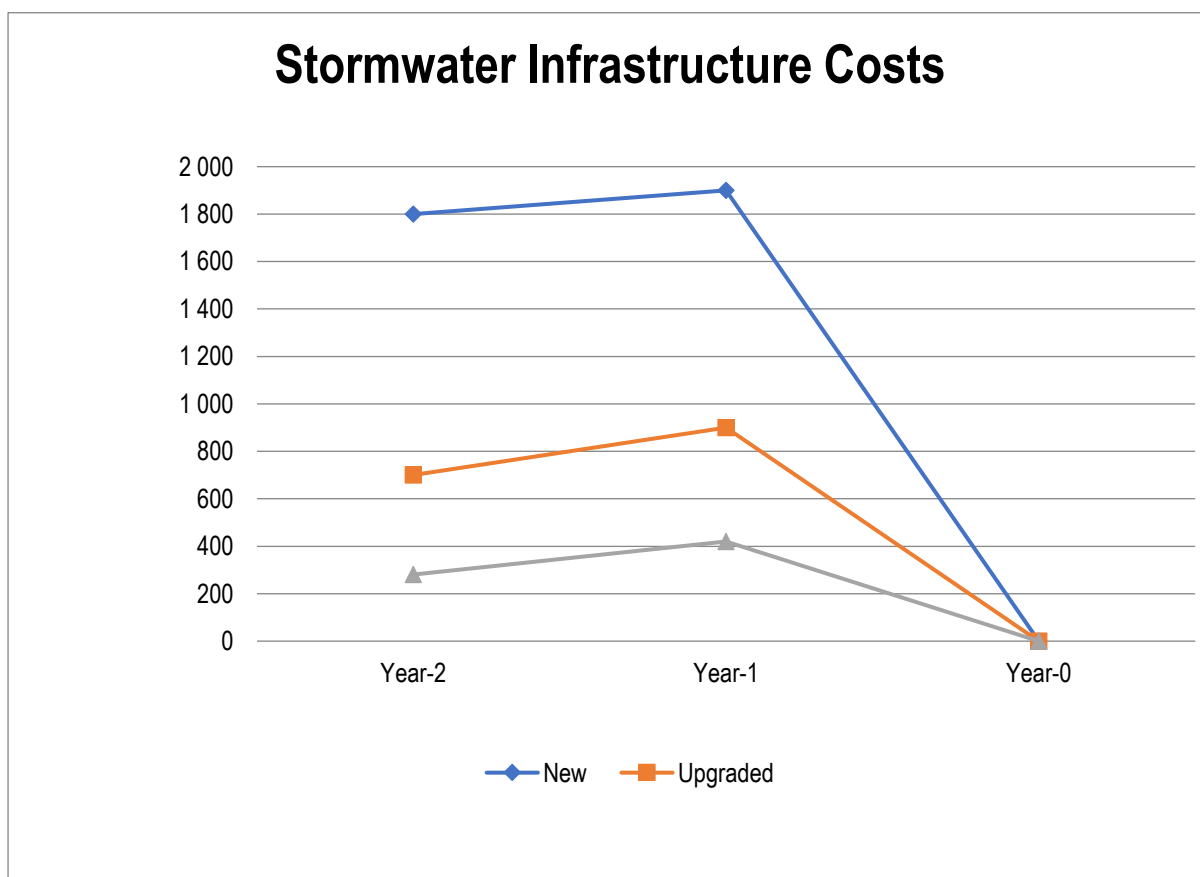
Because of the vast distances between some villages and the big area to be covered, the effective Operation and Maintenance of the roads do require a lot of effort and a large budget. Therefore, JMLM is focusing the available budget for O&M on maintaining the gravel roads in our area.

3.8 Waste Water (Stormwater Drainage)

JMLM is situated in a rural area where about 90% of our roads are gravel with no proper stormwater channels adjacent to the roads. However, we do have a number of river-crossings, where most culvert bridges were constructed. Most of the bridges were damaged during floods. Three stormwater bridges were upgraded during previous reporting periods, i.e. at Gasese-, Ditharapeng- and Gammakgate villages. The construction of one bridge was implemented in Kokfontein village in the 2024-25 financial year and was completed in August 2025.

Stormwater Infrastructure				
				Kilometres
	Total Stormwater measures	New Stormwater measures	Stormwater measures upgraded (m)	Stormwater measures maintained Tar roads maintained
2022/2023	160	20	43,90	120
2023/2024	166	6	47,80	140
2024/2025	166	0	0,00	0
				T 3.9.2

Cost of Construction/Maintenance			
			R'000
	Stormwater Measures		
	New	Upgraded	Maintained
2022/2023	0	18 142	280
2023/2024	0	7 091	420
2024/2025	0	0	0
			T 3.9.3



During the 2024-25 financial year, JMLM commenced with the construction of a SLP-funded culvert bridge, as part of a gravel to paved access road project in Kokfontein village. However, this bridge was delayed due to EIA and was completed (and reported) in the August 2025.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: municipal integrated development planning and municipal performance management system (IDP/PMS); municipal Town Planning; and local economic development. The primary aim of the department, Economic Development, Planning and Tourism, is to ensure that the municipality through a consultative process, draws its overarching strategic plans and roll-out its:

1. basic service delivery programme
2. spatial planning and land use management
3. economic development and growth management

Economic Development Opportunities

LED is identified as part of the critical target areas for the municipality's Turn Around Strategy (TAS).

Below, we outline the sectors of the economy of the Municipality that has potential, that Municipality have competitive and comparative advantage in, and that are inadequately tapped or has got on-going potential:

1. Agricultural Sector

Stock Production

The Municipality has a great potential in agricultural sector, particularly the stock farming; cattle farming, Sheep and Goats farming. This sector is not explored optimally, thus a need for further improvements.

Crop Production

Joe Morolong has pockets of wet lands with great potential for crop production exploration i.e. Manyeding Village, Tsineng Village, Camden Village. In the historical past, Manyeding Village used to produce significant number of crops and has since retrogressed and should be resuscitated through collaboration with the Department of Agriculture, Land Reform and Rural Development (DLRRD).

2. Mining and Minerals Sector

Manganese Ore

The Manganese Ore Mining and the related downstream industries are significantly contributing to the economy of our Municipality. It contributes a lot of the job opportunities created and thus sustains local livelihoods. The transformation of the industry presents great opportunity for further empowerment of the locals, particularly Inclusive Procurement, Supplier and Enterprise Development; Human Resource Development, and Mine Community Development.

3. Energy Sector (Solar)

Solar Energy

The Solar Energy Sector is an emerging sector with great potential. The Northern Cape and Joe Morolong in particular has the natural endowment and competitive edge to significantly contribute to

the national energy strategy. With that we anticipate the generation of economic activities both in the upstream and downstream of the industry. The associated benefits would be jobs and business opportunities, in the industry ecosystem, for the Municipal inhabitants.

4. Tourism Sector

Game Parks

There are some unique natural offerings that makes Joe Morolong a preferred destination for the development of the Game Park Sector. This sub-sector of Tourism still holds a lot of potential and still has to be explored.

5. Services Sector (Construction, Mining Support, Other)

Associated with a growing mining municipal area, the growth of the services sector is inevitable. Services such as Retail, Civil and Construction, and Hospitality are significant support industries to Mining. They are contributing to the local economy and may be explored further to extract maximum benefit out of them.

6. Manufacturing Sector

Similar to the Services Sector, with a growing mining activity, the growth of the manufacturing sector, as part of the ecosystem, is inevitable.

Economic Development Challenges

The following challenges limits the effective and efficient functioning of LED:

- **Inadequate entrepreneurship skills**

SMMEs lack necessary entrepreneurial skills, that makes it difficult for them to tap in the business opportunities presented by the growing demand for a variety of services. The demand is mainly driven by mining industry and basic infrastructure development by government.

- **Limited Resources**

Limited budget hinders LED Unit from implementing some projects that can enhance the local economic development. We rely on business development funds from other agencies such as mining houses' social labour plans, and other state economic development agencies; i.e. Small Enterprise Development Agency (SEDA), Small Enterprise Finance Agency (SEFA), Small Business Viability Programme, Industrial Development Corporation (IDC), Tourism Transformation Fund and Green Tourism Incentive Programme, Conservation SMME Development Programme, etc.

3.9 Planning

Main Elements of Town Planning Strategies

The Town Planning Unit is a strategic division within the Municipality mandated to focus on the containment of an orderly built environment and proper land use management for various land uses. The unit is central in developing and promoting an integrated municipality; committed to addressing spatial injustices and guides development towards vibrant, resilient and sustainable urban and rural areas. In response to spatial transformation, the Town Planning Unit acknowledges that spatial restructuring is necessary to accelerate investment and create opportunities that will enhance the economy and achieve strategic goals of the municipality.

The unit oversees the following functions:

- **Urban Planning Function**

The Urban Planning Function constitutes the provision of zoning information and processing of various land use applications.

- **Building Control Function**

Building Control function constitutes the Plans submission, inspection and approval or disapproval of thereof.

- **The Municipal Planning Tribunal**

The Municipality established its own Municipal Planning Tribunal (MPT) in 2022; in terms of the Spatial Planning and Land Use Management Act (SPLUMA), Act 16 of 2013; after being a part of the District Municipal Planning Tribunal since 2016. The MPT is fully functional and is it schedules its meeting on a quarterly basis.

The table below stipulates the land use development applications received by the municipality in the last two years.

Applications for Land Use Development						
Details	Formalization of Townships		Rezoning		Built Environment	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
Planning applications received	0	1	25	13	572	14
Determination made in year of receipt	0	0	25	13	572	13
Determination made in following year	0	0	0	0	0	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	1	0	0	0	0

The Spatial Development Framework (SDF) of the municipality was concluded in 2024. The SDF is compliant with Chapter 4 (S21) of the SPLUMA (Act 16 of 2013). The SDF is expected to accommodate any new circumstances and changes more so since the advent of Covid-19 that has brought a stronger digital economy in the midst of a poor global economic outlook.

The vision of the JMLM SDF is as follows:

“A transformed Joe Morolong Local Municipality, by 2034, where its rich natural resources, cultural heritage and diverse communities are nurtured to achieve sustainable development, spatial justice and improved quality of life for all.”

The Land Use Management System of the Municipality was adopted in 2022.

Employees: Planning Services				
Job Level	2024/2025			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 – 3	0	0	0	0%
4 – 6	0	0	0	0%
7 – 9	0	0	0	0%
10 – 12	2	0	2	100%
13 – 15	0	0	0	0%
16 – 18	1	1	1	0%
19 – 20	0	0	0	0%
Total	3	1	3	20%

Planning Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target
To implement the Spatial Planning and Land Use Management Act (SPLUMA)	Number of quarterly Municipal Planning Tribunal meetings held in terms of SPLUMA by 30 June	4	2	4	4	4
	% of land development applications quarterly processed as per request by 30 June	100%	100%	100%	100%	100%
	Land survey annually conducted by 30 June	30 June	-	30 June	-	30 June

3.10 Local Economic Development (Including Tourism and Market Places)

Local Economic Development (LED) is one of the Key Performance Areas in the JMLM. It is treated as an integral part of the community, sector departments and business sector within the JMLM.

LED uses the development planning and implementation capacities of local government to accrue economic benefit to the locality with the aim of addressing development problems such as unemployment, poverty and market failure at the local level. While promoting the economic welfare of citizens is a critical objective of local government, the absence of specific indicators for LED measurement hampers their ability to successfully determine whether their efforts are achieving the expected results.

The main aim of the Municipality as a local government is to deliver the local economic development results that it promises to its people. The LED goals are often expressed as intangible, long-term outcomes of what Municipality wishes to achieve or change in society. The LED goals are translated into actionable policies, programmes and projects with more tangible outputs, which constitute progress towards attainment of the outcome.

JMLM has an effective LED unit which includes tourism SMME Support and Expanded Public Works Programme (EPWP) divisions. The main focus of the LED unit is to achieve sustainable socio-economic development in the municipality. The municipality has an approved LED strategy that deals with and addresses the unique set of problems and opportunities of JMLM.

- **Economic Development Strategy**

Joe Morolong has identified a number of sectors to support the economic development strategy. These are Agricultural sector with potential to increase crop and animal production, Mining sector as a booming industry which presents opportunities for employment and business, a booming Solar Energy sector that similarly presents opportunity for employment and business, and the Services sector that pivots on the strength of both the construction industry and mining.

- **Agricultural Sector**

The municipality is in collaboration with the DAEARDLR through AgriSETA Learnership Programme. The programme focused on the provision of training and skills in animal production, crop production and poultry farming.

- **Mining Sector**

The Municipality area has high endowment of manganese ore. The minerals are currently explored. A good number of mining rights and mining permits are issued and most of these are in operation, while some are still on process, preparing to resume operations.

Mining has contributed directly to the growing economy of the municipality in both the direct and indirect form. However, it still has not impacted to the befitting scale.

More still has to be done to ensure that the Mining growth impacts the lives of the majority of the municipal inhabitants.

Energy Sector (Solar)

The Municipality area has high endowment of solar energy of a competitive quality. The quality level of the solar rays that beams the municipal area has justified growth of the sector. We are anticipating more permits to be granted in the Eskom's future Independent Power Producers' (IPP) window periods (invitation of bids).

A good number of IPP rights are issued and most of these are in operation, while some are still pending.

Tourism and Hospitality Sector

The Municipality is predominantly rural in nature with pockets of unexplored tourism opportunities. Game farming is among a thriving sub-sector of tourism that justifies growth of lodging (guest houses, lodges and hotels) and other subsidiary economic activities such as heritage and culture, security, public entertainment, and natural wonders.

The Municipality is the process of promoting and enhancing the Tourism and Hospitality Sector by:

- Developing a Tourism Marketing Strategy.

- Establishing a Calendar of Events, including staging local celebrations.
- Training persons to develop creative skills.

Service Sector - Construction

The construction industry plays a significant role in the economy of Joe Morolong. The industry is driven mainly by state basic service delivery programme and SLPs. The Municipality has a 3-year programme on the construction of water, sanitation and roads infrastructure. As part of the programme, the municipality appoints contractors and continuously nominates subcontractors to participate in various projects.

- **Service Sector – Mining Support**

The Mining Support Service Sector is playing a significant role in the economy of Joe Morolong. The municipality continues to advocate for business opportunities for SMMEs through SLPs and Enterprise Supplier Database.

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
2022/2023		122
2023/2024		455
2024/2025	19	443
* - Extended Public Works Programme		T 3.11.6

Employees: Local Economic Development Services				
Job Level	2024/2025			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	0	0	0	0%
7 - 9	0	0	0	0%
10 - 12	3	3	3	0%
13 - 15	1	1	1	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
Total	4	4	4	0%

LED Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target
To promote local economic development	240 jobs created through infrastructure projects by 30 June	240	122	240	443	240

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.11 Libraries; Archives; Museums; Galleries; Community Facilities; Other (Theatres, Zoos, Etc)

The Library Service Unit is responsible for provision of:

- Sufficient library services for all facets of the community.
- Access to library material.

The following are the function's strategic goals:

- Ensure the locals have access to updated information.
- Ensure library users receive service at a satisfactory level.
- Reduce the community's rate of illiteracy.

JMLM entered into an MOA with the Department of Sport, Arts and Culture for the operation of community libraries situated at Vanzylsrus, Cassel and Logaganeng. The JMLM has been receiving funding from the Department for the Library Services Programme. The funding from the Department is however insufficient as it only covers employee related costs. The municipality always has to augment the budget from its own funds.

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	2024/2025				
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	%	
0 - 3	2	2	2	50%	
4 - 6	4	4	4	50%	
7 - 9	0	0	0	0%	
10 - 12	0	0	0	67%	
13 - 15	0	0	0	0%	
16 - 18	0	0	0	0%	
19 - 20	0	0	0	0%	
Total	6	6	6	50%	

Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target
To develop community facilities	Business plan for the requisition of funds for libraries annually developed by 31 March	31 March	-	31 March	22 May	31 March
	Memorandum of Understanding (MOU) on library services annually adopted by Council and submitted to DSAC by 30 June	30 June	-	30 June	-	30 June
	Number quarterly reports on library programmes developed and submitted to the Municipal Manager and the Department of Sport, Arts and Culture by 30 June	4	4	4	4	4

3.12 Cemeteries and Crematoriums

This sub-function includes the maintenance of cemeteries in JMLM. The majority of the areas are situated in communal land and the cemeteries are managed in a tribal procedures. The Municipality only maintains cemeteries in Vanzylsrus.

There are no crematoriums in the Municipal area.

3.13 Child Care; Aged Care; Social Programmes

The JMLM has a functional Special Programmes unit that deals with issues relating to and affecting vulnerable groups such as the youth, women, children, people living with disabilities, and the elderly.

Special Programmes Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target
To promote the interests and rights of targeted groups – women, children, youth, elderly, people living with disabilities, people living with HIV/AIDS	Local AIDS council established by 30 June	-	-	30 June	-	30 June
	Number of quarterly reports on Special Interest Groups programmes developed and submitted to the Municipal Manager by 30 June	4	4	4	4	4

COMPONENT E: ENVIRONMENTAL PROTECTION

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

3.14 Pollution control

JMLM environmental unit works closely with the Department of Environment, Forestry and Fisheries (DFFE) and the Department of Mineral Resources and Energy in reporting on illegal activities as well as administering the rehabilitation action of Section 30 (National Environmental Management Act, 107 of 1998) for emergency incidents.

Chapter 3 of the National Environmental Management: Air Quality Act (Act 39 of 2004, NEM:AQA) requires municipalities to develop an Air Quality Management Plan which serves as a guide to the municipality on all air quality aspects.

JMLM has assigned the duties of Waste Management Officer and Air Quality Officer to the Manager: Environmental Management Services.

3.15 Bio-Diversity; Landscape (Incl. Open Spaces); and Other (Eg. Coastal Protection)

The JMLM area comprises four, separate ecological regions, which extend beyond the region's boundaries. These are the Kalahari Thornveld, Ghaap Plateau, Rocky Hills and Ridges and Kuruman Sourveld. These ecological regions are reportedly not as rich in species as many such similar regions located outside of the area. However, at a more detailed level, accepting that the species composition, vegetation form and individual landscape unit's change over small distances, some 60 vegetation-landscape units which are unique to the District can be identified.

The natural environment in JMLM is reportedly in a fair condition; although poor land management has resulted in degradation of the resource base. Of particular concern is the deterioration of the natural vegetation through overgrazing, poor fire regimes, wood harvesting, misuse of wetlands, and encroachment by invasive plants and weeds. These factors are common to all veld types in Southern Africa, but the harsh climatic conditions and lack of surface water resources worsen the problems in the Northern Cape. They also contribute to a growing concern over the quality and quantity of the groundwater resources upon which much of the area depends.

The bulk of the transformation and degradation of the natural habitat has taken place in the eastern and northern parts of the JTGD, with the western and southern regions experiencing a lower impact. Subsistence agricultural activities and sprawling, unplanned human settlement resulting in dense rural settlements are key contributors to these phenomena in the eastern part of the JMLM i.e. Ditshipeng and Bothithong areas. The desperate situation many of these communities find themselves in, leads to a greater frequency of survivalist-type coping strategies and farming activities, often involving livestock, which further worsens overgrazing and exploitation of the natural habitat in the area.

Land degradation is a major feature in the eastern and northern parts of the JMLM, whilst the western and southern sections are less impacted. The main cause of land degradation is poor land use management in the villages. Poor land use management is ascribed to a number of factors including overgrazing, alien and invasive species, overstocking, uncontrolled grazing, injudicious use of fire, limited awareness and urban development. It is argued that agriculture is most likely the greatest threat to the vegetation, in the form of overgrazing, which changes the plant community composition by eliminating certain species (generally palatable species) and encourages bush encroachment.

The mining activity in the municipality also has a direct impact on vegetation by way of the physical destruction of vegetation within the mining footprint. The effects of dust particulate emissions from the plants as well as along the transport routes will also have an impact on the vegetation.

COMPONENT F: HEALTH

The 9 Municipal Health functions defined as Environmental Health were delegated to District and Metro Municipalities in South Africa. Environmental Health is the only preventative health service designed to identify and contain environmental risk factors that have a detrimental effect to the health of communities.

3.16 Clinics

Health Care Facilities and Hazardous Medical Waste are monitored by the Municipal Health Section of JTGD from an Environmental Health perspective.

3.17 Ambulances

This service is not provided by the JMLM, but by the Provincial Department of Health.

3.18 Health Inspection; Food & Abattoir Licensing; Inspections; Etc.

This function is carried out by the JTGDM Municipal Health Section. In the JMLM area, the District regularly do health inspections in schools and tuckshops in all the various villages.

COMPONENT G: SECURITY AND SAFETY

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

3.19 Police

This section falls under the function of the South African Police Service. The JMLM has the highest number of police stations as compared to the other two local municipalities. There are 13 police stations/precincts in the JTG District Municipality, five of which are located in Joe Morolong. It should however be noted that there are no magistrate courts linked to the police stations, except for the periodical court situated in Bothithong. This poses a challenge as there is a need for constant travelling to the courts situated in Ga-Segonyana LM.

3.20 Fire

Fire is an ecological disturbance which is required to maintain community structure and species diversity. Overgrazing eliminates the grassy sward and fires are carried less easily and frequently across the landscape. This encourages bush encroachment which further inhibits grass regrowth. Eventually, however, extreme wildfire conditions, i.e. drought and hot temperatures, lead to fires which are too intense for even trees to survive that can burn through encroached areas.

The JMLM has signed an agreement with the Working on Fire (WoF) Organisation, who are appointed by the Department of Forestry, Fisheries and the Environment. Through the WOF programme, the municipality has a number of firefighters on site who specialise in the management of wildfires in JMLM and can even extend the function to the rest of JTGDM and the Northern Cape province where required. The service has its challenges, as the WoF does not work with structural fires.

The unit has managed to:

- minimise the amount and extent of veldfires in JMLM
- conduct awareness campaigns on fire safety.

PROPOSED FIRE STATIONS

Based on the overall risk and travelling distance, it is highly recommended that four fire stations be initiated at:

- Churchill (Main Station)
- Hotazel (Satellite Station)
- Vanzylsrus (Satellite Station)
- Heuningvlei (Satellite Station)

The reason the municipality needs 3 satellite stations is because of the long distances from the Main office to the satellite offices, there are municipal offices in all the proposed satellite stations.

The Municipality intends to establish its own Fire and Rescue unit which encompasses of structural fire, with the intention to enhance community safety and minimise the impacts of hazards on the people and the environment, however various resources and infrastructure developments would be required in order to render an acceptable level of fire brigade, rescue and emergency services in the Joe Morolong Municipality.

Municipal Fire Service Data				
	Details	2023/2024	2024/2025	2025/2026
		Actual No.	Actual No.	Estimate No.
1	Total fires attended in the year	38 Veld Fires	5 Veld fires	4 Veld fires
2	Total of other incidents attended in the year	17 Structural Fires	23 Structural Fires	12 Structural fires
				T 3.21.2

Fire Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target
To provide Disaster Management Services	Number of quarterly reports on Veld and Forest fire suppression and emergency incidents attended to developed and submitted by 30 June	4	4	4	4	4

3.21 Other (Disaster Management, Animal Licencing and Control, Control of Public Nuisances and Other)

The objective of the Municipality is to provide Disaster Management Services to the Community of Joe Morolong at large. In the event of a disaster or emergency situation, the disaster personnel are activated by either the Ward Councillor, District Disaster Call Centre, Community members. When the Disaster personnel attend to incidents that they were dispatched to, they have to complete assessment forms. The Assessment forms reflect the severity of the incidents, whether it was a structural fire or a veldfire. The Disaster personnel will then submit report to all sector Departments and external stakeholders for interventions.

While the plans of the JMLM municipality envisage the establishment of satellite fire and emergency services in the four areas mentioned, the municipality is continuously:

- Conducting disaster and climate change awareness and education campaign in communities and schools
- Providing relief in the event of a disaster incident through/ with the assistance of other stakeholders.

All events hosted within the municipality's jurisdiction require a section 6 application done at SAPS according to Safety at Sports and Recreational Events Act (SASREA), Act No.2 of 2010 is a South

African law that aims to ensure the safety of people and property at events. In terms of legislation (Act 99 of 1987) Fire Brigade Service Act, and Disaster Management Act 57 of 2002, the aim of the service is:

- Preventing the outbreak or spread of a fire (fire prevention).
- Fighting or extinguishing of a fire (operational preparedness).
- Protection of live and property against fire or other threatening danger (public safety).
- Rescue of live or property from fire or other danger (operational preparedness).
- Assisting and protecting the public
- Providing relief to the public
- Protecting property
- Preventing or combating disruption; or
- Dealing with the disruptive and other effects of disaster

COMPONENT H: SPORTS AND RECREATION

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

3.22 Community Halls and Recreational Facilities

Joe Morolong Local Municipality has twenty-five (25) Community Halls and four (4) Sportfields. The objective of the municipality is to develop and maintain recreational facilities so that they are conducive for use by community members on a rental basis and free basis as contained in the Usage of Recreational Facilities Policy of the Joe Morolong Local Municipality.

These recreational facilities play an essential role in providing valuable services to the communities, maintaining beautiful spaces in our various wards, and promoting education, health and wellness. However, they often face challenges like limited funding, aging infrastructure, theft, vandalism and unfavourable weather conditions.

Sports and Recreation Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target
To develop community facilities	Construction of the Washington Community Hall completed by 30 June	-	-	30 June	30 June	-
	Construction of the Perdmonkie Community Hall completed by 30 June 2025	-	-	-	-	30 June

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate services policies, financial services, human resource services, ICT services, property services. All policies have been consulted with all stakeholders, thereafter the policies were submitted to Council for approval and implemented as required.

3.23 Executive and Council

The Mayor heads the municipality and fulfils this task by working together with the councillors. The Mayoral committee is functional and it ensures that there is integration of the work of Council between portfolio committee and respective departments. The Municipal Council comprises of the governing and decision-making body of the Municipality whilst the municipal officials focus on the implementation of the Council resolutions. Council determines the direction of the Municipality through the development of the IDP and allocation of resources. Council develops policies and the responsibility of the municipal staff is to ensure that those policies are implemented. The accounting officer is responsible for the administration of the municipality.

The Joe Morolong Local Municipality as outlined in its Integrated Development Plan set out clearly defined strategic objectives and targets in line with its powers and functions as guided by the Constitution of the Republic of South Africa, Act No. 108 of 1996 and relevant legislative requirements. Its endeavours to deliver sustainable and quality services were supported through the implementation and monitoring of adopted Council policies in an effort to deliver on its mandate. During this period, JMLM made great strides in delivering services to its communities.

Employees: The Executive and Council				
Job Level	2024/2025			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	2	2	2	0%
7 - 9	2	2	2	25%
10 - 12	3	3	3	0%
13 - 15	0	0	0	0%
16 - 18	1	0	1	100%
19 - 20	0	0	0	0%
Total	8	7	7	20%

Executive and Council Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target
To govern municipal affairs	Council committee itinerary annually developed and submitted to Council by 30 June	30 June	30 June	30 June	30 June	30 June
	4 quarterly Council meetings held by 30 June 2024	4	4	4	4	4
	4 quarterly updated Council resolution registers developed and submitted to the Municipal Manager by 30 June 2024	4	4	4	4	4

3.24 Financial Services

The Chief Financial Officer heads the Financial Services Department, with six divisions in the department. The divisions are as follows:

- a. Revenue Management
- b. Expenditure Management
- c. Supply Chain Management
- d. Assets Management
- e. Budget and Reporting
- f. Financial Control

The financial services department is responsible for the implementation and compliance with Municipal Finance Management Act, Act No. 56 of 2003, the Municipal Property Rates Act, Act No. 6 of 2004, as amended, the Municipal Systems Act, Act No. 32 of 2000, as amended, Fiscal Powers and Functions Act, Act No. 12 of 2007, the Division of Revenue Act, to mention but a few.

The department is also responsible for ensuring general compliance with supply chain management policy of the municipality, whilst the expenditure section identifies any irregular expenditure that may have been incurred as a result of non-compliance.

Employees: Financial Services				
Job Level	2024/2025			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	14	17	13	93%
7 - 9	1	1	1	100%
10 - 12	15	13	4	92%
13 - 15	5	5	5	100%
16 - 18	1	1	1	100%
19 - 20	1	0	1	100%
Total	36	37	25	94%

Financial Services Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target
To promote achievement of a clean annual audit outcome for the municipality	Audit Action Plan annually developed and adopted by Council by 31 January	31 Jan	31 Jan	31 Jan	30 Jan	31 Jan
To promote and enhance the financial viability of the municipality	Number of monthly cashbook and bank reconciliation reports developed and submitted to the Municipal Manager by 30 June	12	12	12	12	12
	Annual Financial Statements and supporting schedules submitted to AGSA by 31 August	31 Aug	31 Aug	31 Aug	1 Sept	31 Aug

3.25 Human Resource Services

Workforce management is part of the broader organisational management strategy which seeks to amongst others ensure that there is a defined process of accountability as well as adequate procedures to deal with administrative matters. To this end, the municipal Council has approved a number of policies and procedures aimed at improving management and administration affairs within the municipality. The Human Resource unit deals with the following issues: Labour relations, Health and Safety, Skills Development, Leave days, Employees Files, Medical aids and deduction from Employees' salaries.

Employees: Human Resource Services				
Job Level	2024/2025			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 – 3	0	0	0	0%
4 – 6	3	3	3	0%
7 – 9	3	3	3	0%
10 - 12	3	3	3	0%
13 - 15	1	1	1	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
Total	10	10	10	0%

Human Resource Policy Objectives taken from IDP						
	Key Performance Indicator	2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target
To govern municipal affairs	Number of vacant budgeted positions filled by 30 June 2024	86	41	45	33	45
	Work Skills Plan annually developed and submitted to LGSETA by 30 June 2024	30 Jun	30 Apr	30 Jun	30 April	30 Jun
	Number of quarterly training reports developed and submitted to the Municipal Manager by 30 June 2024	4	4	4	4	4

3.26 Information and Communication Technology (ICT) Services

The mandate of the Information Communication Technology (ICT) unit is to provide ICT services and support to the District Municipality and to provide secure, reliable and consistent platform for information accessibility. Information Technology in all its forms, is essential to manage the transactions, information and knowledge necessary to ensure that citizens' demand for service delivery, administration and operational efficiencies are met. Due to its pervasive nature, it is essential for Joe Morolong Local Municipality to ensure that the unit delivers its functions in an efficient manner.

It is noted that there are serious ICT network and infrastructure challenges in rural areas. This causes poor internet connection, which means that local communities cannot easily access the municipal info posted on the municipal website.

There has been significant improvement in the ICT environment within the municipality, the Voice Over IP telephony system have been supplied and installed working 100%, as well as high speed internet is being installed, the internet will be provided via satellite and with a failover of LTE, and it will cater to all the municipal buildings, with completion of internet installation the availability of them municipal website will be 100%.

The plans to improve ICT services in the next financial year includes the procurement of Multi-Functional Photocopy machines, CCTV cameras, hardware upgrade, as well as upgrade of the existing outdated network backbone in all municipality offices.

Employees: ICT Services				
Job Level	2024/2025			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0%
4 - 6	0	0	0	0%
7 - 9	0	0	0	0%
10 - 12	3	3	3	0%
13 - 15	1	1	1	0%
16 - 18	0	0	0	0%
19 - 20	0	0	0	0%
Total	4	4	4	0%

ICT Services Policy Objectives taken from IDP						
Strategic Objective	Key Performance Indicator	2023/24		2024/25		2025/26
		Target	Actual	Target	Actual	Target
To improve public participation	Number of quarterly reports on publicized municipal activities/events published on the municipal website by 30 June	4	4	4	4	4
To provide IT services	Number of quarterly reports on IT developed and submitted to the Municipal Manager by 30 June	4	4	4	4	4

3.27 Property; Legal; Risk Management and Procurement Services

This function is performed to provide sound legal advice, risk assessment and procurement.

Key performance highlights:

Construction and maintenance of buildings (Property)

JMLM has various assets ranging from immovable property such as land and buildings to movable property such as motor vehicles and furniture. Land and buildings are generally considered to be investments. The Municipality has a duty to ensure that the properties are not only safeguarded, but also maintained to appreciate its value. The lack of office space poses a serious risk to the municipality's ability to deliver in its core mandate, which is to provide basic service delivery.

Key performance highlights

The Municipality's property management system is implemented by Corporate Services directorate which deals only with daily maintenance of municipal offices. Joe Morolong Local Municipality intends

to refurbish; construct and maintain municipal building offices as part of value driven process which seeks to contribute to developing its buildings in a lifelong perspective. The intention is also to apply sustainable technology when upgrading all existing municipal buildings, which is environmentally friendly to water and waste, energy efficiency and smart technology that give low operating costs and efficient building operations.

Provision of security management services to assets

The Joe Morolong Local Municipality values its human resources. Strides are continuously being taken to ensure that its employees and councillors are safeguarded.

Legal Services

Legal support is provided to senior management, directorates and Council on the exercise of powers, functions and decision making. The objective that relates to this function is to ensure effective administration support and legal services.

COMPONENT J: MISCELLANEOUS

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

The Municipality does not provide any of the above services.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

KPI NO	KPA	IDP PROGRAMME (IDP PRIORITY AREA)	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR TITLE	TARGET (OUTPUT)	UNIT OF MEASUREMENT	REPORTING CYCLE	TARGET BREAKDOWN				AUDITED ANNUAL PERFORMANCE (2023/2024)	ACTUAL QUARTERLY PERFORMANCE 2024/2025				ACTUAL ANNUAL PERFORMANCE 2024/2025	ACHIEVED / NOT ACHIEVED	REASONS FOR DEVIATION	CORRECTIVE MEASURES TO BE TAKEN	POE REQUIRED AS PER SDBIP	ACTUAL POE PROVIDED
								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
1.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure effective strategic integrated sustainable development planning in the municipality	IDP Process Plan annually developed and submitted to Council by 31 August 2024	IDP Process Plan annually developed and submitted to Council by 31 August 2024	Date	Annually	31 Aug	-	-	-	31 Aug	28 Aug	N/A	N/A	N/A	28 Aug	Achieved	N/A	N/A	IDP Process Plan and Council Resolution	IDP Process Plan and Council Resolution
2.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure effective strategic integrated sustainable development planning in the municipality	Number of quarterly progress reports on the IDP process plan submitted to the Municipal Manager by 30 June 2025	4 quarterly progress reports on the IDP process plan submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
3.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure effective strategic integrated sustainable development planning in the municipality	Number of IDP/Budget community consultation meetings bi-annually held in all wards by 30 June 2025	30 IDP/Budget community consultation meetings bi-annually held in all wards by 30 June 2025	Number	Bi-annually	-	15	-	15	30	N/A	15	N/A	15	30	Achieved	N/A	N/A	Reports and attendance registers	Reports and attendance registers
4.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure effective strategic integrated sustainable development planning in the municipality	Draft IDP annually developed and submitted to Council by 31 March 2025	Draft IDP annually developed and submitted to Council by 31 March 2025	Date	Annually	-	-	31 Mar	-	28 Mar	N/A	N/A	31 Mar	N/A	31 Mar	Achieved	N/A	N/A	Draft IDP and Council Resolution	Draft IDP and Council Resolution
5.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure effective strategic integrated sustainable development planning in the municipality	Final IDP annually developed and submitted to Council by 31 May 2025	Final IDP annually developed and submitted to Council by 31 May 2025	Date	Annually	-	-	-	31 May	23 May	N/A	N/A	N/A	30 May	30 May	Achieved	N/A	N/A	Final IDP and Council Resolution	Final IDP and Council Resolution
6.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure effective strategic integrated sustainable development planning in the municipality	Number of quarterly IDP Representative Forum meetings held by 30 June 2025	4 quarterly IDP Representative Forum meetings held by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Minutes and Attendance Registers	Minutes and Attendance Registers
7.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure effective strategic integrated sustainable development planning in the municipality	Final Top-layer SDBIP annually developed and submitted to the Mayor by 30 June 2025	Final Top-layer SDBIP annually developed and submitted to the Mayor by 30 June 2025	Date	Annually	-	-	-	30 Jun	-	N/A	N/A	N/A	26 Jun	26 Jun	Achieved	N/A	N/A	Top-layer SDBIP and Council Resolution	Top-layer SDBIP and Council Resolution
8.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To review and report IDP implementation progress against predetermined objectives	Number of quarterly performance reports on Top Layer SDBIP submitted to Council by 30 June 2025	4 quarterly performance reports on Top Layer SDBIP submitted to Council by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and Council Resolution	Reports and Council Resolution
9.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To review and report IDP implementation progress against predetermined objectives	Annual Performance Report annually developed and submitted to Council by 31 August 2024	Annual Performance Report annually developed and submitted to Council by 31 August 2024	Date	Annually	31 Aug	-	-	-	31 Aug	28 Aug	-	N/A	N/A	28 Aug	Achieved	N/A	N/A	Report and Council Resolution	Report and Council Resolution
10.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To review and report IDP implementation progress against predetermined objectives	Annual Report annually developed and submitted to Council by 31 January 2025	Annual Report annually developed and submitted to Council by 31 January 2025	Date	Annually	-	-	31 Jan	-	30 Jan	N/A	N/A	30 Jan	N/A	30 Jan	Achieved	N/A	N/A	Report and Council Resolution	Report and Council Resolution

KPI NO	KPA	IDP PROGRAMME (IDP PRIORITY AREA)	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR TITLE	TARGET (OUTPUT)	UNIT OF MEASUREMENT	REPORTING CYCLE	TARGET BREAKDOWN				AUDITED ANNUAL PERFORMANCE (2023/2024)	ACTUAL QUARTERLY PERFORMANCE 2024/2025				ACTUAL ANNUAL PERFORMANCE 2024/2025	ACHIEVED / NOT ACHIEVED	REASONS FOR DEVIATION	CORRECTIVE MEASURES TO BE TAKEN	POE REQUIRED AS PER SDBIP	ACTUAL POE PROVIDED	
								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4							
11.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Number of Performance Agreements for Senior Managers and Accounting Officer developed and signed by 31 July 2024	6 Performance Agreements for Senior Managers and Accounting Officer developed and signed by 31 July 2024	Number	Annually	6	-	-	-	6	6	N/A	N/A	N/A	6	Achieved	N/A	N/A	Signed Performance Agreements	Signed Performance Agreements	
12.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To review and report IDP and Budget implementation progress against predetermined objectives	Number of quarterly IDP/Budget/PMS Steering Committee meetings held by 30 June 2025	4 quarterly IDP/Budget/PMS Steering Committee meetings held by 30 June 2025	Number	Quarterly	1	1	1	1	0	0	0	0	0	0	0	Not Achieved	Members of steering committee were not yet appointed.	Appointment of steering committee members and development of meeting schedule.	Minutes and Attendance Registers	-
13.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure MSCOA compliance	Number of quarterly MSCOA and IT meetings held by 30 June 2025	4 quarterly MSCOA and IT meetings held by 30 June 2025	Number	Quarterly	1	1	1	1	0	0	0	0	0	0	0	Not Achieved	Members of steering committee were not yet appointed.	Appointment of steering committee members and development of meeting schedule.	Minutes and Attendance Registers	-
14.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To promote the interests and rights of targeted groups – women, children, youth, elderly, people living with disabilities, people living with HIV/AIDS	Local AIDS council established by 30 June 2025	Local AIDS council established by 30 June 2025	Date	Annually	-	-	-	30 June	-	N/A	N/A	N/A	-	-	Not Achieved	Due to inability to launch the District Civil Society, the launching of Local Civil Society remains a serious challenge	The Special Programme officials to conduct door to door visits at various stakeholders for the purpose of identifying Civil Society Organisation	Report and proof of submission to the Municipal Manager	Report, proof of submission to the Municipal Manager, and a letter from the District Municipality	
15.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To promote the interests and rights of targeted groups – women, children, youth, elderly, people living with disabilities, people living with HIV/AIDS	Number of quarterly reports on Special Interest Groups programmes submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on Special Interest Groups programmes submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager	
16.	Good Governance and Public Participation	Sustainable Development Orientated Municipality	To improve public participation	Number of quarterly Ward Committee meetings held by 30 June 2025	180 quarterly Ward Committee meetings held by 30 June 2025	Date	Annually	45	45	45	45	180	45	45	45	45	180	Achieved	N/A	N/A	Reports and attendance registers	Reports and attendance registers	
17.	Good Governance and Public Participation	Sustainable Development Orientated Municipality	To promote good intergovernmental-relation in the municipality	Number of quarterly Speaker's Forum meetings coordinated by 30 June 2025	4 quarterly Speaker's Forum meetings coordinated by 30 June 2025	Number	Quarterly	1	1	1	1	3	1	1	0	1	3	Not Achieved	Speaker's forum was not held in Q3 due to unavailability of Councillors being committed to other work-related issues.	Speaker's forum will be held on the next quarter.	Minutes and Attendance Registers	Minutes and Attendance Registers	
18.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To govern municipal affairs	Number of quarterly departmental meetings held by 30 June 2025	4 quarterly departmental meetings held by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	0	0	2	Not Achieved	Delays were caused by administration changes in the department	An itinerary has been developed to ensure that all meetings take place as planned	Minutes and Attendance Registers	Minutes and Attendance Registers	

KPI NO	KPA	IDP PROGRAMME (IDP PRIORITY AREA)	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR TITLE	TARGET (OUTPUT)	UNIT OF MEASUREMENT	REPORTING CYCLE	TARGET BREAKDOWN				AUDITED ANNUAL PERFORMANCE (2023/2024)	ACTUAL QUARTERLY PERFORMANCE 2024/2025				ACTUAL ANNUAL PERFORMANCE 2024/2025	ACHIEVED / NOT ACHIEVED	REASONS FOR DEVIATION	CORRECTIVE MEASURES TO BE TAKEN	POE REQUIRED AS PER SDBIP	ACTUAL POE PROVIDED
								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
19.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To govern municipal affairs	Number of quarterly management meetings held by 30 June 2025	4 quarterly management meetings held by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	0	0	2	Not Achieved	Delays were caused by administration changes in the department	An itinerary has been developed to ensure that all meetings take place as planned	Minutes and Attendance Registers	Minutes and Attendance Registers
20.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To govern municipal affairs	Number of quarterly extended management meetings held by 30 June 2025	4 quarterly extended management meetings held by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	0	0	2	Not Achieved	Delays were caused by administration changes in the department	An itinerary has been developed to ensure that all meetings take place as planned	Minutes and Attendance Registers	Minutes and Attendance Registers
21.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To improve public participation	Number of quarterly reports on publicized municipal activities/events published on the municipal website by 30 June 2025	4 quarterly reports on publicized municipal activities/events published on the municipal website by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
22.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To govern municipal affairs	System of delegation developed and submitted to Council by 31 July 2024	System of delegation developed and submitted to Council by 31 July 2024	Date	Annually	31 Jul	-	-	-	-	-	-	N/A	N/A	N/A	Not Achieved	The system of delegation was submitted to Council in December 2023 to cover the 5-year period linked to the Municipal Manager's appointment	The KPI will be reviewed	System of delegation and Council resolution	-
23.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To manage risks in the Municipality	Strategic risk management assessment register annually developed and submitted to the Municipal Manager by 30 June 2025	Strategic risk management assessment register annually developed and submitted to the Municipal Manager by 30 June 2025	Date	Annually	-	-	-	30 June	30 June	N/A	N/A	N/A	30 Jun	30 Jun	Achieved	N/A	N/A	Assessment register and proof of submission to the Municipal Manager	Assessment register and proof of submission to the Municipal Manager
24.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To manage risks in the Municipality	Number of quarterly reports on the monitoring of the strategic risk registers submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on the monitoring of the strategic risk registers submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	2	0	1	1	1	3	Not Achieved	Time constraints and non-commitment by management	The unit will arrange a meeting with senior management to address the issue	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
25.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To manage risks in the Municipality	Operational risk management assessment registers developed and submitted to the Municipal Manager by 30 June 2025	Operational risk management assessment registers developed and submitted to the Municipal Manager by 30 June 2025	Date	Annually	-	-	-	30 Jun	-	N/A	N/A	N/A	30 Jun	30 Jun	Achieved	N/A	N/A	Assessment register and proof of submission to the Municipal Manager	Assessment register and proof of submission to the Municipal Manager
26.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To manage risks in the Municipality	Number of quarterly reports on the monitoring of the operational risk registers submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on the monitoring of the operational risk registers submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	0	0	0	1	1	1	Not Achieved	Availability of officials; lack of resources (laptop)	To be corrected in the next financial year	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager

KPI NO	KPA	IDP PROGRAMME (IDP PRIORITY AREA)	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR TITLE	TARGET (OUTPUT)	UNIT OF MEASUREMENT	REPORTING CYCLE	TARGET BREAKDOWN				AUDITED ANNUAL PERFORMANCE (2023/2024)	ACTUAL QUARTERLY PERFORMANCE 2024/2025				ACTUAL ANNUAL PERFORMANCE 2024/2025	ACHIEVED / NOT ACHIEVED	REASONS FOR DEVIATION	CORRECTIVE MEASURES TO BE TAKEN	POE REQUIRED AS PER SDBIP	ACTUAL POE PROVIDED
								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
27.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To assist the municipality to achieve its objectives	Number of quarterly reports on internal audit submitted to Municipal Manager by 30 June 2025	4 quarterly reports on internal audit submitted to the Municipal Manager 30 June 2025	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
28.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To promote oversight and public accountability	Number of reports on MPAC submitted to the Municipal Manager by 30 June 2025	4 reports on MPAC submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	3	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
29.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure legal compliance	Number of quarterly reports on Legal Services matters submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on Legal Services matters submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
30.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure legal compliance	% of SLAs, MOUs and MOAs reviewed per request by 30 June 2025	100% of SLAs, MOUs and MOAs reviewed per request by 30 June 2025	Percentage	Annually	-	-	-	100%	100%	N/A	N/A	N/A	100%	100%	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
31.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure legal compliance	Number of quarterly reports on the development and gazettement of By-Laws submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on the development and gazettement of By-Laws submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	0	0	0	0	0	0	Not Achieved	The draft by-laws are in place, however awaits consultation process and to be gazetted	The KPI to be reviewed	Reports and proof of submission to the Municipal Manager	-
32.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Number of quarterly progress reports on Performance Management and Development Systems submitted to the Municipal Manager by 30 June 2025	4 quarterly progress reports on Performance Management and Development Systems submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
33.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To improve public participation	Number of quarterly municipal website reports compiled in line with MFMA section 75 by 30 June 2025	4 quarterly municipal website reports compiled in line with MFMA section 75 by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
34.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Annual workshop on policies held by 31 May 2025	Annual workshop on policies held by 31 May 2025	Date	Annually	-	-	-	31 May	New KPI	N/A	N/A	N/A	15 May	15 May	Achieved	N/A	N/A	Invitation and Attendance Registers	Invitation and Attendance Registers

KPI NO	KPA	IDP PROGRAMME (IDP PRIORITY AREA)	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR TITLE	TARGET (OUTPUT)	UNIT OF MEASUREMENT	REPORTING CYCLE	TARGET BREAKDOWN				AUDITED ANNUAL PERFORMANCE (2023/2024)	ACTUAL QUARTERLY PERFORMANCE 2024/2025				ACTUAL ANNUAL PERFORMANCE 2024/2025	ACHIEVED / NOT ACHIEVED	REASONS FOR DEVIATION	CORRECTIVE MEASURES TO BE TAKEN	POE REQUIRED AS PER SDBIP	ACTUAL POE PROVIDED
								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
35.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To govern municipal affairs	Council committee itinerary annually developed and submitted to Council by 30 June 2025	Council committee itinerary annually developed and submitted to Council by 30 June 2025	Date	Annually	-	-	-	30 Jun	28 June	N/A	N/A	N/A	09 Jun	09 Jun	Achieved	N/A	N/A	Council committee itinerary and Council resolution	Council committee itinerary and Council resolution
36.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To govern municipal affairs	Number of quarterly Council meetings held by 30 June 2025	4 quarterly Council meetings held by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Agenda and attendance registers	Agenda and attendance registers
37.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To govern municipal affairs	Number of quarterly updated Council resolution registers developed and submitted to the Municipal Manager by 30 June 2025	4 quarterly updated Council resolution registers developed and submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Updated Council resolution registers	Updated Council resolution registers
38.	Good Governance and Community Participation	Sustainable Development Orientated Municipality	To ensure legal compliance	Number of quarterly reports on Labour relations matters submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on Labour relations matters submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
39.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Number of quarterly reports on Employment Equity Plan (EEP) submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on Employment Equity Plan (EEP) submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
40.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Number of quarterly reports on job descriptions developed/reviewed submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on job descriptions developed/reviewed submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
41.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Number of vacant budgeted positions filled by 30 June 2025	45 vacant budgeted positions filled by 30 June 2025	Number	Annually	-	-	-	45	6	N/A	N/A	N/A	33	33	Not Achieved	Delay due to financial constraints	The remaining will be appointed in the new financial year	Report and appointment letters	Report and appointment letters
42.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Work Skills Plan annually developed and submitted to LGSETA by 30 June 2025	Work Skills Plan annually developed and submitted to LGSETA by 30 June 2025	Date	Annually	-	-	-	30 Jun	30 Jun	N/A	N/A	N/A	30 Apr	30 Apr	Achieved	N/A	N/A	Work Skills Plan and proof of submission to LGSETA	Work Skills Plan and proof of submission to LGSETA
43.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide integrated human resource service	Number of quarterly training reports submitted to the Municipal Manager by 30 June 2025	4 quarterly training reports submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager

KPI NO	KPA	IDP PROGRAMME (IDP PRIORITY AREA)	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR TITLE	TARGET (OUTPUT)	UNIT OF MEASUREMENT	REPORTING CYCLE	TARGET BREAKDOWN				AUDITED ANNUAL PERFORMANCE (2023/2024)	ACTUAL QUARTERLY PERFORMANCE 2024/2025				ACTUAL ANNUAL PERFORMANCE 2024/2025	ACHIEVED / NOT ACHIEVED	REASONS FOR DEVIATION	CORRECTIVE MEASURES TO BE TAKEN	POE REQUIRED AS PER SDBIP	ACTUAL POE PROVIDED
								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
44.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide record management services	Number of quarterly records management reports developed and submitted to the Municipal Manager by 30 June 2025	4 quarterly records management reports developed and submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
45.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide auxiliary services	Number of quarterly facilities management reports developed and submitted to the Municipal Manager by 30 June 2025	4 quarterly facilities management reports developed and submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
46.	Municipal Transformation & Institutional Development	Sustainable Development Orientated Municipality	To provide IT services	Number of quarterly reports on IT developed and submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on IT developed and submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
47.	Basic Service Delivery and Infrastructure Development	Road and Stormwater	To provide roads and stormwater services	Kilometres of Ncwelengwe Internal Road upgraded from gravel to paving blocks by 30 June 2025	1.5km of Ncwelengwe Internal Road upgraded from gravel to paving blocks by 30 June 2025	Kilometres	Annually	-	-	-	1.5km	940m	N/A	N/A	N/A	1.7km	1.7km	Achieved	Hard rock excavation was less than originally planned; thus, a lower excavation rate was used. This lower rate caused the road length to increase with 200m	N/A	Close out report and Practical Completion Certificate	Close out report and Practical Completion Certificate
48.	Basic Service Delivery and Infrastructure Development	Road and Stormwater	To provide roads and stormwater services	Kilometres of Gahuwe to Dithakong Access Road upgraded from gravel to paving blocks by 30 June 2025	1.5km of Gahuwe to Dithakong Access Road upgraded from gravel to paving blocks by 30 June 2025	Kilometres	Annually	-	-	-	1.5km	0	N/A	N/A	N/A	1.5km	1.5km	Achieved	NA	NA	Close out report and Practical Completion Certificate	Close out report and Practical Completion Certificate
49.	Basic Service Delivery and Infrastructure Development	Road and Stormwater	To provide roads and stormwater services	Kilometres of Kokfontein Access Road upgraded from gravel to paving blocks by 30 June 2025	1.86km of Kokfontein Access Road upgraded from gravel to paving blocks by 30 June 2025	Kilometres	Annually	-	-	-	1.86 km	New KPI	N/A	N/A	N/A	0km	0km	Not Achieved	Works were suspended on 08 Nov 2024 due to delays in acquiring the Environmental Authorisation from the Department of Environmental Affairs	The project is will be completed in the 2025-26 FY	Close out report and Practical Completion Certificate	Suspension- and Extension of Time letters and emails - EIA)
50.	Basic Service Delivery and Infrastructure Development	Road and Stormwater	To provide roads and stormwater services	Kilometres of Masankong Access Road upgraded from gravel to paving blocks by 30 June 2025	0.86km of Masankong Access Road upgraded from gravel to paving blocks by 30 June 2025	Kilometres	Annually	-	-	-	0.86 km	New KPI	N/A	N/A	N/A	0.86km	0.86km	Achieved	NA	NA	Close out report and Practical Completion Certificate	Close out report and Practical Completion Certificate
51.	Basic Service Delivery and Infrastructure Development	Road and Stormwater	To provide roads and stormwater services	Number of quarterly progress reports on road maintenance developed and submitted to the Municipal Manager by 30 June 2025	4 quarterly progress reports on road maintenance developed and submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager

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								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
52.	Basic Service Delivery and Infrastructure Development	Water and Sanitation	To provide bulk water and sanitation services	Number of water supply projects completed in Madularanch (2), Doxon 1&2 (2), Heuningvlei, Logobate, Cassel, Kampaneng, Padstow (2), Cahar, March, Dinokaneng, Skerma, Dikhing, Gamadubu/Lebonkeng, Glenred, Manyeding, Slough/Loopeng, & Lurie by 30 June 2025	20 water supply projects completed in Madularanch (2), Doxon 1&2 (2), Heuningvlei, Logobate, Cassel, Kampaneng, Padstow (2), Cahar, March, Dinokaneng, Skerma, Dikhing, Gamadubu/Lebonkeng, Glenred, Manyeding, Slough/Loopeng, & Lurie by 30 June 2025	Number	Annually	-	-	-	20	4	N/A	N/A	N/A	15	15	Not Achieved	Doxon Phase 1 – the budget was reduced due to community unrest Doxon Phase 2 – the scope was withdrawn due to non-performance Heuningvlei – the project is complete but Eskom snags are still outstanding Cahar – the project could not be implemented due to delays in registration Slough/Loopeng – Only Phase 1 (feasibility study) could be concluded in the 24/25 financial year	Doxon 1&2 project to be completed early in next FY. Heuningvlei – Eskom to complete electrification of boreholes. Cahar is registered and will be implemented in 2025-26 FY. Slough/Loopeng – Phase 2 of the project will be completed in the 2025-26 FY	Close out report and Practical Completion Certificate	Close out report and Practical Completion Certificate
53.	Basic Service Delivery and Infrastructure Development	Water and Sanitation	To provide bulk water and sanitation services	Number of boreholes refurbished in Metsimantsi Wyk 3&4 (2), Stillrus (2), Magojaneng (2), Khudukwanng (1) & Mathanthanyaneng (1) by 30 June 2025	8 boreholes refurbished in Metsimantsi Wyk 3&4 (2), Stillrus (2), Magojaneng (2), Khudukwanng (1) & Mathanthanyaneng (1) by 30 June 2025	Number	Annually	-	-	-	8	6	N/A	N/A	N/A	5	5	Not Achieved	Mathanthanyaneng - delays in the delivery of Diesel Engines in the country affected the completion of the project Stillrus - delays in the delivery of electrical motors in the country affected the completion of the project	The following projects will be completed in the 2025-26 financial year: Stillrus (2 BH), Mathanthanyaneng (1 BH)	Close out report and Practical Completion Certificate	Close out report and Practical Completion Certificate
54.	Basic Service Delivery and Infrastructure Development	Water and Sanitation	To provide bulk water and sanitation services	Number of quarterly operations and maintenance reports on water, sanitation and electricity submitted to the Municipal Manager by 30 June 2025	4 quarterly operations and maintenance reports on water, sanitation and electricity submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
55.	Basic Service Delivery and Infrastructure Development	Water and Sanitation	To provide bulk water and sanitation services	Number of quarterly reports on Water Balance developed and submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on Water Balance developed and submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager

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								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
56.	Basic Service Delivery and Infrastructure Development	Water and Sanitation	To provide bulk water and sanitation services	Number of households provided with Sanitation at Dithakong, Maologane, Makgaladi & Gamorona by 30 June 2025	250 households provided with Sanitation at Dithakong, Maologane, Makgaladi & Gamorona by 30 June 2025	Number	Annually	-	-	-	250	271	N/A	N/A	N/A	251	251	Achieved	Hard rock excavation was less than originally planned; thus, a lower excavation rate was used. This lower rate caused the number of units in Maologane Village to increase by one unit.	N/A	Close out reports and Practical Completion Certificates	Close out report and Practical Completion Certificate
57.	Basic Service Delivery and Infrastructure Development	Fleet Management	To provide fleet management services	Number of quarterly fleet management reports submitted to the Municipal Manager by 30 June 2025	4 quarterly fleet management reports submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1		1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
58.	Basic Service Delivery and Infrastructure Development	Electricity	To provide electricity services	Number of dwellings provided with new connections to the mains supply by Eskom within municipal jurisdiction	1388 dwellings provided with new connections to the mains supply by Eskom within municipal jurisdiction	Number	Annually	-	-	-	1388	100%	N/A	N/A	N/A	1415	1415	Achieved	Additional budget allocation by Eskom.	N/A	Eskom Report	Eskom Report
59.	Basic Service Delivery and Infrastructure Development	Town and Regional Planning	To implement the Spatial Planning and Land Use Management Act (SPLUMA)	Number of quarterly Municipal Planning Tribunal meetings held in terms of SPLUMA by 30 June 2025	4 quarterly Municipal Planning Tribunal meetings held in terms of SPLUMA by 30 June 2025	Number	Quarterly	1	1	1	1	2	1	0	1	2	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
60.	Basic Service Delivery and Infrastructure Development	Town and Regional Planning	To implement the Spatial Planning and Land Use Management Act (SPLUMA)	% of land development applications quarterly processed as per request by 30 June 2025	100% of land development applications quarterly processed as per request by 30 June 2025	Percentage	Quarterly	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
61.	Basic Service Delivery and Infrastructure Development	Town and Regional Planning	To implement the Spatial Planning and Land Use Management Act (SPLUMA)	% of building plans quarterly processed as per request by 30 June 2025	100% of building plans quarterly processed as per request by 30 June 2025	Percentage	Quarterly	100%	100%	100%	100%	New KPI	100%	100%	100%	100%	100%	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
62.	Basic Service Delivery and Infrastructure Development	Town and Regional Planning	To implement the Spatial Planning and Land Use Management Act (SPLUMA)	Land survey annually conducted by 30 June 2025	Land survey annually conducted by 30 June 2025	Date	Annually	-	-	-	30 June	30 June	N/A	N/A	N/A	-	-	Not Achieved	Delays with finalisation for property transfer by John Taolo Gaetsewe District Municipality	The target will be achieved during the next financial year	Report and proof of submission to the Municipal Manager	-
63.	Basic Service Delivery and Infrastructure Development	Integrated human settlements	To promote integrated human settlement planning	Number of quarterly housing data collection reports submitted to the Municipal Manager by 30 June 2025	4 quarterly housing data collection reports submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager

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64.	Basic Service Delivery and Infrastructure Development	Integrated human settlements	To promote integrated human settlement planning	Housing Sector Plan developed by 30 June 2025	Housing Sector Plan developed by 30 June 2025	Date	Annually	-	-	-	30 June	New KPI	N/A	N/A	N/A	-	Not Achieved	Submission of document to Council not done timeously due to sourcing of raw additional information	Document is at 70% completion, raw data available to complete and will be achieved in the next FY	Housing Sector Plan and Council Resolution	-	
65.	Basic Service Delivery and Infrastructure Development	Integrated human settlements	To promote integrated human settlement planning	Number of housing consumer education awareness campaigns held by 30 June 2025	15 housing consumer education awareness campaigns held by 30 June 2025	Number	Quarterly	4	4	4	3	New KPI	4	4	1	6	15	Achieved	N/A	N/A	Reports and Attendance Registers	Reports and Attendance Registers
66.	Basic Service Delivery and Infrastructure Development	Safe and Healthy Environments	To provide environmental management services	Number of environmental awareness campaigns held by 30 June 2025	15 environmental awareness campaigns held by 30 June 2025	Number	Quarterly	4	4	4	3	New KPI	4	4	4	6	18	Achieved	N/A	N/A	Reports and Attendance Registers	Reports and Attendance Registers
67.	Basic Service Delivery and Infrastructure Development	Safe and Healthy Environments	To provide environmental management services	Number of awareness campaigns on the usage of recreational facilities held by 30 June 2025	15 awareness campaigns on the usage of recreational facilities held by 30 June 2025	Number	Quarterly	4	4	4	3	New KPI	4	4	4	5	17	Achieved	N/A	N/A	Reports and Attendance Registers	Reports and Attendance Registers
68.	Basic Service Delivery and Infrastructure Development	Disaster Management	To provide Disaster Management Services	Number of disaster management awareness campaigns held by 30 June 2025	15 disaster management awareness campaigns held by 30 June 2025	Number	Quarterly	4	4	4	3	New KPI	4	4	4	7	19	Achieved	N/A	N/A	Reports and Attendance Registers	Reports and Attendance Registers
69.	Basic Service Delivery and Infrastructure Development	Disaster Management	To provide Disaster Management Services	Number of quarterly Veld and Forest fire suppression and emergency incidents reports submitted to the Municipal Manager by 30 June 2025	4 quarterly Veld and Forest fire suppression and emergency incidents reports submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
70.	Basic Service Delivery and Infrastructure Development	Disaster Management	To provide Disaster Management Services	Number of quarterly progress reports on the establishment of the Fire and Emergency Rescue Unit submitted to the Municipal Manager by 30 June 2025	4 quarterly progress reports on the establishment of the Fire and Emergency Rescue Unit submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
71.	Basic Service Delivery and Infrastructure Development	Disaster Management	To provide Disaster Management Services	Occupational safety and emergency plan developed by 30 June 2025	Occupational safety and emergency plan developed by 30 June 2025	Date	Annually	-	-	-	30 June	New KPI	N/A	N/A	N/A	-	-	Not Achieved	Submission to council was not done, as there are still internal consultations with affected Municipal Unit for inputs	Draft Plan in place. Target to be achieved in FY 25/26	Occupational safety and emergency plan and Council Resolution	Draft Plan

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								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
72.	Basic Service Delivery and Infrastructure Development	Disaster Management	To provide Disaster Management Services	Disaster Management Plan annually reviewed by 30 June 2025	Disaster Management Plan annually reviewed by 30 June 2025	Date	Annually	-	-	-	30 June	New KPI	N/A	N/A	N/A	-	-	Not Achieved	Submission to council was done. Developed plan is not inclusive of Climate Change aspects. Proposal was the plan to include Climate change aspects	Development of a thorough Disaster Management plans which incorporates Climate Change. The target to be achieved 25/26 FY	Disaster Management Plan and Council Resolution	-
73.	Basic Service Delivery and Infrastructure Development	Refuse Removal	To provide refuse removal services	Number of households provided with refuse removal services in Hotazel and Vanzylsrus by 30 June 2025	834 households provided with refuse removal services in Hotazel and Vanzylsrus by 30 June 2025	Number	Quarterly	834	834	834	834	841	800	800	800	800	800	Not Achieved	Some of the stands located in Hotazel do not qualify to be classified as households. Therefore, refuse removal services are not applicable for those stands.	KPI to be reviewed in the next financial year	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
74.	Basic Service Delivery and Infrastructure Development	Community Development	To provide refuse removal	Number of internal audits performed on landfill sites by 30 June 2025	2 internal audits performed on landfill sites by 30 June 2025	Number	Annually	-	-	-	2	2	N/A	N/A	N/A	2	2	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
75.	Basic Service Delivery and Infrastructure Development	Refuse Removal	To provide refuse removal services	Climate Adaptation Plan annually reviewed by 30 June 2025	Climate Adaptation Plan annually reviewed by 30 June 2025	Date	Annually	-	-	-	30 June	New KPI	N/A	N/A	N/A	-	-	Not Achieved	The plan was rejected by the department as it did not incorporate the new Climate Change Act requirements	A meeting will be arranged with the provincial department to finalise the plan	Air Quality Management Plan and Council Resolution	-
76.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Dithakong sports field renovated by 30 June 2025	Dithakong sports field renovated by 30 June 2025	Date	Annually	-	-	-	30 June	New KPI	N/A	N/A	N/A	-	-	Not Achieved	Delays in contractor performance.	Termination letter issued to the contractor. New contractor to be allocated for the project	Close out report and Practical Completion Certificates	-
77.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Number of sports fields maintained at Laxey and Maphiniki by 30 June 2025	2 sports fields maintained at Laxey and Maphiniki by 30 June 2025	Number	Annually	-	-	-	2	1	N/A	N/A	N/A	-	-	Not Achieved	No Contractor allocated for the projects hence the maintenance did not commence.	Appointment of Panel of constructors for Building programme and allocation of Contractor for the two sport fields. Target to be achieved FY 25/26	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
78.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Community hall constructed at Perdmonkie by 30 June 2025	Community hall constructed at Perdmonkie by 30 June 2025	Date	Annually	-	-	-	30 June	New KPI	N/A	N/A	N/A	-	-	Not Achieved	Delays in contractor performance.	The target to be achieved 25/26 FY	Close out report and Practical Completion Certificates	-

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79.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Number of community halls maintained at Gadiboe, Rusfontein Wyk 10, Khankhudung, Tsineng, Laxey, Heuningvlei and Vanzylsrus by 30 June 2025	7 community halls maintained at Gadiboe, Rusfontein Wyk 10, Khankhudung, Tsineng, Laxey, Heuningvlei and Vanzylsrus by 30 June 2025	Number	Annually	-	-	-	7	0	N/A	N/A	N/A	-	-	Not Achieved	No Contractors allocated for the projects hence the maintenance did not commence	Appointment of Panel of contractors for Building programme and allocation of Contractor for the two sport fields. Target to be achieved FY 25/26	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
80.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Number of quarterly traffic and licensing reports submitted to the Municipal Manager by 30 June 2025	4 quarterly traffic and licensing reports submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
81.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Business plan for the requisition of funds for libraries annually developed by 31 March 2025	Business plan for the requisition of funds for libraries annually developed by 31 March 2025	Date	Annually	-	-	31 Mar	-	06 June	N/A	N/A	N/A	22 May	22 May	Not Achieved	The Department of Sports, Arts and Culture didn't submit the template of the Business Plan on time	The business plan was developed and submitted to DSAC in the fourth quarter	Business Plan	Business Plan
82.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Memorandum of Understanding (MOU) on library services annually submitted to DSAC by 30 June 2025	Memorandum of Understanding (MOU) on library services annually submitted to DSAC by 30 June 2025	Date	Annually	-	-	-	30 June	-	N/A	N/A	N/A	22 May	22 May	Achieved	N/A	N/A	MOU and proof of submission to DSAC	MOU and proof of submission to DSAC
83.	Basic Service Delivery and Infrastructure Development	Community Development	To develop community facilities	Number quarterly reports on library programmes submitted to the Municipal Manager and the Department of Sport, Arts and Culture by 30 June 2025	4 quarterly reports on library programmes submitted to the Municipal Manager and the Department of Sport, Arts and Culture by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports, and Proof of submission to the Municipal Manager and DSAC	Reports, and Proof of submission to the Municipal Manager and DSAC
84.	Good Governance and Public Participation	Sustainable Development Orientated Municipality	To promote achievement of a clean annual audit outcome for the municipality	Audit Action Plan annually developed and adopted by Council by 31 January 2025	Audit Action Plan annually developed and adopted by Council by 31 January 2025	Date	Annually	-	-	31 Jan	-	30 Jan	N/A	N/A	31 Jan	N/A	31 Jan	Achieved	N/A	N/A	Audit Action Plan and Council Resolution	Audit Action Plan and Council Resolution
85.	Good Governance and Public Participation	Sustainable Development Orientated Municipality	To promote achievement of a clean annual audit outcome for the municipality	Number of quarterly reports on the implementation of the audit action plan submitted to Council by 30 June 2025	4 quarterly reports on the implementation of the audit action plan submitted to Council by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and Council Resolution	Reports and Council Resolution
86.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of monthly cashbook and bank reconciliation reports submitted to the Municipal Manager by 30 June 2025	12 monthly cashbook and bank reconciliation reports submitted to the Municipal Manager by 30 June 2025	Number	Monthly	3	3	3	3	12	3	3	3	3	12	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager

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87.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Annual Financial Statements and supporting schedules submitted to AGSA by 31 August 2024	Annual Financial Statements and supporting schedules submitted to AGSA by 31 August 2024	Date	Annually	31 Aug	-	-	-	1 Sept	31 Aug	-	N/A	N/A	31 Aug	Achieved	N/A	N/A	Annual Financial Statements and supporting schedules and proof of submission to AGSA	Annual Financial Statements and supporting schedules and proof of submission to AGSA
88.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of quarterly reports on timeous billing and mailing of accounts to customers submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on timeous billing and mailing of accounts to customers submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	12	3	3	3	3	12	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
89.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of households billed for water services on a quarterly basis by 30 June 2025	654 households billed for water services on a quarterly basis by 30 June 2025	Number	Quarterly	654	654	654	654	New KPI	559	543	750	608	615	Not Achieved	The reasons for reduced billing on water is related to meters broken that needs replacements	Installation of meters and updating of meters that were broken and not read on the system	Water billing report	Water billing report
90.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of households billed for sanitation services on a quarterly basis by 30 June 2025	420 households billed for sanitation services on a quarterly basis by 30 June 2025	Number	Quarterly	420	420	420	420	New KPI	415	415	434	461	431	Achieved	N/A	N/A	Sanitation billing report	Sanitation billing report
91.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of indigent households supported with free basic services	2700 indigent households supported with free basic services	Number	Annually	-	-	-	2700	New KPI	N/A	N/A	N/A	1284	1284	Not Achieved	The municipality was not able to provide free basic services for all the services with the exception of Free Basic Electricity. This was due to the indigent register not being implemented on the system.	Write off assessment and implementation will be done in the 2025/26 financial year	Indigent support report	Indigent support report
92.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Bad debts report annually submitted to Council by 30 June 2025	Bad debts report annually submitted to Council by 30 June 2025	Date	Annually	-	-	-	30 June	28 June	N/A	N/A	N/A	-	-	Achieved	N/A	N/A	Report and Council Resolutions	Report and Council Resolutions
93.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of monthly reports on debtors' reconciliation submitted to the Municipal Manager by 30 June 2025	12 monthly reports on debtors' reconciliation submitted to the Municipal Manager by 30 June 2025	Number	Monthly	3	3	3	3	12	3	3	3	3	12	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
94.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Indigent register annually developed and submitted to Council by 30 June 2025	Indigent register annually developed and submitted to Council by 30 June 2025	Date	Annually	-	-	-	30 June	28 June	N/A	N/A	N/A	26 June	26 June	Achieved	N/A	N/A	Indigent Register and Council Resolution	Indigent Register and Council Resolution

KPI NO	KPA	IDP PROGRAMME (IDP PRIORITY AREA)	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR TITLE	TARGET (OUTPUT)	UNIT OF MEASUREMENT	REPORTING CYCLE	TARGET BREAKDOWN				AUDITED ANNUAL PERFORMANCE (2023/2024)	ACTUAL QUARTERLY PERFORMANCE 2024/2025				ACTUAL ANNUAL PERFORMANCE 2024/2025	ACHIEVED / NOT ACHIEVED	REASONS FOR DEVIATION	CORRECTIVE MEASURES TO BE TAKEN	POE REQUIRED AS PER SDBIP	ACTUAL POE PROVIDED
								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
95.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Adjustment Budget annually compiled and submitted to Council by 28 February 2025	Adjustment Budget annually compiled and submitted to Council by 28 February 2025	Date	Annually	-	-	28 Feb	-	28 Feb	N/A	N/A	28 Feb	N/A	28 Feb	Achieved	N/A	N/A	Adjustment Budget and Council Resolution	Adjustment Budget and Council Resolution
96.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Draft Budget annually compiled and submitted to Council by 31 March 2025	Draft Budget annually compiled and submitted to Council by 31 March 2025	Date	Annually	-	-	31 Mar	-	28 Mar	N/A	N/A	31 Mar	N/A	31 Mar	Achieved	N/A	N/A	Draft Budget and Council Resolution	Draft Budget and Council Resolution
97.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Final Budget annually compiled and submitted to Council by 31 May 2025	Final Budget annually compiled and submitted to Council by 31 May 2025	Date	Annually	-	-	-	31 May	23 May	N/A	N/A	N/A	30 May	30 May	Achieved	N/A	N/A	Final Budget and Council Resolution	Final Budget and Council Resolution
98.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of monthly Section 71 reports submitted to the Municipal Manager and Treasury by 30 June 2025	12 monthly Section 71 reports submitted to the Municipal Manager and Treasury by 30 June 2025	Number	Monthly	3	3	3	3	12	3	3	3	3	12	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager and Treasury	Reports and proof of submission to the Municipal Manager and Treasury
99.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Section 72 report annually developed and submitted to Council by 31 January 2025	Section 72 report annually developed and submitted to Council by 31 January 2025	Date	Annually	-	-	31 Jan	-	30 Jan	N/A	N/A	31 Jan	N/A	31 Jan	Achieved	N/A	N/A	Report and Council Resolution	Report and Council Resolution
100.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of quarterly reports on withdrawals submitted to Council by 30 June 2025	4 quarterly reports on withdrawals submitted to Council by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and Council Resolutions	Reports and Council Resolutions
101.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of quarterly conditional grants expenditure reports submitted to the Municipal Manager and Treasury by 30 June 2025	4 quarterly conditional grants expenditure reports submitted to the Municipal Manager and Treasury by 30 June 2025	Number	Quarterly	1	1	1	1	12	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager and Treasury	Reports and proof of submission to the Municipal Manager and Treasury
102.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of quarterly reports on investments made submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on investments made submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
103.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of quarterly updated contract registers submitted to the Municipal Manager by 30 June 2025	4 quarterly updated contract registers submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager

KPI NO	KPA	IDP PROGRAMME (IDP PRIORITY AREA)	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR TITLE	TARGET (OUTPUT)	UNIT OF MEASUREMENT	REPORTING CYCLE	TARGET BREAKDOWN				AUDITED ANNUAL PERFORMANCE (2023/2024)	ACTUAL QUARTERLY PERFORMANCE 2024/2025				ACTUAL ANNUAL PERFORMANCE 2024/2025	ACHIEVED / NOT ACHIEVED	REASONS FOR DEVIATION	CORRECTIVE MEASURES TO BE TAKEN	POE REQUIRED AS PER SDBIP	ACTUAL POE PROVIDED
								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
104.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of quarterly reports on inventory stock counts submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on inventory stock counts submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
105.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Procurement plan annually developed and submitted to Council and Treasury by 30 September 2024	Procurement plan annually developed and submitted to Council and Treasury by 30 September 2024	Date	Annually	30 Sep	-	-	-	30 Sep	1 Jul	N/A	N/A	N/A	1 Jul	Achieved	N/A	N/A	Procurement plan and Council Resolutions	Procurement plan and Council Resolutions
106.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of quarterly procurement plan monitoring reports submitted to Council by 30 June 2025	4 quarterly procurement plan monitoring reports submitted to Council by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	0	0	0	1	Not Achieved	Departments did not request or activate procurement of the items included in the procurement plan. Resulting in no progress in the procurement plan	Reports have been completed and will be submitted to Council	Reports and Council Resolutions	Reports
107.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of quarterly reports on the monitoring of the performance of contracts submitted to Council by 30 June 2025	4 quarterly reports on the monitoring of the performance of contracts submitted to Council by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	0	0	2	Not Achieved	Inputs were not received timeously from the users of the contracts. The template was sent out to the user departments to rate their service providers and no response was received by the due date of submission	Reports have been completed and will be submitted to Council	Reports and Council Resolutions	Reports
108.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To promote and enhance the financial viability of the municipality	Number of quarterly reports on the Unauthorized Irregular, Fruitless and Wasteful expenditure submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on the Unauthorized Irregular, Fruitless and Wasteful expenditure submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	12	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
109.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To ensure that the municipal assets are properly safeguarded	Updated GRAP compliant asset registers annually developed and submitted to Office of the Auditor General by 31 August 2024	Updated GRAP compliant asset registers annually developed and submitted to Office of the Auditor General by 31 August 2024	Date	Annually	31 Aug	-	-	-	New KPI	31 Aug	N/A	N/A	N/A	31 Aug	Achieved	N/A	N/A	Reports and proof of submission to AG	Reports and proof of submission to AG
110.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To ensure that the municipal assets are properly safeguarded	Number of quarterly reports on the physical verification of assets submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on the physical verification of assets submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
111.	Municipal Financial Management & Viability	Sustainable Development Orientated Municipality	To ensure that the municipal assets are properly safeguarded	Disposal report annually submitted to Council by 30 June 2025	Disposal report annually submitted to Council by 30 June 2025	Date	Annually	-	-	-	30 June	-	28 Aug	N/A	N/A	N/A	28 Aug	Achieved	N/A	N/A	Report and Council Resolution	Report and Council Resolution

KPI NO	KPA	IDP PROGRAMME (IDP PRIORITY AREA)	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR TITLE	TARGET (OUTPUT)	UNIT OF MEASUREMENT	REPORTING CYCLE	TARGET BREAKDOWN				AUDITED ANNUAL PERFORMANCE (2023/2024)	ACTUAL QUARTERLY PERFORMANCE 2024/2025				ACTUAL ANNUAL PERFORMANCE 2024/2025	ACHIEVED / NOT ACHIEVED	REASONS FOR DEVIATION	CORRECTIVE MEASURES TO BE TAKEN	POE REQUIRED AS PER SDBIP	ACTUAL POE PROVIDED
								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
112.	Local Economic Development	Local Economic Development	To promote local economic development	Number of jobs created through EPWP and infrastructure projects by 30 June 2025	240 jobs created through EPWP and infrastructure projects by 30 June 2025	Date	Annually	-	-	-	240	455	N/A	N/A	N/A	443	443	Achieved	A higher number was achieved due to pump operators' stipend increase	N/A	Report and proof of submission to the Municipal Manager	Report and proof of submission to the Municipal Manager
113.	Local Economic Development	Local Economic Development	To promote local economic development	Number of LED projects financially supported by 30 June 2025	15 LED projects financially supported by 30 June 2025	Number	Bi-annually	-	-	-	15	New KPI	N/A	N/A	N/A	6	6	Not Achieved	LED projects were not all financially supported due to insufficient funds	9 LED Projects will be supported in the next Financial Year	Reports and acceptance letters	Reports and acceptance letters
114.	Local Economic Development	Local Economic Development	To promote local economic development	Number of quarterly municipal business licenses progress reports submitted to the Municipal Manager by 30 June 2025	4 quarterly municipal business licenses progress reports submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	New KPI	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
115.	Local Economic Development	Local Economic Development	To promote local economic development	Number of quarterly SLP progress reports submitted to the Municipal Manager by 30 June 2025	4 quarterly SLP progress reports submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	New KPI	1	1	1	0	3	Not Achieved	Pending reconciliation that is ongoing with DMPR and mines	To be concluded by end of August 2025	Reports and proof of submission to the Municipal Manager	-
116.	Local Economic Development	Local Economic Development	To promote local economic development	Number of quarterly LED Forum meetings held by 30 June 2025	4 quarterly LED Forum meetings held by 30 June 2025	Number	Quarterly	1	1	1	1	New KPI	0	1	2	1	4	Achieved	N/A	N/A	Minutes and attendance registers	Minutes and attendance registers
117.	Local Economic Development	Local Economic Development	To promote local economic development	LED summit annually held by 30 June 2025	LED summit annually held by 30 June 2025	Date	Annually	-	-	-	30 June	-	N/A	N/A	N/A	-	-	Not Achieved	LED Summit not held due to insufficient funds	Request for sponsorship of LED summit will be sent out and we envisage to hold summit in the 25/26 FY.	Report and proof of submission to the Municipal Manager	-
118.	Local Economic Development	Local Economic Development	To promote local economic development	LED Strategy reviewed by 30 June 2025	LED Strategy reviewed by 30 June 2025	Date	Annually	-	-	-	30 June	New KPI	N/A	N/A	N/A	-	-	Not Achieved	Insufficient resources, including human capacity and time	LED Strategy will be reviewed in the 25/26 FY.	LED Strategy and Council Resolution	-
119.	Local Economic Development	Local Economic Development	To promote local economic development	Number of business plans for the funding of an artisanal skills development programme submitted to potential funders by 30 June 2025	2 business plans for the funding of an artisanal skills development programme submitted to potential funders by 30 June 2025	Number	Annually	-	-	-	2	New KPI	N/A	N/A	N/A	-	-	Not Achieved	Inadequate Human Resource	Artisanal Skills Programme Business Plans to be submitted in the 25/26 FY	Business plans and proof of submission to potential funders	-
120.	Local Economic Development	Local Economic Development	To enhance tourism development	Tourism exhibition annually attended by 30 June 2025	Tourism exhibition annually attended by 30 June 2025	Date	Annually	-	-	-	30 June	30 June	N/A	N/A	N/A	15 May	15 May	Achieved	N/A	N/A	Report and proof of submission to the Municipal Manager	Report and proof of submission to the Municipal Manager

KPI NO	KPA	IDP PROGRAMME (IDP PRIORITY AREA)	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR TITLE	TARGET (OUTPUT)	UNIT OF MEASUREMENT	REPORTING CYCLE	TARGET BREAKDOWN				AUDITED ANNUAL PERFORMANCE (2023/2024)	ACTUAL QUARTERLY PERFORMANCE 2024/2025				ACTUAL ANNUAL PERFORMANCE 2024/2025	ACHIEVED / NOT ACHIEVED	REASONS FOR DEVIATION	CORRECTIVE MEASURES TO BE TAKEN	POE REQUIRED AS PER SDBIP	ACTUAL POE PROVIDED
								Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4						
121.	Local Economic Development	Local Economic Development	To enhance tourism development	Number of quarterly reports on tourism attraction sites identified submitted to the Municipal Manager by 30 June 2025	4 quarterly reports on tourism attraction sites identified submitted to the Municipal Manager by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager
122.	Local Economic Development	Local Economic Development	To enhance tourism development	Number of quarterly tourism promotion events participated in by 30 June 2025	4 quarterly tourism promotion events participated in by 30 June 2025	Number	Quarterly	1	1	1	1	4	1	1	1	1	4	Achieved	N/A	N/A	Reports, Attendance Registers, and proof of submission to the Municipal Manager	Reports and proof of submission to the Municipal Manager

CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

Chapter 7 Section 51 of the Municipal Systems Act (MSA) 32 of 2000, mandates the Municipality to establish and organise its administration in a manner that would enable the municipality to be responsive to the needs of the local community. Furthermore, Section 67(1) of the MSA compels the municipality to develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration.

The strategic objective of the directorate is to establish and maintain a skilled, healthy labour force guided by relevant policies, systems, procedures that are geared towards realising the needs of the communities. Municipal transformation and organisational development is key to service delivery, hence much emphasis is on implementation of Batho Pele principles in all municipal structures, systems, procedures, policies and strategies.

The Corporate Services administers the Municipality's human resource development and management, political offices, labour relations, information technology and facilities management.

4.1 Employee Totals and Vacancies

Departments	2023/2024		2024/2025		
	Employees	Approved Posts	Employees	Vacancies	Vacancies%
Corporate Services	47	53	46	7	13%
Office of the Municipal Manager	30	30	21	9	30%
Community Services	60	69	42	27	39%
Technical Services	131	122	80	42	34%
Financial Services	42	41	37	4	10%
Economic Development, Planning & Tourism	11	11	8	3	27%
TOTAL	321	326	234	92	28%

2.3.3. Turnover

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2022/2023	50	12	24%
2023/2024	27	8	30%
2024/2025	28	5	18%
			T 4.1.3

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Municipal Workforce management is part of the broader organisational management strategy which seeks to amongst others ensure that there is a defined process of accountability as well as adequate procedures to deal with administrative matters. To this end, the municipal council has approved a number of policies and procedures aimed at improving management and administration affairs within the municipality. Tabulated below are the policies that are in place.

4.2 Policies

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Cellphone policy for officials	100	100	23 May 2024
2	Danger and risk allowance policy	100	100	23 May 2024
3	HR abscondment policy	100	100	23 May 2024
4	HR management strategy	100	100	23 May 2024
5	HR recruitment and selection policy	100	100	23 May 2024
6	Leave management policy	100	100	23 May 2024
7	Placement policy	100	100	23 May 2024
8	Retention policy	100	100	23 May 2024
9	Travel and subsistence policy	100	100	23 May 2024
10	Vehicle allowance policy	100	100	23 May 2024
11	Housing Allowance Policy	100	100	23 May 2024
12	Personal Protective Equipment Policy	100	100	23 May 2024
13	Car Essential Scheme Policy	100	100	23 May 2024
14	Overtime Policy	100	100	23 May 2024
<i>Use name of local policies if different from above and at any other HR policies not listed.</i>				T 4.2.1

4.3 Injuries, Sickness and Suspensions

There were no injuries on duty in the year under review and no suspensions.

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	211	2%	21	0	0,93	
Skilled (Levels 3-5)	438	2%	24	57	1,92	
Highly skilled production (levels 6-8)	261	3%	22	77	1,14	
Highly skilled supervision (levels 9-12)	149	2%	22	64	0,65	
Senior management (Levels 13-15)	239	0%	21	28	1,05	
MM and S57	22	0%	3	2	0,10	
Total	1320	2%	113	228	5,79	
						T 4.3.2

4.4 Performance Rewards

The municipality has, as a response to the call by municipal council, developed a policy for cascading performance management to levels below section 57 management. During the year under review, all middle managers signed their performance agreements to ensure the monitoring, measuring and evaluation of their individual performance. It is anticipated that early in the next financial year, the policy will be implemented accordingly. Therefore, no performance bonuses were awarded for the year under review for lower-level employees. With respect to section 57 managers (including the municipal manager), once the final annual report has been approved by council, a formal process of assessing the performance of these managers will ensue after which panel recommendations on the awards will be submitted to council for consideration.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 Skills Development and Training

Skills Matrix

Management level	Gender	Number of skilled employees required and actual as at 30 June 2025												
		Learnerships			Skills programmes & other short courses			Other forms of training			Total			
		Actual: End of 2023/2024	Actual: End of 2024/2025	2024/2025 Target	Actual: End of 2023/2024	Actual: End of 2024/2025	2024/2025 Target	Actual: End of 2023/2024	Actual: End of 2024/2025	2024/2025 Target	Actual: End of 2023/2024	Actual: End of 2024/2025	2024/2025 Target	
MM and s57	Female	-	-	-	-	-	-	-	1	-	-	1	-	
	Male	-	-	-	-	-	-	1	-	-	0	-		
Councillors, senior officials and managers	Female	-	-	-	15	7	-	3	3	-	-	10	-	
	Male	-	-	-	14	3	-	4	-	-	-	-		
Technicians and associate professionals*	Female	-	-	-	-	17	-	2	12	-	-	29	-	
	Male	-	-	-	-	3	-	8	4	-	-	7	-	
Professionals	Female	2	-	-	24	-	-	6	-	-	-	-	-	
	Male	3	-	-	-	-	-	2	-	-	-	-	2	
Sub total	Female	2	-	-	39	-	-	11	-	-	-	-	-	
	Male	3	-	-	14	-	-	15	-	-	-	-	2	
Total		0	10	0	0	106	30	0	52	20	0	0	47	4

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

T 4.5.1

Financial Competency Development: Progress Report*

Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	1	2	1	1	1
<i>Chief financial officer</i>	0	0	0	0	0	0
<i>Senior managers</i>	1	1	2	1	1	1
<i>Any other financial officials</i>	39	39	78	0	0	0
Supply Chain Management Officials						
<i>Heads of supply chain management units</i>	1	1	2	0	0	0
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
TOTAL	42	42	84	2	2	2
						T 4.5.2

Work Place Skills Development Plan was adopted by Council for the current financial year and has been implemented.

The Municipality also implemented a number of skills development-related programmes, which include:

- Implementation of the Workplace Skills Plan 2024/2025;
- Learnership Programme (MFMP)
- National Treasury Minimum Competency Requirement

Course name	Service provider	Total trained (officials)	Total trained (Councillors)
Finance and Payroll	Inzalo Ems	6	0
Mayoral Leadership Training	SALGA	0	6
Financial Applications and Modelling MS Excel	Northwest University	12	0
Meter Management Training	UMS	11	0
Financial Systems SCM, Ledger and Payroll Training	Inzalo Ems	4	0
Financial Management	SALGA	0	0
Record Management	SALGA	10	1
Municipal Finance Management Programme	Pioneer Consulting	6	1
Fleet Management	Proactive College	3	0
Drone Training	UP	4	0
Financial Report Standards (GRAP)	National Treasury	3	0
Financial Systems (all modules)	Inzalo Ems	2	0
POPI Act, Compliance and Records Management	UMS	2	0
Assets Transfer workshop	SALGA	1	0
Total		64	8
Overall total		72	

Number Of Employees Whose Salaries Were Increased Due to Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels 9-12)	Female	0
	Male	1
Senior management (Levels 13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		1
		<i>T 4.6.2</i>

CHAPTER 5

FINANCIAL PERFORMANCE

CHAPTER 5 - FINANCIAL PERFORMANCE

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

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

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

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

Three Pillars Financial Plan (TPFP)

During the previous financial year, the Municipality adopted the Three Pillars Financial Plan (TPFP) to guide and strengthen the financial strategy of Joe Morolong Local Municipality for the period under review.

The TPFP is developed in line with the requirements of Part 2 of the Municipal Budget and Reporting Regulations (MBRR) relating to budget-related policies. The Plan aims to ensure that all long-term financial planning is underpinned by a structured and consistent methodology, enabling the delivery of municipal strategic objectives while promoting long-term financial sustainability and affordability over the medium- and long-term planning horizons.

The 2024/2025 TPFP process commenced with an in-depth analysis of prior-year financial and performance outcomes, with a particular focus on identifying and addressing areas of underperformance. In balancing the need to safeguard service delivery while maintaining financial sustainability, the Municipality opted not to impose expenditure parameters on contracted services and selected operational cost items. This approach enabled the Municipality to reprioritise funding towards critical needs and to balance the budget at affordable and realistic levels.

Key focus areas of the TPFP included the following:

- Conducting a comprehensive review of expenditure patterns to identify opportunities for cost optimisation and efficiency gains;
- Prioritising expenditure on critical service delivery areas, including infrastructure development, health, education, and social welfare; and
- Implementing stringent cost-containment measures to curb expenditure growth while maintaining acceptable service delivery standards.

In addition, the Draft Consultancy Reduction Strategy and the Municipality's Cost Containment Policy have been embedded into operational processes. These interventions continue to support the reduction

of non-essential expenditure, promote value for money, and ensure that the Municipality's resources are utilised effectively, efficiently, and economically.

Overall, the implementation of the Three Pillars Financial Plan has strengthened financial discipline and supports the Municipality's objective of achieving sustainable service delivery within a constrained fiscal environment.

5.1 Statements of Financial Performance

Reconciliation of Table A1 Budget Summary

Reconciliation of Table A1 Budget Summary

Description	2024/2025											2023/2024			
	Original Budget	Budget Adjustments (i.to. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.to. s31 of the MFMA)	Virement (i.to. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	42 591	(2 358)	45 643			45 643	48 659		(3 016)	107%	114%				34 024
Service charges	48 626	(10 794)	28 390			28 390	23 254		5 136	82%	48%				44 677
Investment revenue	8 526	(1 670)	4 755			4 755	4 755		(0)	100%	56%				6 234
Transfers recognised - operational	200 312	19 052	219 743			219 743	196 626		23 117	89%	98%				176 443
Other own revenue	32 002	(5 702)	39 496			39 496	148 356		(108 860)	376%	464%				18 730
Total Revenue (excluding capital transfers and contributions)	332 057	(1 471)	338 028			338 028	421 651		(83 623)	125%	127%				280 109
Employee costs	132 302	763	124 217			124 217	123 660		556	100%	93%	3 084	-	(3 084)	94 442
Remuneration of councillors	16 842	598	14 973			14 973	14 973		(0)	100%	89%	497	-	(497)	13 636
Depreciation & asset impairment	119 148	(2 776)	184 529			184 529	130 769		53 760	71%	110%	163 279	-	(163 279)	248 181
Finance charges	70	397	467			467	2 106	(1 639)	(1 639)	451%	3008%	286	-	(286)	1 109
Materials and bulk purchases	9 600	1 492	16 500			16 500	31 172	(14 672)	(14 672)	189%	325%	5 782	-	(5 782)	26 890
Transfers and grants	800	(614)	186			186	11 841	(11 655)	(11 655)	100%	1480%	24 732	-	(24 732)	30 010
Other expenditure	108 332	410	136 897			136 897	224 417	(87 520)	(87 520)	164%	207%	17 857	-	(17 857)	85 098
Total Expenditure	387 094		477 768			477 768	538 938		(61 170)	113%	139%	215 516	-	(215 516)	756 037
Surplus/(Deficit)	(55 037)		(139 740)			(139 740)	(117 287)		(22 453)	84%	213%				(475 929)
Transfers and subsidies - capital (monetary allocations)	137 628	(32 940)	111 030			111 030	124 797		(13 767)	112%	91%				124 959
Transfers and subsidies - capital (in-kind - all)	-		600			600	97 535		(96 935)	16256%	100%				2 229
Surplus/(Deficit) after capital transfers & contributions	82 591		(28 109)			(28 109)	105 046		(133 155)	-374%	127%				(348 740)
Share of surplus/ (deficit) of associate			-			-	-		-	0%	100%				-
Surplus/(Deficit) for the year	82 591		(28 109)			(28 109)	105 046		(133 155)	-374%	127%				(348 740)
Capital expenditure & funds sources															
Capital expenditure															
Transfers recognised - capital	125 755	(27 861)	127 131			127 131	124 797		2 334	98%	99%				124 959
Public contributions & donations			-			-	97 535		(97 535)	100%	100%				2 229
Borrowing	-	-	-			-	-		-	100%	100%				-
Internally generated funds	19 280	(5 224)	5 467			5 467	-		5 467	0%	0%				-
Total sources of capital funds	145 035		132 598			132 598	222 332		(89 735)	168%	153%				127 188
Cash flows															
Net cash from (used) operating	269 622	(4 070)	109 358			109 358	108 266		1 092	99%	40%				(152 074)
Net cash from (used) investing	(145 035)	60 000	(85 035)			(85 035)	(121 513)		36 478	143%	84%				(119 610)
Net cash from (used) financing	(219)	-	(219)			(219)	(251)		32	115%	115%				(129)
Cash/cash equivalents at the year end	186 706		32 160			32 160	4 375		27 784	14%	2%				(214 996)

T 5.1.1

Financial Performance of Operational Services							R '000
	2023/2024	2024/2025		2024/2025 Variance			
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Expenditure - Functional							
Governance and administration	228 327	178 381	245 432	259 492	31,26%	5,42%	
Executive and council	31 162	37 589	44 874	36 362	-3,37%	-23,41%	
Finance and administration	195 098	138 121	198 556	221 129	37,54%	10,21%	
Internal audit	2 066	2 671	2 001	2 001	-33,49%	0,00%	
Community and public safety	65 882	23 325	14 242	12 903	-80,76%	-10,37%	
Community and social services	10 207	10 611	9 080	7 942	-33,61%	-14,33%	
Sport and recreation	-	-	-	-	0,00%	0,00%	
Public safety	2 071	4 390	3 293	3 293	-33,32%	0,00%	
Housing	53 605	8 323	1 869	1 669	-398,83%	-11,99%	
Health	-	-	-	-	0,00%	0,00%	
Economic and environmental services	128 470	43 477	77 273	129 068	66,31%	40,13%	
Planning and development	22 718	18 233	13 867	22 757	19,88%	39,07%	
Road transport	102 188	21 629	61 023	103 928	79,19%	41,28%	
Environmental protection	3 565	3 615	2 383	2 383	-51,71%	0,00%	
Trading services	54 219	176 380	172 987	141 700	-24,47%	-22,08%	
Energy sources	3 660	49 173	49 411	23 320	-110,86%	-111,88%	
Water management	90 333	116 424	113 943	112 768	-3,24%	-1,04%	
Waste water management	(41 170)	4 989	6 207	3 933	-26,85%	-57,83%	
Waste management	1 397	5 794	3 426	1 678	-245,32%	-104,20%	
Other	-	-	-	-	0,00%	0,00%	
Total Expenditure - Functional	476 899	421 562	509 933	543 164	22,39%	6,12%	
In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						T 5.1.2	

Reconciliation of Table A1: Budget Summary (2024/2025)

Table A1 provides a reconciliation between the original budget, adjustments budget, final budget, and actual outcomes for the 2024/2025 financial year, with comparative information for the 2023/2024 financial year. The table highlights key variances, expenditure trends, and unauthorised expenditure outcomes in accordance with the MFMA and MBRR.

Financial Performance

Total revenue (excluding capital transfers and contributions) amounted to R421.651 million, exceeding the final budget of R338.028 million by R83.623 million (125% of final budget). This overperformance was mainly attributable to::

- Other own revenue, which exceeded the final budget by R108.860 million, mainly due to once-off receipts;
- Property rates, which performed above expectations at 107% of the final budget; and
- Stable performance in investment revenue, which achieved 100% of the final budget.

However, service charges underperformed, achieving only 82% of the final budget, reflecting affordability challenges and collection constraints during the year.

Expenditure Performance

Total operating expenditure amounted to R538.938 million, exceeding the final budget of R477.768 million by R61.170 million (13%), resulting in reported unauthorised expenditure of R215.516 million.

Key contributors to overspending include:

- Other expenditure, which exceeded the final budget by R87.520 million, mainly driven by operational pressures and service delivery interventions;
- Materials and bulk purchases, which exceeded the budget by R14.672 million due to increased service demand and price escalations;
- Transfers and grants, which exceeded the budget by R11.655 million; and
- Finance charges, which significantly exceeded the budget due to interest and penalty charges on outstanding obligations.

Employee-related costs (employee costs and councillor remuneration) were contained within approved budget limits, reflecting effective personnel cost management.

Surplus / (Deficit)

After taking into account capital transfers and contributions, the Municipality realised a surplus for the year of R105.418 million, compared to a final budgeted deficit of R28.109 million. This positive outcome is largely attributable to higher-than-anticipated capital grant receipts and once-off revenue items.

Capital Expenditure and Funding

Capital expenditure funding totalled R228.242 million, exceeding the final budget of R132.598 million by R95.645 million, mainly due to:

- Higher capital transfers recognised; and
- Public contributions and in-kind donations recognised during the year.

No borrowing was utilised during the financial year, and internally generated funds were limited, reflecting ongoing liquidity constraints.

Cash Flow Position

- Net cash from operating activities amounted to R108.266 million, broadly in line with the final budget.
- Net cash used in investing activities exceeded budget due to accelerated capital project implementation.
- Cash and cash equivalents at year-end closed at R4.375 million, significantly below the original budget, indicating continued cash flow pressure and liquidity risk.

5.2 Operational Grants

Grant Performance							R' 000
Description	2023/2024	2024/2025		2024/2025 Variance			
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
Operating Transfers and Grants							
National Government:	188 639	198 781	198 773	198 773	0,00%	0,00%	
Equitable share	180 561	191 089	191 089	191 089	0,00%	0,00%	
Expanded Public Works Programme Integrated Grant	2 159	1 231	1 231	1 231	0,00%	0,00%	
Local Government Financial Management Grant	3 100	3 000	3 000	3 000	0,00%	0,00%	
Municipal Infrastructure Grant	2 819	3 461	3 453	3 453	0,00%	0,00%	
Provincial Government:	-	-	-	-			
Health subsidy							
Housing							
Ambulance subsidy							
Sports and Recreation							
0-Jan-00							
District Municipality:	-	-	-	-			
<i>[insert description]</i>							
Other grant providers:	21 620	1 531	20 970	2 210			
Mining Companies	20 368	231	19 664	903	74,42%	-95,41%	
Northern Cape Arts and Cultural Council	1 252	1 300	1 306	1 306	0,49%	0,00%	
Total Operating Transfers and Grants	210 260	200 312	219 743	200 982			

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and T 5.2.1

During the 2024/2025 financial year, the Municipality received total operating transfers and grants amounting to R297.615 million, compared to an adjusted budget of R219.743 million. This represents a substantial positive variance, primarily driven by significantly higher-than-anticipated funding received from other grant providers, while national government grants were received fully in line with the approved budget.

Expanded Public Works Programme (EPWP) Integrated Grant was received at R1.231 million, which was 75.39% lower than the original budget, due to reduced project implementation and revised allocations during the adjustment budget process. However, the final actual amount was fully aligned with the adjusted budget.

Grants from other grant providers amounted to R98.842 million, significantly exceeding the adjusted budget of R3.113 million. This variance is mainly attributable to:

- Once-off contributions and donations, particularly from Mining Companies, amounting to R97.535 million, which were not fully anticipated during the budgeting process.

5.3 Asset Management

The Asset Management Unit is responsible for the development and implementation of the Asset Management Policy of the Joe Morolong Local Municipality. It also manages the development, updating and maintenance of the asset register for the entire JMLM. Financial reporting of assets in terms of the applicable accounting standards resides within this division. It also facilitates the development and implementation of the Asset Management and Maintenance Plans for the different categories of assets.

The asset management functions of the Accounting Officer in terms of Chapter 8 of the MFMA as well as those of the Chief Financial Officer in terms of Chapter 9 of the MFMA are implemented by this division. This division also monitors the insurance profile of the municipality and loss of assets.

The municipality managed to reduce the number of issues raised by the Auditor General of South Africa relating to Asset Management. This was one of the key reasons for the improved Audit Opinion.

Plan for the upcoming year is to resolve all the outstanding issues, which might result in an Unqualified Audit Opinion for the 2024/2025 Financial Year.

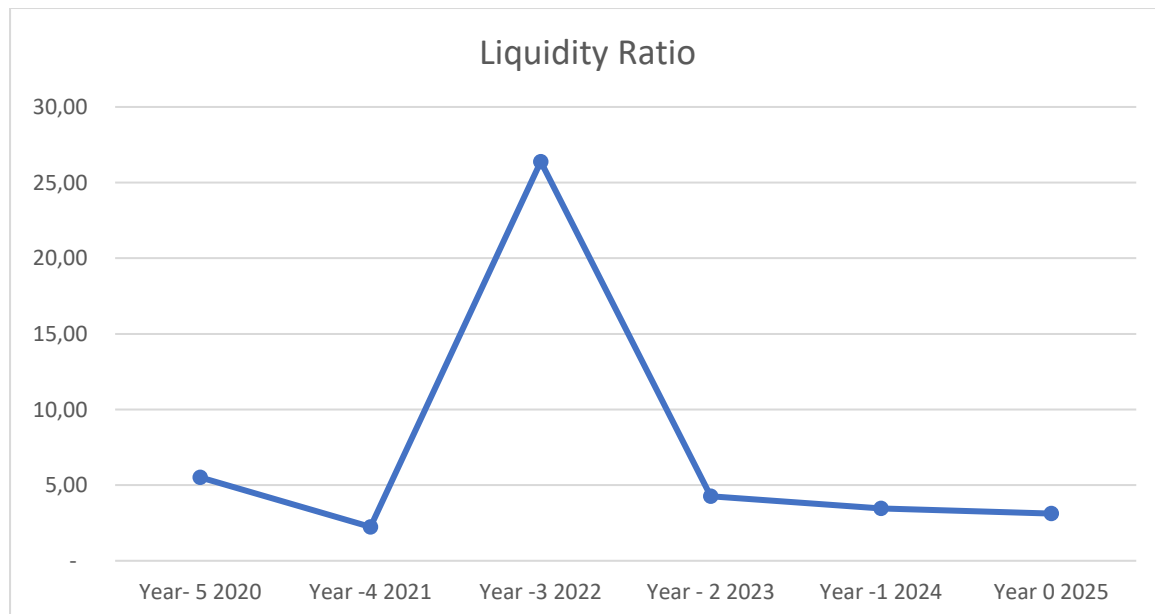
TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2024/2025				
Asset 1				
Name	JCB			
Description	Backhoe TLB (45079)			
Asset Type	Motor Vehicles			
Key Staff Involved	Municipal Staff			
Staff Responsibilities	Fleet Department			
Asset Value	2021/2022	2022/2023	2023/2024	2024/2025
				1 796 336,43
Capital Implications				
Future Purpose of Asset	Assist in Service Delivery			
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 2				
Name	Ford D/Cab Bakkie			
Description	Ford 2.0 D/Cab 2.0 Wildtrack 4x4 (43966)			
Asset Type	Motor Vehicles			
Key Staff Involved	Municipal Staff			
Staff Responsibilities	Fleet Department			
Asset Value	2021/2022	2022/2023	2023/2024	2024/2025
				908 064,10
Capital Implications				
Future Purpose of Asset	Assist in Service Delivery			
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 3				
Name	Ford D/Cab Bakkie			
Description	Ford 2.0 D/Cab 2.0 Wildtrack 4x4 (43967)			
Asset Type	Motor Vehicles			
Key Staff Involved	Municipal Staff			
Staff Responsibilities	Fleet Department			
Asset Value	2021/2022	2022/2023	2023/2024	2024/2025
				908 064,10
Capital Implications				
Future Purpose of Asset	Assist in Service Delivery			
Describe Key Issues				

Repair and Maintenance Expenditure: 2024/2025				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	14 500,00	10 700,00	4 679,82	68%
T 5.3.4				

The repairs and maintenance ratio measures expenditure on repairs and maintenance as a percentage of total operating expenditure and is a critical indicator of the Municipality's commitment to asset preservation and sustainability of infrastructure. National Treasury guidelines generally recommend that municipalities spend between 8% and 10% of operating expenditure on repairs and maintenance to ensure adequate upkeep of assets.

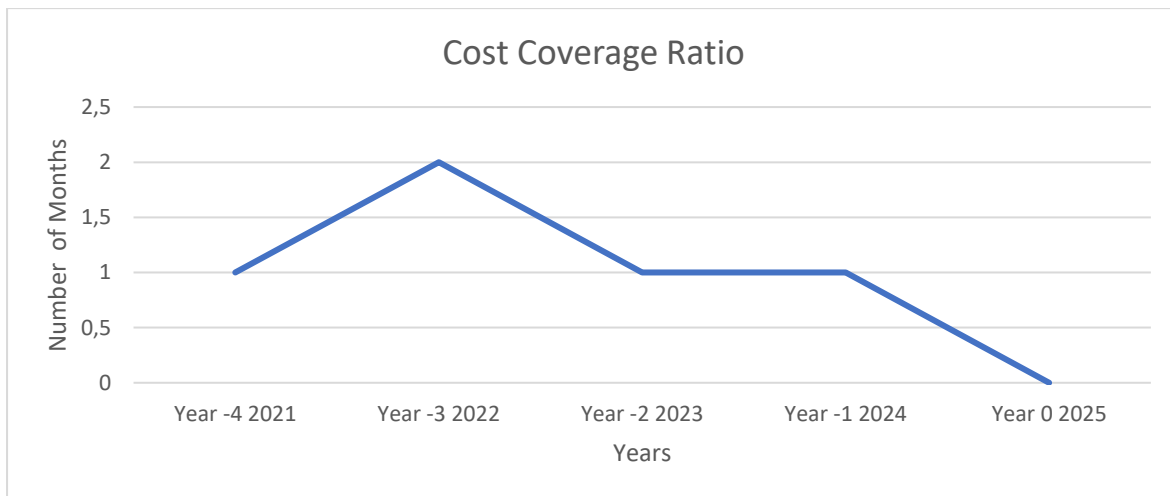
For the 2024/2025 financial year, Joe Morolong Local Municipality recorded a repairs and maintenance ratio of 1%, which is significantly below the recommended benchmark. This indicates that insufficient resources were allocated to maintaining existing infrastructure during the year under review.

5.4 Financial Ratios based on Key Performance Indicators



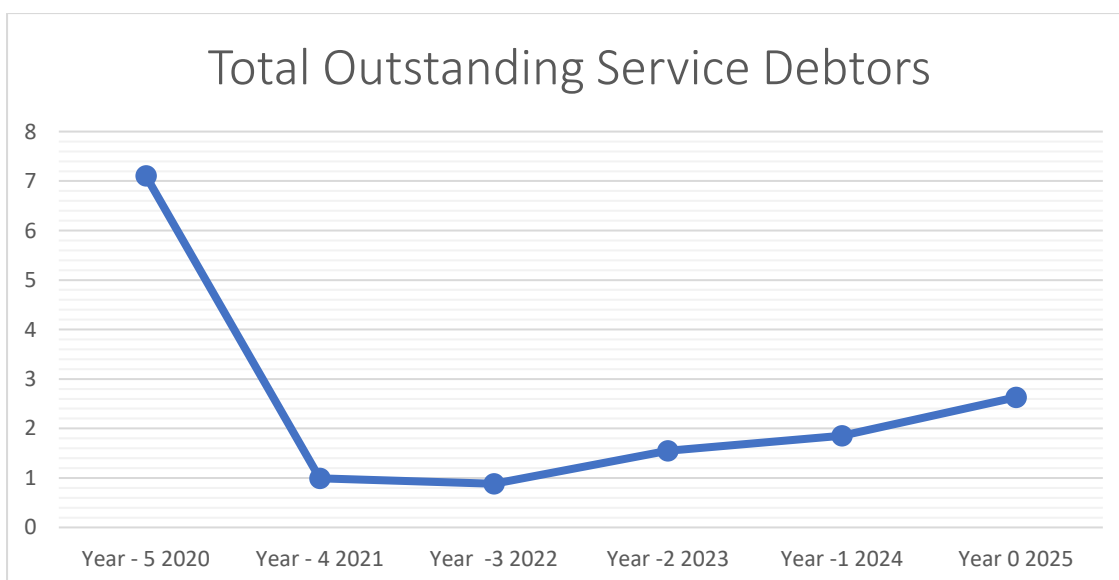
The liquidity ratio measures the Municipality's ability to meet its short-term obligations using its current assets, and is a key indicator of short-term financial viability. National Treasury generally regards a liquidity ratio of at least 1:1 as acceptable.

For the 2024/2025 financial year, Joe Morolong Local Municipality recorded a liquidity ratio of 3.13, reflecting that current assets exceeded current liabilities by more than three times. This indicates that, at year-end, the Municipality was in a position to cover its short-term commitments.



The cost coverage ratio measures the Municipality's ability to cover its average monthly operating expenditure from available cash and cash equivalents. National Treasury guidelines generally regard a minimum cost coverage of one month as acceptable for municipalities.

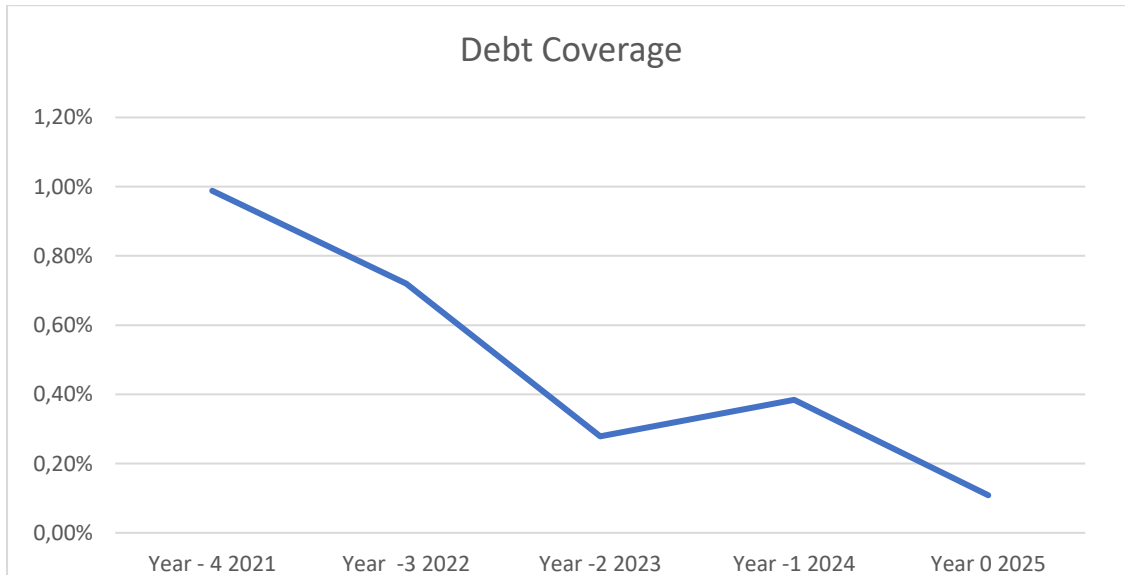
For the 2024/2025 financial year, the Municipality recorded a cost coverage ratio of 0 months, indicating that available cash at year-end was insufficient to cover one month of operating expenditure. This represents a deterioration from prior years and highlights significant cash flow constraints at the close of the financial year.



The ratio of total outstanding service debtors to total annual revenue from service charges is a key indicator of the Municipality's effectiveness in billing, revenue collection, and credit control. National

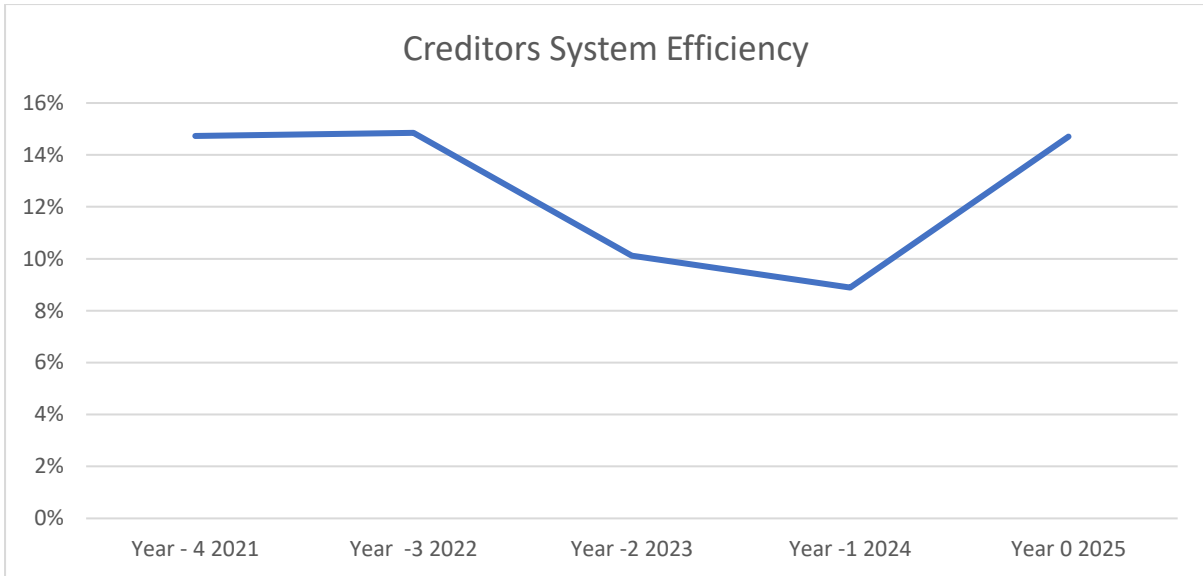
Treasury guidelines generally indicate that outstanding service debtors should not exceed annual service charge revenue, with a ratio of 1 or lower regarded as acceptable.

For the 2024/2025 financial year, total receivables from exchange amounted to R61.133 million, while total annual revenue from service charges was R23.254 million, resulting in a debtor ratio of 2.63. This indicates that outstanding service debtors are more than two-and-a-half times the annual service charge revenue, reflecting significant challenges in revenue collection.



The debt coverage ratio measures the Municipality's ability to service its debt obligations from available operating revenue, and is an important indicator of long-term financial sustainability. A higher ratio generally indicates a stronger capacity to meet debt commitments, while a low ratio suggests limited debt-servicing capacity.

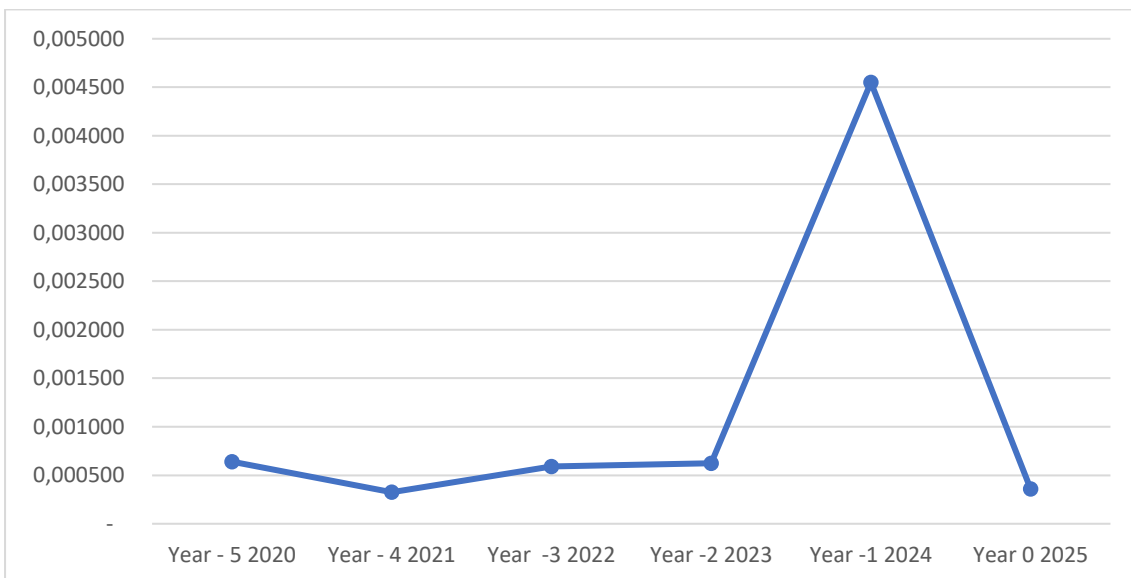
For the 2024/2025 financial year, the Municipality recorded a debt coverage ratio of 0.11%, reflecting a very limited capacity to service debt from operating revenue. This represents a decline from the previous year and continues a downward trend observed over the past five financial years.



The creditors system efficiency ratio measures the average number of days taken by the Municipality to settle its creditors, and is a key indicator of payment discipline and compliance with Section 65 of the Municipal Finance Management Act (MFMA), which requires that all invoices be paid within 30 days.

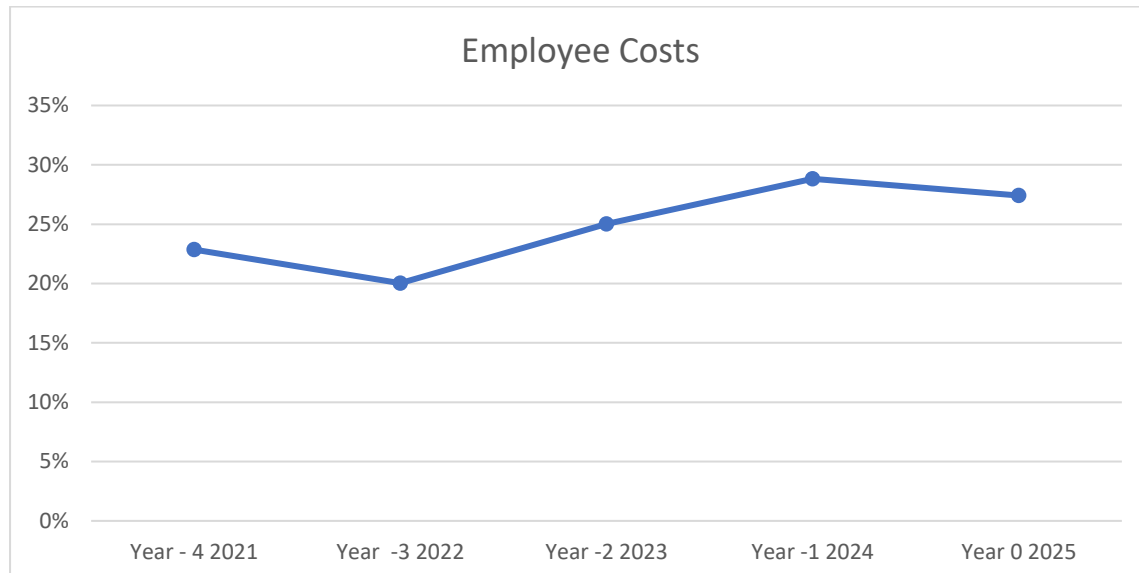
For the 2024/2025 financial year, the Municipality recorded a creditors system efficiency of 15 days, reflecting an improvement when compared to the prior year and indicating that, on average, creditors were paid well within the prescribed 30-day period.

Capital Charges to Operating Expenditure Ratio



The capital charges to operating expenditure ratio measures the proportion of operating expenditure that is utilised to service capital-related debt, including interest and principal repayments. This ratio provides insight into the Municipality's exposure to borrowing and the affordability of its debt obligations. National Treasury guidelines generally consider a ratio of less than 8% to be acceptable.

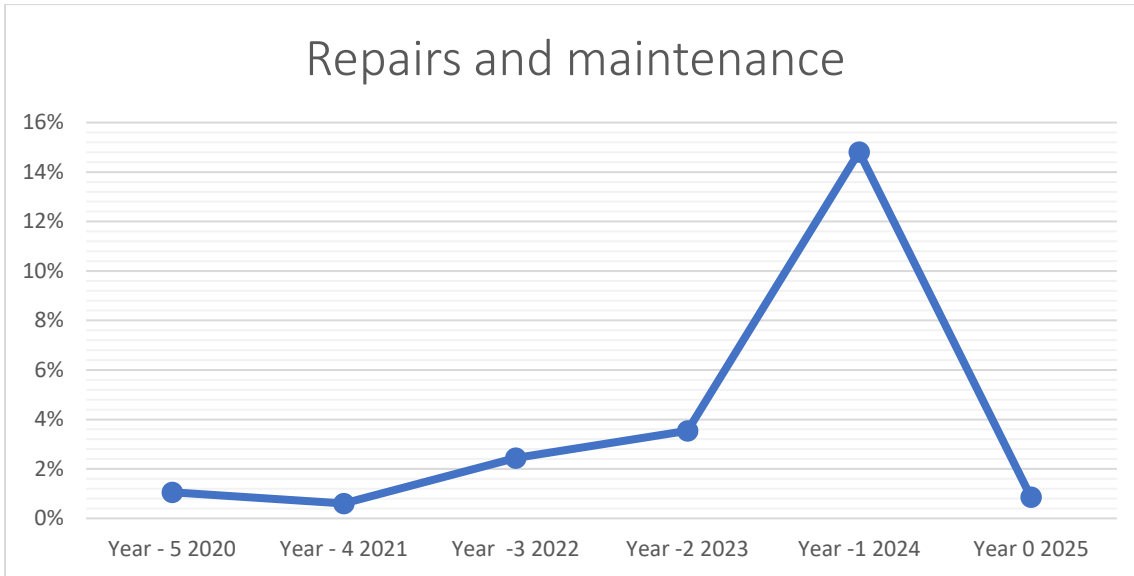
For the 2024/2025 financial year, Joe Morolong Local Municipality recorded a capital charge to operating expenditure ratio of 0.04%, indicating that a very small portion of operating expenditure was required to service capital-related debt. This reflects a low level of borrowing and minimal pressure on the operating budget arising from debt servicing costs.



Over the five-year period under review, the Municipality's employee costs have remained within acceptable norms, consistently below the MFMA and National Treasury guideline of 35%.

- In 2021, employee costs accounted for approximately 23% of total operating expenditure.
- This ratio declined to 20% in 2022, reflecting cost containment measures, vacancies not filled, and tighter personnel expenditure controls.
- In 2023, the ratio increased to 25%, mainly due to cost-of-living adjustments, notch progressions, and the stabilisation of critical positions.
- The upward trend continued in 2024, reaching a peak of approximately 29%, driven by wage increases in terms of the collective agreement and increased capacity to support service delivery.
- In 2025, the employee cost ratio declined slightly to 27%, indicating improved expenditure management and stabilisation of staff costs relative to overall operating expenditure growth.

Repairs and maintenance



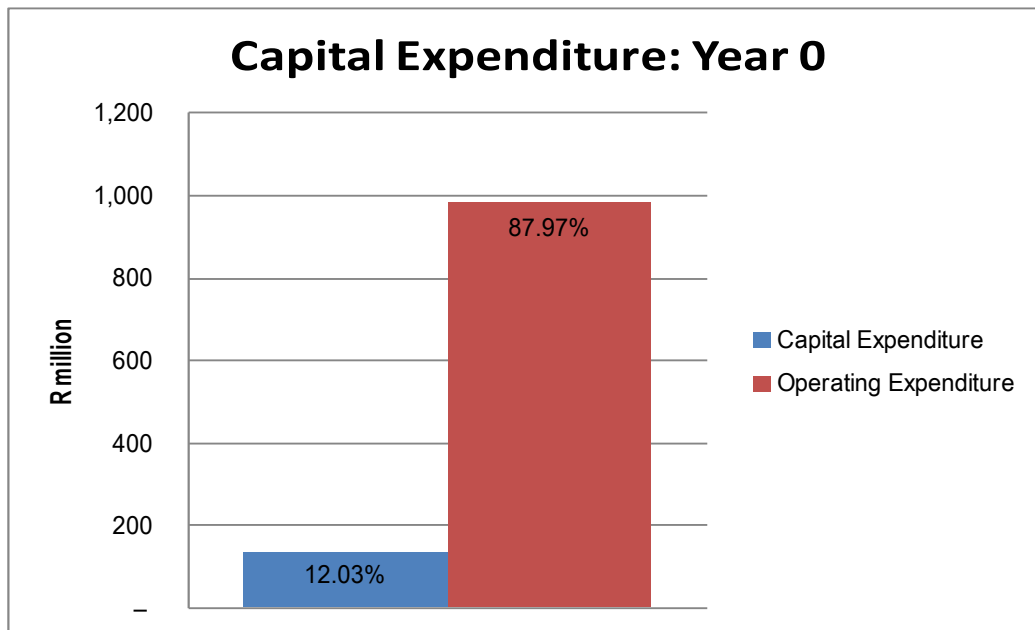
The repairs and maintenance ratio measures expenditure on repairs and maintenance as a percentage of total operating expenditure and is a critical indicator of the Municipality's commitment to asset preservation and sustainability of infrastructure. National Treasury guidelines generally recommend that municipalities spend between 8% and 10% of operating expenditure on repairs and maintenance to ensure adequate upkeep of assets.

For the 2024/2025 financial year, Joe Morolong Local Municipality recorded a repairs and maintenance ratio of 1%, which is significantly below the recommended benchmark. This indicates that insufficient resources were allocated to maintaining existing infrastructure during the year under review.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

Component B deals with capital spending indicating where the funding comes from and whether Joe Morolong Local Municipality was able to spend the funding as planned. Capital expenditure is funded from grants, borrowing, operating expenditure and surpluses.

5.5 Capital Expenditure



5.6 Sources of Finance

Capital Expenditure - Funding Sources: 2023/2024 to 2024/2025							R' 000
Details	2023/2024	2024/2025					
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	
Source of finance							
	External loans	0	0	0	0	0,00%	0,00%
	Public contributions and donations				97 535	0,00%	0,00%
	Grants and subsidies	45 927	125 755	97 370	111 562	-22,57%	-11,29%
	Other	3 156	19 280	17 641	-	-8,50%	100,00%
Total		49 082	145 035	115 012	209 098	-31,07%	111,29%
<i>Percentage of finance</i>							
	External loans	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Public contributions and donations	0,0%	0,0%	0,0%	46,6%	0,0%	0,0%
	Grants and subsidies	93,6%	86,7%	84,7%	53,4%	72,6%	10,1%
	Other	6,4%	13,3%	15,3%	0,0%	27,4%	89,9%
Capital expenditure							
	Water and sanitation	37 810	90 947	75 247	162 097	-17,26%	78,23%
	Electricity	0	0	0	0	0,00%	0,00%
	Housing	0	0	0	0	0,00%	0,00%
	Roads and storm water	5 241	30 301	26 892	36 154	-11,25%	19,31%
	Other	6 031	23 787	12 872	11 539	-45,88%	-51,49%
Total		49 082	145 035	115 012	209 790	-74,40%	46,06%
<i>Percentage of expenditure</i>							
	Water and sanitation	77,0%	62,7%	65,4%	77,3%	23,2%	169,9%
	Electricity	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Housing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Roads and storm water	10,7%	20,9%	23,4%	17,2%	15,1%	41,9%
	Other	12,3%	16,4%	11,2%	5,5%	61,7%	-111,8%

T 5.6.1

During the 2024/2025 financial year, the Municipality incurred capital expenditure amounting to R209.790 million, compared to an original capital budget of R145.035 million and an adjusted budget of R115.012 million. This reflects a significant increase in actual capital spending, mainly attributable to

the receipt and utilisation of unbudgeted public contributions and donations, as well as accelerated implementation of priority infrastructure projects.

Public Contributions and Donations

An amount of R97.535 million was received from public contributions and donations in 2024/2025, compared to nil in both the original and adjusted budgets. These funds accounted for 46.6% of total capital financing and largely explain the material variance between budgeted and actual capital expenditure.

The significant contribution from this funding source indicates improved stakeholder engagement and successful mobilisation of external funding, although it is acknowledged that such funding is largely once-off in nature.

Grants and Subsidies

Capital grants and subsidies amounted to R111.562 million, compared to:

- Original budget: R125.755 million
- Adjusted budget: R97.370 million

5.7 Capital Expenditure of 5 largest projects

Capital Expenditure of 5 largest projects*						R' 000
Name of Project	Current: 2024/2025			Variance: 2024/2025		
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)	
Padstow Water Supply Phase 2	10 000	10 000	10 452	-5%	0%	
Logobate Water Supply	7 884	7 884	7 884	0%	0%	
Cassel Water Supply Phase 3	14 485	14 485	14 482	0%	0%	
Ncwelengwe Internal Road Phase 2	11 156	11 156	11 064	1%	0%	
Gahuwe to Dithakong Access Road Phase 2	18 046	18 046	18 046	0%	0%	
<i>* Projects with the highest capital expenditure in Year 0</i>						
Name of Project - A	Padstow Water Supply Phase 2					
Objective of Project	To provide the community with basic drinkable water					
Delays	4-weeks due to non-potable water found in newly drilled borehole					
Future Challenges	Finding a drinkable source in the area might be a challenge					
Anticipated citizen benefits	Drinkable water with a 200m radius from the household					
Name of Project - B	Logobate Water Supply					
Objective of Project	To provide the community with basic drinkable water					
Delays	2-weeks due to late delivery of diesel engines					
Future Challenges	Hard rock excavation is accounted for in phase 2					

Anticipated citizen benefits	Drinkable water with a 200m radius from the household
Name of Project - C	Cassel Water Supply Phase 3
Objective of Project	To provide the community with basic drinkable water
Delays	None
Future Challenges	None
Anticipated citizen benefits	Drinkable water with a 200m radius from the household
Name of Project - D	Ncwelengwe Internal Road Phase 2
Objective of Project	To upgrade 1.7km of gravel road to interlocking paving blocks
Delays	None
Future Challenges	None
Anticipated citizen benefits	Ease of access to Kuruman and schools
Name of Project - E	Gahuwe to Dithakong Access Road Phase 2
Objective of Project	To upgrade 1.5km of gravel road to interlocking paving blocks
Delays	None
Future Challenges	A river crossing need to be upgraded; separate project
Anticipated citizen benefits	Ease of access to Kuruman, shops and schools
<i>T 5.7.1</i>	

A challenge was experienced to find potable water in the Padstow village. Although the yield of the newly drilled borehole was good, the quality was poor. A new borehole was already sited and drilling will start in the new financial year.

The Gahuwe to Dithakong Access Road project needs additional funding to complete a remaining portion. A new business plan was developed to this effect.

5.8 Basic Service and Infrastructure Backlogs – Overview

It should be noted that Census 2022 (Statistics South Africa) was used as baseline data throughout this Section.

There are 188 villages, classified into 15 wards, in the Joe Morolong Local Municipality area that need access to basic services like water, electricity, sanitation, housing and roads. According to the 2022 Census of Statistics South Africa, there are about 125 420 people living in JMLM, with 26 537 households. It was also noted that people, sometimes families, tend to move back into some villages. This is mainly due to the electrification of houses. This situation caused a yearly increase of the number of households, which makes it very difficult to estimate the actual backlog of services and infrastructure.

Distances between the various villages makes it very difficult to provide basic services as bulk infrastructure to be shared between villages are practical impossible. This has a huge effect on the unit- and maintenance cost.

The table below indicates the estimated backlogs. Please note that due to migration into some villages, especially after electrification, these numbers might be higher.

Service Levels

Service Backlogs as at 30 June 2025				
Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	25 551	96%	986	4%
Sanitation	22 584	85%	3 953	15%
Electricity	23 883	90%	2 654	10%
Waste management	800	3%	25 737	97%
Housing	23 353	88%	3 184	12%
<i>% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.</i>				<i>T 5.8.2</i>

A portion of the MIG-grant was used to upgrade roads in the area, to improve access to decent sanitation facilities and to provide more people with access to basic water.

The WSIG-grant was also utilized to decrease the water backlog, but also to refurbish boreholes and associated equipment.

SLP-funding was mainly spent on the upgrading of roads and water infrastructure.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 Cash Flow Outcomes

Cash Flow Outcomes

R'000

Description	2023/2024	Current: 2024/2025		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates	7 841	31 442	31 442	24 621
Service charges	26 298	31 906	31 906	37 040
Other revenue	3 627	1 006	1 006	1 788
Transfers and Subsidies - Operational	187 072	200 312	200 312	196 626
Transfers and Subsidies - Capital	130 707	251 510	121 986	124 808
Interest	7 842	44 421	44 120	4 755
VAT Received	27 692	–	–	29 862
Payments				
Suppliers and employees	(293 176)	(290 905)	(321 344)	(310 632)
Finance charges	(550)	(70)	(70)	(603)
Transfers and Grants	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	97 354	269 622	109 358	108 266
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				

Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	(114 393)	(145 035)	(85 035)	(121 513)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(114 393)	(145 035)	(85 035)	(121 513)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits	-			
Payments				
Repayment of borrowing	(43)	(219)	(219)	(251)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(43)	(219)	(219)	(251)
NET INCREASE/ (DECREASE) IN CASH HELD	(17 082)	124 368	24 104	(13 498)
Cash/cash equivalents at the year begin:	34 956	25 595	25 632	17 874
Cash/cash equivalents at the year end:	17 874	149 963	49 735	4 375

Source: MBRR A7

T 5.9.1

The cash flow statement provides insight into the Municipality's ability to generate cash, fund operations, finance capital expenditure, and meet its financial obligations. While the Municipality reported an accounting surplus for the year under review, cash flow performance reflects continued pressure on liquidity.

Cash Flow from Operating Activities

For the 2024/2025 financial year, net cash generated from operating activities amounted to R108.266 million, which is marginally below the adjusted budget of R109.358 million, but represents a stable outcome when compared to the prior year audited outcome of R97.354 million.

- Property rates receipts of R24.621 million were below the original and adjusted budget, indicating ongoing collection challenges.
- Service charges receipts of R37.040 million exceeded the budgeted amount, reflecting an improvement in billing and collection performance.
- Operational grant receipts amounted to R196.626 million, slightly below the adjusted budget, mainly due to timing differences in transfers.
- Capital grant receipts of R124.808 million exceeded the adjusted budget, supporting capital project implementation.
- Interest received was significantly below budget, reflecting lower cash balances during the year.
- Payments to suppliers and employees amounted to R310.632 million, slightly below the adjusted budget, indicating improved expenditure control.

Despite the positive net operating cash flow, the Municipality's reliance on grants and uneven own-revenue collection continues to affect cash sustainability.

Cash Flow from Investing Activities

Net cash used in investing activities for the year amounted to R121.513 million, compared to an adjusted budget of R85.035 million. This was primarily due to capital asset acquisition, reflecting increased capital project implementation during the year.

The higher-than-budgeted capital expenditure aligns with the significant increase in actual capital spending reported elsewhere in the Annual Report. While this demonstrates progress in infrastructure delivery, it also places additional strain on cash resources.

Cash Flow from Financing Activities

Net cash used in financing activities amounted to R251 thousand, mainly relating to the repayment of borrowing. The Municipality continues to have limited exposure to debt, which reduces long-term financial risk but also limits access to alternative funding sources.

Net Cash Position

The Municipality recorded a net decrease in cash held of R13.498 million during the 2024/2025 financial year. Cash and cash equivalents declined from R17.874 million at the beginning of the year to R4.375 million at year-end.

The low closing cash balance confirms the cash flow pressures highlighted by other financial indicators, including the cost coverage ratio of zero months. Although the Municipality generated positive operating cash flow, this was insufficient to fully fund capital expenditure and other commitments without eroding cash reserves.

5.10 Borrowing and Investments

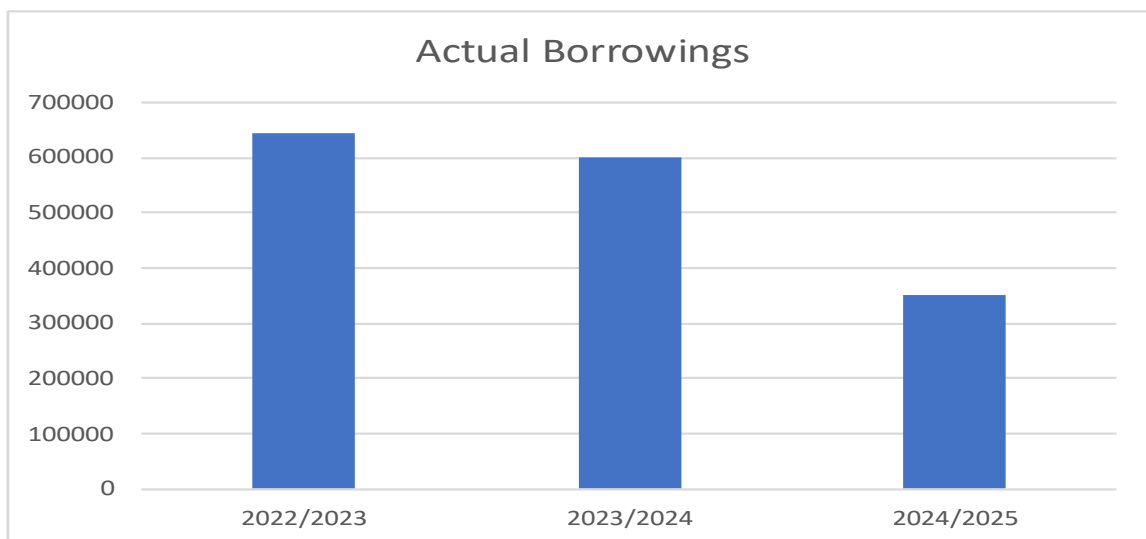
Managing the cash resources as Municipality remains a key requirement to ensure liquidity of the Municipality in order to meet its financial obligations, both currently and into a sustainable future.

Cash flow is actively monitored to enable the municipality to meet its obligations as they become due. Both major revenue (grants, equitable share etc.) and expenditure (purchases and loan repayments) categories have been identified and accounted for appropriately to ensure that repayments are made on time and that surplus funds are invested in order to earn a favourable return on investment.

Actual Borrowings: 2022/2023 to 2024/2025			
	R' 000		
Instrument	2022/2023	2023/2024	2024/2025
Municipality			
Long-Term Loans (annuity/reducing balance)	645	601	350
Long-Term Loans (non-annuity)	-	-	-

Local registered stock	-	-	-
Instalment Credit	-	-	-
Financial Leases	-	-	-
PPP liabilities	-	-	-
Finance Granted By Cap Equipment Supplier	-	-	-
Marketable Bonds	-	-	-
Non-Marketable Bonds	-	-	-
Bankers Acceptances	-	-	-
Financial derivatives	-	-	-
Other Securities	-	-	-
Municipality Total	645	601	350
Municipal Entities			
Long-Term Loans (annuity/reducing balance)	-	-	-
Long-Term Loans (non-annuity)	-	-	-
Local registered stock	-	-	-
Instalment Credit	-	-	-
Financial Leases	-	-	-
PPP liabilities	-	-	-
Finance Granted By Cap Equipment Supplier	-	-	-
Marketable Bonds	-	-	-
Non-Marketable Bonds	-	-	-
Bankers Acceptances	-	-	-
Financial derivatives	-	-	-
Other Securities	-	-	-
Entities Total	0	0	0

T 5.10.2



Municipal and Entity Investments			
			R' 000
Investment* type	2022/2023	2023/2024	2024/2025
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government	-	-	-
Listed Corporate Bonds			
Deposits - Bank	20546	2452	0
Deposits - Public Investment Commissioners	-	-	-
Deposits - Corporation for Public Deposits	-	-	-
Bankers Acceptance Certificates	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-
Guaranteed Endowment Policies (sinking)	-	-	-
Repurchase Agreements - Banks	-	-	-
Municipal Bonds	-	-	-
Other	-	-	-
Municipality sub-total	20546	2452	0
	-	-	-
<u>Municipal Entities</u>			
Securities - National Government	-	-	-
Listed Corporate Bonds	-	-	-
Deposits - Bank	-	-	-
Deposits - Public Investment Commissioners	-	-	-
Deposits - Corporation for Public Deposits	-	-	-
Bankers Acceptance Certificates	-	-	-
Negotiable Certificates of Deposit - Banks	-	-	-
Guaranteed Endowment Policies (sinking)	-	-	-
Repurchase Agreements - Banks	-	-	-
Other	-	-	-
Entities sub-total	0	0	0
	-	-	-
Consolidated total:	20546	2452	0

T 5.10.4

5.11 Public Private Partnerships

The Municipality does not have any public private partnerships.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 Supply Chain Management

All Supply Chain Management officials comply with the prescribed levels required for their positions in terms of the MFMA Competency Regulation Guidelines.

There were adverse remarks in the Auditor General's Report for the previous financial year regarding the quality of the Supply Chain Management of Joe Morolong Local Municipality.

The Joe Morolong Local Municipality have adopted and implemented the following policies and practices relating to Supply Chain Management:

- Supply Chain Management Policy
- Contract Management Policy
- Infrastructure Procurement and Delivery Management Policy

5.13 GRAP Compliance

The Municipality is GRAP compliant. As part of addressing capacity challenges experienced in Budget and Treasury Office, for the year under review, officials in the Budget and Treasury Office were assigned to work with the team appointed to assist in compiling the Annual Financial Statements. This was done as part of the Consultants Reduction Plan and is to continue in the foreseeable future.

Even though the municipality managed to improve the audit opinion, it was far from the desired audit outcome.

The municipality has put in place measures to improve the Audit outcome for the financial year.

CHAPTER 6

AUDITOR GENERAL AUDIT FINDINGS

CHAPTER 6 - AUDITOR GENERAL AUDIT FINDINGS

The Auditor General audited the financial and performance information for the 2024/25 Financial Year after the audit was concluded the Auditor General's office presented Joe Morolong Local Municipality with an audit's opinion which will be enclosed in Volume III.

Subsequent to that, Joe Morolong Local Municipality developed an action plan that will address the Auditor General's findings. The action plan will also be enclosed in Volume III.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2023/2024

6.1 Auditor-General Opinion on Financial Statements 2023/2024 (Previous Year)

Auditor-General Report on Financial Performance Year 2023- 2024

Status of audit report:	Qualified Audit Opinion
Non-Compliance Issues	Remedial Action Taken
Bid adjudication minutes not submitted	<ol style="list-style-type: none"> 1) The Municipality has decided to enhance document management system by scanning all the documents such as payment vouchers and service level agreements. No payments 2) Officials who request documents are issued with photocopies to minimise the risk of losing original documents. 3) All documentation must go through Internal control to ease the transfer of information. 4) Management to check information before it gets submitted to Internal control to ensure that all the relevant documentation are on file. 5) Internal Control to double check the information before it gets sent to the Auditors. 6) AG to acknowledge the receipt of all information
AOPO: Performance management system of the municipality not adequate	<ol style="list-style-type: none"> 1) Develop and adopt a performance management system or framework that will describe how the municipality's cycle and processes of performance planning, monitoring, measurement, review and reporting
UIFW incurred not reported to council and no investigations performed	<ol style="list-style-type: none"> 1) Internal audit should annually conduct a determination test or analyse the particulars of non-compliance in order to establish the facts and losses, if any, related to the transaction and submit the report to the accounting officer 2) The accounting officer should submit the internal audit report to council as soon as he receives it
No controls in place for the prevention of UIFW	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
General Expenses: Payment of expenditure incurred was not made within 30 days of receipt of invoice	<ol style="list-style-type: none"> 1) Ensuring strict adherence to 30 day timelines allocated for processing of an invoice through weekly meetings with different Managers 2) Turnaround time of invoices within BTO to be reviewed (15 days) 3) Payment should only be processed with a Creditors Statement, delivery note and signed invoice confirming receipt and accuracy of the goods or services 4) Implement Payment Checklists that will be reviewed by Internal Control and the CFO 5) Perform monthly Creditors' Reconciliation Statement 6) Consequence management to be implemented against officials who are delaying payments
AOPO: Measurability could not be confirmed	<ol style="list-style-type: none"> 1) Management will ensure that performance information is adequately reviewed to ensure that it adheres to the SMART Principles 2) Ensure that there are adequate controls and processes over the review, collection, monitoring and reporting of performance information
AOPO: Indicators with ambiguous definitions	<ol style="list-style-type: none"> 1) Management will ensure that performance information is adequately reviewed to ensure that it adheres to the SMART Principles 2) Ensure that there are adequate controls and processes over the review, collection, monitoring and reporting of performance information

Bulk purchases: Payment of expenditure incurred was not made within 30 days of receipt of invoice	<ol style="list-style-type: none"> 1) Ensuring strict adherence to 30 day timelines allocated for processing of an invoice through weekly meetings with different Managers 2) Turnaround time of invoices within BTO to be reviewed (15 days) 3) Payment should only be processed with a Creditors Statement, delivery note and signed invoice confirming receipt and accuracy of the goods or services 4) Implement Payment Checklists that will be reviewed by Internal Control and the CFO 5) Perform monthly Creditors' Reconciliation Statement 6) Consequence management to be implemented against officials who are delaying payments
General Expenses: Payment of expenditure incurred was not made within 30 days of receipt of invoice	<ol style="list-style-type: none"> 1) Ensuring strict adherence to 30 day timelines allocated for processing of an invoice through weekly meetings with different Managers 2) Turnaround time of invoices within BTO to be reviewed (15 days) 3) Payment should only be processed with a Creditors Statement, delivery note and signed invoice confirming receipt and accuracy of the goods or services 4) Implement Payment Checklists that will be reviewed by Internal Control and the CFO 5) Perform monthly Creditors' Reconciliation Statement 6) Consequence management to be implemented against officials who are delaying payments
Deviation reasons for not following the SCM process were not valid	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
Deviation reasons for not following the SCM process were not valid	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
No evidence in the bidding documents that the winning bidder's tax matters were in order	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
No evidence in the bidding documents that the winning bidder's was registered on the CIDB database.	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
The municipality did not comply with legislation applicable on contracts entered into and monitoring of the contracts	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
The municipality did not comply with the PPPFA relating to local content and production	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
The municipality did not comply with relevant legislation and regulation applicable to the use of consultants	<ol style="list-style-type: none"> 1) Internal audit will ensure that they perform a compliance audit and identify all governance and internal control deficiencies and then submit regular reports to management and governance structures on compliance with key legislation
The procurement through a panel of contractors was not according to SCM related legislation	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.

Contract awarded to more than one bidder. Bidders that did not score the highest points were appointed.	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
SCM: Declaration of interest not submitted by suppliers who were appointed by the municipality	<ol style="list-style-type: none"> 1) Internal audit will ensure that they perform a compliance audit and identify all governance and internal control deficiencies and then submit regular reports to management and governance structures on compliance with key legislation
The municipality does not have delegations of authority in place, however expenditure transactions were approved	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements. 5) Ensure that a delegation of authority is developed and approved
Competitive Bidding: No approved deviation for a bid above R10Million advertised for less than 30 days	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
Compliance relating to contract management could not be confirmed, and information requested was not submitted.	<ol style="list-style-type: none"> 1) The Municipality has decided to enhance document management system by scanning all the documents such as payment vouchers and service level agreements. No payments 2) Officials who request documents are issued with photocopies to minimise the risk of losing original documents. 3) All documentation must go through Internal control to ease the transfer of information. 4) Management to check information before it gets submitted to Internal control to ensure that all the relevant documentation are on file. 5) Internal Control to double check the information before it gets sent to the Auditors. 6) AG to acknowledge the receipt of all information
Municipality underspent significantly on repairs and maintenance of assets.	<ol style="list-style-type: none"> 1) Internal audit will ensure that they perform a compliance audit and identify all governance and internal control deficiencies and then submit regular reports to management and governance structures on compliance with key legislation
Budgeted amount for maintenance of water infrastructure assets is not adequate	<ol style="list-style-type: none"> 1) Internal audit will ensure that they perform a compliance audit and identify all governance and internal control deficiencies and then submit regular reports to management and governance structures on compliance with key legislation
CCG invoices have insufficient information to determine if cost containment measures were considered	<ol style="list-style-type: none"> 1) Ensuring strict adherence to 30 day timelines allocated for processing of an invoice through weekly meetings with different Managers 2) Turnaround time of invoices within BTO to be reviewed (15 days) 3) Payment should only be processed with a Creditors Statement, delivery note and signed invoice confirming receipt and accuracy of the goods or services 4) Implement Payment Checklists that will be reviewed by Internal Control and the CFO 5) Perform monthly Creditors' Reconciliation Statement 6) Consequence management to be implemented against officials who are delaying payments
SCM: The winning quotation is similar (format/wording/pricing) with any other losing quotation	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
SCM: The reasons for deviation provided do not make it impossible/ impractical to obtain 3 written quotations.	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
SCM: Deviations were not reported to council	<ol style="list-style-type: none"> 1) Internal audit should annually conduct a determination test or analyse the particulars of non-compliance in order to establish the facts and losses, if any, related to the transaction and submit the report to the accounting officer 2) The accounting officer should submit the internal audit report to council as soon as he receives it

Compliance with contract management related requirements could not be confirmed.	<ol style="list-style-type: none"> 1) Internal audit should annually conduct a determination test or analyse the particulars of non-compliance in order to establish the facts and losses, if any, related to the transaction and submit the report to the accounting officer 2) The accounting officer should submit the internal audit report to council as soon as he receives it
SCM: The winning provider's tax matters has not been declared by SARS to be in order	<ol style="list-style-type: none"> 1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
Annual Financial Statements (AFS) and Annual Performance Report (APR) were not submitted with 2 months after year end, which is the legislated deadline for submission of AFS and APR	<ol style="list-style-type: none"> 1) Management should use the National Treasury GRAP disclosure checklist on their website to all GRAP disclosure requirements. facilitate 2) Management should enhance their annual financial statements review processes in order to ensure that their prepared financial statements comply with GRAP framework.
The Annual Report was only approved on 16 September 2021, which is after 2 months from the financial year end, and not within 2 months as required by DoRA 12(5). Furthermore it could not be confirmed that the business plan or implementation plan was submitted within 2 months after year-end to the transferring officer.	<ol style="list-style-type: none"> 1) Internal audit will ensure that they perform a compliance audit and identify all governance and internal control deficiencies and then submit regular reports to management and governance structures on compliance with key legislation
<p><i>Note: * The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.</i></p>	

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COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2024/2025

6.2 Auditor-General Opinion 2024/2025

Auditor-General Report on Financial Performance 2024/2025*	
Status of audit report:	Qualified
Non-Compliance Issues	Remedial Action Taken
Payments not paid within 30 days	The municipality will keep track of invoices received on a monthly basis and ensure that these invoices are paid within 30 days of receipt. Where the municipality does not timeously obtain the invoice from the supplier for goods received/ services rendered, the municipality should ensure that it follows up with the supplier.
Revenue From Exchange: Actuarial Gains Differences	Management is of the opinion that the finding is invalid. Management plans to engage with the Auditor General on the way forward in order to resolve the finding.
Revenue from Exchange: Water: Calculation and Tarrif differences	Management will ensure the accuracy of estimate billings through recalculation. In addition, management will ensure that all accounts are billed on actual readings in order to avoid the issues associated with estimate billings.
Revenue from Exchange: Overstatement of Refuse Charges	Through scrutinisation of the tariff policy, management noted that the tariff policy specifies that the refuse tariffs are fixed and not variable. Management further noted that there were a few accounts that were billing variable tariffs. Management will adjust the affected accounts to reflect fixed tariffs.
Revenue From Exchange (Refuse): Tarif Differences	Through scrutinisation of the tariff policy, management noted that the tariff policy specifies that the refuse tariffs are fixed and not variable. The frequency of collection of bins becomes irrelevant since the tariffs are fixed. The collection times are therefore an indicator of occurrence and not accuracy. Management further noted that there were a few accounts that were billing variable tariffs. Management will adjust the affected accounts to reflect fixed tariffs.
Prior year Unresolved (PY ISS.31): Completeness of Electricity Conventional	Management will perform a monthly reconciliation to identify accounts that are not being billed. In addition, management will make follow ups on identified accounts to ensure that they are billed.
Prior year Unresolved (PY ISS.20): Completeness of Water Conventional	Management will perform a monthly reconciliation to identify accounts that are not being billed. In addition, management will make follow ups on identified accounts to ensure that they are billed.
Prior year unresolved (PY ISS.70: Water Conventional estimate differences	Management intends to install a water meter for account 41333 to ensure that it does not continuously continue to bill on estimates. This would ensure that actual readings are billed for account 4133.
Prior year unresolved (PY ISS.73): Refuse Removal recalculation differences	Through scrutinisation of the tariff policy, management noted that the tariff policy specifies that the refuse tariffs are fixed and not variable. The frequency of collection of bins becomes irrelevant since the tariffs are fixed. The collection times are therefore an indicator of occurrence and not accuracy. Management further noted that there were a few accounts that were billing variable tariffs. Management will adjust the affected accounts to reflect fixed tariffs.
Revenue from exchange transactions: Water: Cut-off Issue	Management will reconcile the billing data and identify all transactions that do not relate to the correct financial year and process the correcting journals where applicable.
Receivables from non-exchange transactions: property rates : Statement vs Aging does not agree	Management will reconcile the debtors control accounts to the debtors ageing to ensure that there is no mismatch between the 2 sets of information.
Employee related costs: Issues identified for overtime	Management will ensure that controls around overtime payments are adhered to in order to avoid future internal control deficiency findings. Management will thoroughly review all overtime payment documents before they are paid to ensure compliance with the overtime policy.

Offsetting of VAT Disclosures : VAT Receivable & Statutory Receivable.	Management is of the opinion that the finding is invalid. Management plans to engage with the Auditor General on the way forward in order to resolve the finding.
Revenue from exchange: Water: Reversed Estimated consumption without actual charge	
Prior year Unresolved (COMAF 30,31,35,39,40,42,43,52) - Irregular expenditure disclosure note not complete	1) Internal audit should annually conduct a determination test or analyse the particulars of non-compliance in order to establish the facts and losses, if any, related to the transaction and submit the report to the accounting officer 2) The accounting officer should submit the internal audit report to council as soon as he receives it
Revenue from Exchange (Water): No actual historical readings for estimates	Management will ensure that meters are installed to replace defective meters in order to allow for actual readings to be taken.
AFS high level review: casting differences and classification issues	Management is in disagreement with the finding as the issue was resolved during the audit in respect of unauthorised expenditure. The finding is material based on the fact that the difference is R634 031 090. It would therefore be an audit report paragraph. Management scrutinised the audit report and noted that there is no paragraph on unauthorised expenditure further corroborating the fact that the finding was resolved during the audit. In respect of irregular expenditure, management disagreed with the finding and the issue was resolved during the audit. Management inspected the audit report report and noted that there was no finding in respect of irregular expenditure wherein there were differences between the AFS and supporting schedules.
Revenue From Exchange: Water: Not billed for 12 months	Management will perform monthly reconciliations to identify accounts that are not being billed. In addition, management will follow up on accounts not billed and implement corrective action where applicable.
	Management will perform monthly reconciliations to identify accounts that are not being billed. In addition, management will follow up on accounts not billed and implement corrective action where applicable.
Consequence Management: No investigations performed	1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
Unauthorised, Irregular and Fruitless and wasteful expenditure- No preventative controls identified	1) Implement SCM compliance checklists to supplement policies and procedures 2) Strengthen the SCM control environment by conducting regular training to improve skills 3) Submit regular reports to management and governance structures on compliance with key legislation 4) Upon receipt of the procurement Bids SCM undergoes mandatory governance compliance checks which includes Tax Status, mandatory forms and documents, Local Content and CIDB requirements.
<p>Note:* The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.</p> <p style="text-align: center;">T 6.2.1</p>	

6.2.2. Auditor-General Report on Service Delivery Performance: 2024/2025

Auditor-General Report on Service Delivery Performance: 2024/2025	
Non-Compliance Issues	Remedial Action Taken
Glendred Landfill Site	Management Should develop and Monitor controls to ensure that the Landfill site is being efficiently and economically used

APPENDICES

APPENDIX A: Full list of Councillors, committee allocation, and attendance to meetings

NO.	NAME	WARD/PR	EXCO
1	Cllr D. Leutlwetse-Tshabalala	PR Councillor	Mayor
2	Cllr V. Jordan	PR Councillor	Speaker
3	Cllr N. Kgosierileng	PR Councillor	Yes
4	Cllr N. Mokweni	PR Councillor	Yes
5	Cllr G. Kaotsane	Ward Councillor	Yes
6	Cllr M. Mbolekwa	Ward Councillor	Yes
7	Cllr N. Tswere	PR Councillor	No
8	Cllr G. Tagane	Ward Councillor	No
9	Cllr E. Maamogwa†	Ward Councillor	No
10	Cllr K. Lebatlang	Ward Councillor	No
11	Cllr G. Kgositau	Ward Councillor	No
12	Cllr T. Gaobuse	Ward Councillor	No
13	Cllr L. Machogo	Ward Councillor	No
14	Cllr S. Manzana	Ward Councillor	No
15	Cllr P. Filipo	Ward Councillor	No
16	Cllr T. Mosegedi	Ward Councillor	No
17	Cllr L. Manankong	Ward Councillor	No
18	Cllr K. Majoro	Ward Councillor	No
19	Cllr S. Choche	Ward Councillor	No
20	Cllr O. Kolberg	Ward Councillor	No
21	Cllr I. Matebese	PR Councillor	No
22	Cllr D. Kopeledi	PR Councillor	No
23	Cllr P. Witbooi)	PR Councillor	No
24	Cllr P. Mmerekhi	PR Councillor	No
25	Cllr T. Magano	PR Councillor	No
26	Cllr O. Etshetshang	PR Councillor	No
27	Cllr J. Tikane	PR Councillor	No
28	Cllr V. Mosimanyana	PR Councillor	No
29	Cllr M. Gaetsewe	PR Councillor	No
30	Cllr P. Bareki	Ward Councillor	No

The Portfolio Committee members were elected in terms of Section 80 of the Local Government Municipal Structures Act (Act no 117 of 1998) as follows:

NAME OF COMMITTEE	MEMBERS
Finance, Human Resource and Administration	Cllr B. Mbolekwa (Chairperson) Cllr G. Kgositau Cllr P. Filipo Cllr K. Majoro Cllr G. Tagane Cllr D. Kopeledi Cllr T. Magano
Economic Development, Planning & Tourism	Cllr N. Mokweni (Chairperson) Cllr L. Manankong

	Cllr T. Gaobuse Cllr O. Kolberg Cllr L. Machogo Cllr P. Mmerekhi
Infrastructure	Cllr G. Kaotsane (Chairperson) Cllr E. Maamogwa† Cllr S. Manzana Cllr T. Mosegedi Cllr O. Etshetshang Cllr K. Lebatlang Cllr J. Tikane Cllr P. Bareki
Community Services	Cllr N. Kgosierileng (Chairperson) Cllr I. Matebese Cllr N. Tswere Cllr S. Choche Cllr V. Mosimanyana Cllr M. Gaetsewe Cllr P. Witbooi

ATTENDANCE TO MEETINGS

EXCO

NO.	NAME	NO. OF SCHEDULED MEETING	NO. OF MEETINGS ATTENDED
1	Cllr D. Leutlwetse-Tshabalala	4	4
2	Cllr G. Kaotsane	4	3
3	Cllr M. Mbolekwa	4	4
4	Cllr N. Mokweni	4	3
5	Cllr N. Kgosierileng	4	1

ATTENDANCE TO SPECIAL COUNCIL MEETINGS

NO.	NAME	NO. OF MEETINGS	NO. OF MEETINGS ATTENDED
1	Cllr D. Leutlwetse-Tshabalala	11	9
2	Cllr V. Jordan	11	7
3	Cllr N. Mokweni	11	10
4	Cllr G. Kaotsane	11	9
5	Cllr M. Mbolekwa	11	11
6	Cllr N. Kgosierileng	11	7
7	Cllr N. Tswere	11	11
8	Cllr G. Tagane	11	11
9	Cllr P. Bareki	6	1
10	Cllr K. Lebatlang	11	11
11	Cllr G. Kgositau	11	10
12	Cllr T. Gaobuse	11	11
13	Cllr L. Machogo	11	8
14	Cllr S. Manzana	11	10

15	Cllr P. Filipo	11	9
16	Cllr T. Mosegedi	11	9
17	Cllr L. Manankong	11	11
18	Cllr K. Majoro	11	11
19	Cllr S. Choche	11	11
20	Cllr O. Kolberg	11	11
21	Cllr I. Matebese	11	5
22	Cllr D. Kopeledi	11	9
23	Cllr P. Witbooi	11	9
24	Cllr P. Mmereki	11	9
25	Cllr T. Magano	11	9
26	Cllr O. Etshetshang	11	6
27	Cllr J. Tikane	11	10
28	Cllr V. Mosimanyana	11	7
29	Cllr M. Gaetsewe	11	9

ATTENDANCE TO ORDINARY COUNCIL MEETINGS

NO.	NAME	NO. OF SCHEDULED MEETINGS	NO. OF MEETINGS ATTENDED
1	Cllr D. Leutlwetse-Tshabalala	4	3
2	Cllr V. Jordan	4	2
3	Cllr N. Mokweni	4	3
4	Cllr G. Kaotsane	4	3
5	Cllr B. Mbolekwa	4	4
6	Cllr N. Kgosierileng	4	2
7	Cllr G. Tagane	4	3
8	Cllr N. Tswere	4	4
9	Cllr P. Bareki	2	2
10	Cllr K. Lebatlang	4	4
11	Cllr G. Kgositau	4	4
12	Cllr T. Gaobuse	4	3
13	Cllr L. Machogo	4	4
14	Cllr S. Manzana	4	4
15	Cllr P. Filipo	4	4
16	Cllr T. Mosegedi	4	3
17	Cllr L. Manankong	4	4
18	Cllr K. Majoro	4	4
19	Cllr S. Choche	4	4
20	Cllr O. Kolberg	4	3
21	Cllr I. Matebese	4	3
22	Cllr D. Kopeledi	4	3
23	Cllr P. Witbooi	4	3
24	Cllr P. Mmereki	4	2
25	Cllr T. Magano	4	3
26	Cllr O. Etshetshang	4	2
27	Cllr J. Tikane	4	4
28	Cllr V. Mosimanyana	4	3
29	Cllr M. Gaetsewe	4	3

ATTENDANCE TO PORTFOLIO COMMITTEE MEETINGS**FINANCE, HUMAN RESOURCES AND ADMINISTRATION**

NO.	NAME	NO. OF SCHEDULED MEETING	NO. OF MEETINGS ATTENDED
1	Cllr M. Mbolekwa	4	4
2	Cllr G. Tagane	4	3
3	Cllr G. Kgositau	4	3
4	Cllr M. Filipo	4	4
5	Cllr K. Majoro	4	4
6	Cllr D. Kopeledi	4	4
7	Cllr T. Magano	4	4

INFRASTRUCTURE

NO.	NAME	NO. OF SCHEDULED MEETING	NO. OF MEETINGS ATTENDED
1	Cllr G. Kaotsane	4	3
2	Cllr E. Maamogwa† Replaced by Cllr P. Bareki	2	2
3	Cllr S. Manzana	4	3
4	Cllr T. Mosegedi	4	2
5	Cllr K. Lebatlang	4	4
6	Cllr J. Tikane	4	4
7	Cllr O. Etshetshang	4	4

ECONOMIC DEVELOPMENT, PLANNING & TOURISM

NO.	NAME	NO. OF SCHEDULED MEETING	NO. OF MEETINGS ATTENDED
1	Cllr N. Mokweni	4	4
2	Cllr L. Manankong	4	4
3	Cllr T. Gaobuse	4	2
4	Cllr O. Kolberg	4	4
5	Cllr L. Machogo	4	4
6	Cllr P. Mmerekhi	3	3

COMMUNITY SERVICES

NO.	NAME	NO. OF SCHEDULED MEETING	NO. OF MEETINGS ATTENDED
1	Cllr N. Kgosierileng	4	4
2	Cllr I. Matebese	4	3
3	Cllr N. Tswere	4	4
4	Cllr S. Choche	4	4
5	Cllr V. Mosimanyana	4	4
6	Cllr M. Gaetsewe	4	3
7	Cllr P. Witbooi	4	4

APPENDIX B: Committees and Committee Purposes

AUDIT COMMITTEE

The Municipality has signed a Memorandum of Agreement for the Audit Committee Shared Service with the John Taolo Gaetsewe District Municipality for the year under review.

Primary functions of the audit committee include:

- Monitoring the integrity of Council;
- Review of financial statements;
- Reviewing the effectiveness of Council's internal control and risk management;
- Overseeing the relationship between management and the municipality's external auditors;
- The Committee will make recommendation to management via Council, resulting from activities carried out by the Committee in terms of the reference;
- The compilation of reports to Council, at least twice during a financial year;
- To review the quarterly reports submitted to it by the Internal Audit;
- Evaluate the activities of the Internal Audit function in terms of their role as prescribed by legislation;
- Review audit results and actions plans implemented by management; and
- Making recommendations to Council and also carrying out its responsibility to implement the recommendations.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

MPAC was established by Council on the 20th December 2021, resolution RESCNL2022-00203. In terms of Section 79 of the Municipal Structures Act, 117 of 1998.

The committee is composed as follows:

- i. Cllr. N. Tswere (Chairperson)
- ii. Cllr. D. Kopeledi
- iii. Cllr. P. Witbooi
- iv. Cllr. G. Kgositau
- v. Cllr. T. Mosegedi
- vi. Cllr. L. Manankong
- vii. Cllr. V. Mosimanyana
- viii. Cllr. J. Tikane
- ix. Cllr. M. Gaetsewe

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

This is discussed in Chapter 2 under Governance and no additional information is provided here.

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

This is discussed in Chapter 1 under Executive summary and no additional information is provided here.

APPENDIX E – WARD REPORTING

This is discussed in Chapter 2 under Intergovernmental Relations and no additional information is provided here.

APPENDIX F – WARD INFORMATION

This is discussed in Chapter 2 under Intergovernmental Relations and no additional information is provided here.

**APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE
2024/2025**

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
30 June 2025	That the audited AFS be accepted and read together with the report of the external auditors.	Adopted
30 June 2025	That the focus for unauthorised, irregular and fruitless and wasteful expenditure should be on prevention by management and all the oversight structures. Prevention should also include consequence management.	Adopted
30 June 2025	That an appropriate action plan be developed for implementation and monitoring.	Adopted
		T G

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

No long-term contracts were entered into during 2024/25. There are no public private partnerships.

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

Contract No.	Contract Description	Service Provider	Commencement Date	End Date	Progress to date as at 30 June 2025	Challenges and interventions	Assessment of service provider	Assessment Comments
							(Scale 1-5) 1-Poor, 2-Fair, 3-Average, 4-Good, 5-Excellent	
	Financial System	Sebata/Inzalo		30-Jun-27	In Progress	Issues with the implementation of the Asset Module. However, final FAR was submitted for implementation in 2025/26	3,5	Performance is satisfactory.
B180/2019	Supply and instillation of municipal business enhancement processes for a period of three years	Bitsware (Pty) Ltd	29-Mar-19	2022/03/29 - 2022/09/30	Contract has been extended and active	No skills transfer	4	Provides good service
B188/2019	General Valuation, Preparation and Updating of Valuation Roll: 01 July 2020 to 30 June 2025	TT Property Consultants	01-May-20	25-Apr-25	In Progress till completion.	Slow response has been noted. However, quality of submission still satisfactory.	3	Performance is satisfactory.
B186/2019	Request for Provision of legal Services for a period of three years.	Morwaagae Attorneys Inc	01-May-20	01-May-23	Matters still in court	None	4	
B186/2019	Request for Provision of legal Services for a period of three years.	Kgomo Attorneys Inc	01-May-20	01-May-23	Matter still in court	None	4	
B194/2019	Provision of professional services - Rural Water Programme for a period of three years	Tsela Tsweu Consulting Engineers	01-May-20	30-Apr-23	In-progress until Completion Date	Site supervision must improve; meeting was convened	3	Mostly on time with submissions of good quality docs. Site Supervision needs to improve.
B199/2020	Panel of contractors for provision of construction services for building projects (3 years period)	Mercycon JV NJ Multi Spillage	19-Apr-21	18-Mar-24	Contract Expired - Extension has been issued for completion of outstanding work	Slow performance on one site, which led to withdrawal	1	Provided poor service to the institution
B199/2020	Panel of contractors for provision of construction services for building projects (3 years period)	Drop Dot	19-Apr-21	18-Mar-24	Contract expired (Retention release)	Performance was slow but eventually completed the project – various meetings and emails	2	Cashflow issues caused delays in construction progress; projects were

Contract No.	Contract Description	Service Provider	Commencement Date	End Date	Progress to date as at 30 June 2025	Challenges and interventions	Assessment of service provider	Assessment Comments
							(Scale 1-5) 1-Poor, 2-Fair, 3-Average, 4-Good, 5-Excellent	
								completed, but behind schedule
B203/2020	Panel of contractors for the provision of borehole refurbishment services (3 years)	Drop Dot	19-Apr-21	18-Mar-24	Contract expired (Retention release)	Performance was slow but eventually completed the project – various meetings and emails	2	Cashflow issues caused delays in construction progress; projects were completed, but behind schedule
B207/2021	Request for provision of short-term insurance services for a period 36 months	Kunene Makopo Risk Solution	01-May-21	30-Apr-24	Contract has expired and was extended for a period of 6 months till 30 September 2024.	Claims were not finalised on time. Leading to delays in the replacement of assets.	2,9	Contract expired.
B219-2023	Request for proposals for the compilation of Grap compliant annual financial statements and fixed assets register (3 years period)	Imani Business Advisory Services	01-Aug-23	31-Jul-26	In Progress till completion.	Quality of submissions has improved. Adherence to timelines.	4	Performance is highly commendable.
Q2/02/05/2023	Rental of Copier Machines	Indlela Data (Pty) Ltd	02-May-23	02-Aug-23	Contract has been extended on a month-to-month basis	Poor maintenance of machines	3	Provides fair services
Q2/02/05/2023	Rental of Copier Machines	Indlela Finance	02-May-23	02-Aug-23	Active	Diesel Contamination	2	Delay in delivery time and not adhering to terms of the contract
B217-2023	Supply and Delivery of Diesel and Fuel Management system for a Period of 36 Months	Manenzhe Guards (Pty) Ltd	30-Oct-23	01-Sep-26				
B221-2023	Supply and Delivery of Store Items (3 Years Period)	Kemonona Trading Enterprise	28-Sep-23	27-Sep-26	In progress till completion	None	4	Performance is satisfactory.
B221-2023	Supply and Delivery of Store Items (3 Years Period)	Arround the Moon Logistics and Projects 49	26-Sep-23	27-Sep-26	In progress till completion	Supplier sometimes reject certain orders due to underquoting.	3	Service provider supplier on time for orders that they are able to deliver but they however, rejects others.

Contract No.	Contract Description	Service Provider	Commencement Date	End Date	Progress to date as at 30 June 2025	Challenges and interventions	Assessment of service provider	Assessment Comments
							(Scale 1-5) 1-Poor, 2-Fair, 3-Average, 4-Good, 5-Excellent	
								This exercise of rejecting orders delays service delivery in such a way that order should be voided and redone.
B221-2023	Supply and Delivery of Store Items (3 Years Period)	Foromane-Remo2010 JV	28-Sep-23	27-Sep-26	In progress till completion	None	4	Performance is satisfactory.
B227-2023	Provision of Professional Services - Rural Sanitation Programme	Leano BK Consulting	16-Nov-23	13-Nov-26	In-progress until Completion Date	No Challenges	4	Always on time and submit good quality documents
B229-2023		Mmege Construction and Projects	22-Nov-23	16-Nov-26				
B229-2023	Provision of Construction Services for Water Storage, Reticulation and Equipping of Boreholes for Rural Water Supply Programme	Supavolt Selenane JV	22-Nov-23	16-Nov-26	In-progress until completion date	None	4	Execute Works on time and within budget, quality is also good
B229-2023	Provision of Construction Services for Water Storage, Reticulation and Equipping of Boreholes for Rural Water Supply Programme	Tsaathebe Construction	22-Nov-23	16-Nov-26	In-progress until completion date	None	4	Execute Works on time and within budget, quality is also good
B221-2023	Supply and Delivery of Store Items (3 Years Period)	Masego Maintenance and Project	26-Sep-23	27-Sep-26	In progress till completion	Supplier sometimes reject certain orders due to underquoting.	3	Service provider supplier on time for orders that they are able to deliver but they however, rejects others. This exercise of rejecting orders delays service delivery in such a way that order should be voided and redone.

Contract No.	Contract Description	Service Provider	Commencement Date	End Date	Progress to date as at 30 June 2025	Challenges and interventions	Assessment of service provider	Assessment Comments
							(Scale 1-5) 1-Poor, 2-Fair, 3-Average, 4-Good, 5-Excellent	
B227-2023	Provision of Professional Services - Rural Sanitation Programme	Maruapula Engineers	16-Nov-23	13-Nov-26	In-progress until Completion Date	No Challenges	4	Always on time and submit good quality documents
B228-2023	Provision of Construction Services for Rural Roads	Mafoko Brothers Logistics	22-Nov-23	16-Nov-26	In-progress until Completion Date	None	5	Excellent execution of Works, always on time and within budget with quality workmanship
B230-2023	Provision of Construction Services -Rural Sanitation Programme	Foromane JV	21-Nov-23	19-Nov-26	In-progress until Completion Date	None	4	Always achieves works-programme with good quality work
B230-2023	Provision of Construction Services -Rural Sanitation Programme	Excellence Business Academy	21-Nov-23	19-Nov-26	In-progress until Completion Date	None	3	Achieves all set targets, within budget
B228-2023	Provision of Construction Services for Rural Roads	Dubu Construction	22-Nov-23	16-Nov-26	In-progress until Completion Date	Sometimes slow with submission of contractual documents - meeting was held to improve	3	Good quality work, finish projects on time
B226-2023	Provision of professional services - Rural Water Programme for a period of three years	BVI Consulting Engineers Central	16-Nov-23	13-Nov-26	In-progress until Completion Date	None	4	Always on time and submit good quality documents
B225-2023	Provision for Professional Services - Rural Roads	BVI Consulting Engineers Central	16-Nov-23	13-Nov-26	In-progress until Completion Date	None	4	Mostly on time with submissions of good quality documents
B226-2023	Provision of professional services - Rural Water Programme for a period of three years	Leano BK Consulting	16-Nov-23	13-Nov-26	In-progress until Completion Date	None	4	Always on time and submit good quality documents. Fully staffed.
B227-2023	Provision of Professional Services - Rural Sanitation Programme	KMSD Engineering Consultants	21-Nov-23	19-Nov-26	In-progress until Completion Date	No Challenges	4	Always on time and submit good quality documents

Contract No.	Contract Description	Service Provider	Commencement Date	End Date	Progress to date as at 30 June 2025	Challenges and interventions	Assessment of service provider	Assessment Comments
							(Scale 1-5) 1-Poor, 2-Fair, 3-Average, 4-Good, 5-Excellent	
B225-2023	Provision for Professional Services - Rural Roads	KMSD Engineering Consultants	16-Nov-23	13-Nov-26	In-progress until Completion Date	None	4	On time with submissions of good quality documents
B220-2023	Provision of Professional VAT Recovery Services (3 Years Period)	Maximum Profit Recovery (Pty) Ltd	30-Oct-23	31-Oct-26	In Progress till completion.	Slow response has been noted. However, quality of submission still satisfactory.	3	Performance is satisfactory.
B226-2023	Provision of professional services - Rural Water Programme for a period of three years	KMSD Engineering Consultants	16-Nov-23	13-Nov-26	In-progress until Completion Date	Initially understaffed- more staff was made available by the Company after various discussions	4	Achieved reporting and other deadlines in the 24-25FY,
B226-2023	Provision of professional services - Rural Water Programme for a period of three years	Tsela Tsweu Consulting Engineers	16-Nov-23	13-Nov-26	In-progress until Completion Date	Site supervision must improve; meeting was convened	3	Mostly on time with submissions of good quality docs. Site Supervision needs to improve.
B235-2023	Request for provision of security services (3 Years Period)	Kagotsentle Security Services and Training	01-May-24	30-Jun-27	Active	The municipality still experiences challenges with theft	3	Provides fair services to the municipality
B237-2023	Supply, Installation and Maintenance of hosted VOIP (Voice Over Internet Protocol) Telephone System and Internet (3 Years Period)	ER Mog	24-Jun-24	30-Jun-27	Active	Cannot provide quality service to the municipality due to old infrastructure	2	Service is not of good standard (network/internet)
B241-2024	Provision of short-term Insurance Services (Three Years Period)	Tokkie Ferreira Makelaars	22-Oct-24	30-Dec-27	Active	None	4	Service satisfactory
Q 02, 08/08/2024	Repairs for Municipal Vehicles Tyres and Related services of 12 Months	Budget Auto Spares & Tyres Fit	23-Aug-24	25-Aug-25	Active	None	4	Service satisfactory

Contract No.	Contract Description	Service Provider	Commencement Date	End Date	Progress to date as at 30 June 2025	Challenges and interventions	Assessment of service provider	Assessment Comments
							(Scale 1-5) 1-Poor, 2-Fair, 3-Average, 4-Good, 5-Excellent	
RT57-2022	Supply and Delivery of Sedan,light and heavy commercial vehicles, busses, motorcycles, agricultural tractors, construction plant and equipment to the state for a period of 36 months	Bell Equipment Sales South Africa	01-Jul-23	30-Jun-26	Active	None	4	Service satisfactory
RT57-2022	Supply and Delivery of Sedan,light and heavy commercial vehicles, busses, motorcycles, agricultural tractors, construction plant and equipment to the state for a period of 36 months	Isuzu Motors South Africa	01-Jul-23	30-Jun-26	Active	None	4	Service satisfactory
RT57-2022	Supply and Delivery of Sedan,light and heavy commercial vehicles, busses, motorcycles, agricultural tractors, construction plant and equipment to the state for a period of 36 months	Ford Motor Company of Southern Africa (Manufacturing)	01-Jul-23	30-Jun-26	Active	None	4	Service satisfactory
B245-2024	Appointment of Sevice Provider for Legal Services Panel for Period of 36 Months	Morwaagae Attorneys Inc	07-Mar-25	31-Mar-28	Matter still in court	None	4	Service satisfactory
B245-2024	Appointment of Sevice Provider for Legal Services Panel for Period of 36 Months	Ndumiso Voyi and Associates	07-Mar-25	31-Mar-28	Matter still in court	None	4	Service satisfactory

APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS

Financial interests are disclosed in the Audited Annual Financial Statements and no further information is provided.

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
						R '000
Description	2023-24	2024-25		2024-25 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	46 859	42 591	45 643	48 659	12%	6%
Property rates - penalties & collection charges	28 939	17 629	19 606	33 716	48%	42%
Service Charges - electricity revenue	6 925	9 108	12 848	5 241	-74%	-145%
Service Charges - water revenue	9 172	33 323	16 028	14 298	-133%	-12%
Service Charges - sanitation revenue	1 472	1 706	1 332	1 450	-18%	8%
Service Charges - refuse revenue	2 248	4 488	1 863	2 266	-98%	18%
Service Charges - other	1 302	287	211	432	34%	51%
Rentals of facilities and equipment	97	126	134	105	-20%	-27%
Interest earned - external investments	7 842	8 526	4 755	4 755	-79%	0%
Interest earned - outstanding debtors	22 281	13 378	16 665	16 645	20%	0%
Dividends received	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Licences and permits	-	210	160	222	6%	28%
Agency services	-	30	32	72	59%	56%
Transfers recognised - operational	187 072	200 312	219 743	196 626	-2%	-12%
Other revenue	159 634	-	292	319 507	100%	100%
Gains on disposal of PPE	-	-	2 448	-	-	-
Environmental Protection	-	(11)	(2)	-	-	-
Total Revenue (excluding capital transfers and contributions)	473 845	331 704	341 757	643 995	48,49%	46,93%

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.

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APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Grant information details are disclosed in the Audited Annual Financial Statements and no further information is provided.

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

Capital expenditure details are disclosed in the Audited Annual Financial Statements and no further information is provided.

APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2024-2025

Capital expenditure details are disclosed in the Audited Annual Financial Statements and no further information is provided.

VOLUME I: ANNUAL FINANCIAL STATEMENTS

The Audited Annual Financial Statements for the 2024/25 Financial Year is enclosed hereto.



Joe Morolong Local Municipality
Annual Financial Statements
for the year ended 30 June 2025

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

Legal form of entity	South African category B municipality (Local Municipality) as defined by the Municipal Systems Act (Act no.117 of 1998)
Nature of business and principal activities	Joe Morolong Municipality is a local municipality performing functions as set out in the Constitution (Act no. 108 of 1996)
Mayoral committee	
Executive Mayor	Councillor Leutlwetse D.D
Councillors	Councillor Jordan V. (Speaker) Councillor Tagane G.C Councillor Tswere K.N Councillor Matebese I. Councillor Mokweni O.N Councillor Kaotsane G.G Councillor Manankong L.P Councillor Choche S.P Councillor Gaobuse T.I Councillor Manzana A.S Councillor Kolberg O.J Councillor Lebatlang K.D Councillor Filipino M.P Councillor Majoro K.L Councillor Kgositau G.G Councillor Etshetshang O.A Councillor Magano T Councillor Mmereki P.C Councillor Tikane J.T Councillor Bareki P.M. Councillor Machogo L. Councillor Kgosierileng N.D. Councillor Kopeledi D.L Councillor Mosegedi T.G Councillor Gaetsewe M.J Councillor Mbolekwa B.M Councillor Mosimanyana G.V Councillor Witbooi P.J.J. Councillor Kehologile E.K. Councillor Maamogwa K.E
Grading of local authority	3
Accounting Officer	Mrs B.D. Motlhaping
Chief Finance Officer (CFO)	Miss Masego Mokubung (Acting CFO)
Registered office	D320 Cardington Road Churchill Village Mothibistad Kuruman 8474
Business address	D320 Cardington Road Churchill Village

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

	Mothibistad Kuruman 8474
Postal address	Private Bag X117 Mothibistad Kuruman 8474
Bankers	Standard Bank ABSA Bank
Auditors	Auditor General of South Africa
Attorneys	Peyper Attorneys Morwaagae Attorneys Kgomo Attorneys

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Index

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

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Abbreviations used:

ABSA	ABSA Bank of South Africa
VAT	Value Added Tax
GRAP	Generally Recognised Accounting Practice
SALGBC	South African Local Government Bargaining Council
SARS	South African Revenue Services
SCM	Supply Chain Management
MFMA	Municipal Finance Management Act
DBSA	Development Bank of South Africa
UIF	Unemployment Insurance Fund
PAYE	Pay as You Earn

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025



Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

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

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

The annual financial statements set out on page 8-80, 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
Mrs B.D. Motlhaping

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	3	3 224 420	4 253 386
Receivables from exchange transactions	4	61 133 457	29 496 433
Receivables from non-exchange transactions	5	172 317 952	128 411 751
VAT receivable	6	43 758 810	41 720 314
Other Receivables	7	2 692 341	2 326 534
Cash and cash equivalents	8	4 375 303	17 873 574
		287 502 283	224 081 992
Non-Current Assets			
Investment property	9	17 176 288	13 463 998
Property, plant and equipment	10	1 032 090 262	969 586 108
Intangible assets	11	892 797	1 268 603
		1 050 159 347	984 318 709
Total Assets		1 337 661 630	1 208 400 701
Liabilities			
Current Liabilities			
Other financial liabilities	12	167 575	225 683
Payables from exchange transactions	13	88 215 827	63 358 319
Consumer deposits	14	92 129	39 500
Employee benefit obligation	15	340 000	1 112 000
Unspent conditional grants and receipts	16	11 269	-
Provisions	17	3 158 289	-
		91 985 089	64 735 502
Non-Current Liabilities			
Other financial liabilities	12	182 729	375 763
Employee benefit obligation	15	4 453 000	3 605 000
Provisions	17	11 454 725	9 725 177
		16 090 454	13 705 940
Total Liabilities		108 075 543	78 441 442
Net Assets		1 229 586 087	1 129 959 259
Accumulated surplus		1 229 586 087	1 129 959 259
Total Net Assets		1 229 586 087	1 129 959 259

* See Note 59

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	18	23 254 294	15 891 889
Reversal of debt impairment: exchange transactions	30	46 978 815	-
Rental of facilities and equipment	19	105 363	97 278
Interest- Exchange Transactions	20	16 644 673	22 281 433
Commission earned	57	72 359	-
Licences and permits	58	222 468	-
Prepaid services	21	3 928 409	3 680 505
Other income	22	432 234	1 301 608
Investment revenue	23	4 755 469	7 841 865
Total revenue from exchange transactions		96 394 084	51 094 578
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	48 658 881	46 859 187
Reversal of debt impairment: non-exchange transactions	30	41 701 169	-
Interest - Non-Exchange Transactions	20	33 715 816	28 938 628
Transfer revenue			
Government grants & subsidies	25	321 423 184	317 779 000
Public contributions and donations	26	97 535 477	20 450 112
Fair Value Adjustments	40	3 712 290	8 298 298
Actuarial gains/(losses)	15	854 000	425 000
Total revenue from non-exchange transactions		547 600 817	422 750 225
Total revenue		643 994 901	473 844 803
Expenditure			
Employee related costs	27	(123 660 372)	(120 740 653)
Remuneration of councillors	28	(14 972 995)	(15 933 867)
Depreciation and amortisation	29	(124 850 760)	(124 005 909)
Impairment loss	30	(8 926 867)	(16 495 166)
Finance costs	31	(2 105 648)	(1 931 206)
Lease rentals on operating lease	32	(814 500)	(861 026)
Debt written off	33	(78 456 161)	(47 712 344)
Bulk purchases electricity	34	(16 499 048)	(14 013 337)
Contracted Services	35	(42 381 087)	(37 182 938)
Transfers and Subsidies	36	(11 841 497)	(14 403 625)
Loss on disposal of assets	39	(14 248 946)	(10 162 069)
Inventory Consumed	37	(31 171 781)	(31 937 287)
General Expenses	38	(73 233 867)	(41 519 326)
Total expenditure		(543 163 529)	(476 898 753)
Surplus (deficit) for the year		100 831 372	(3 053 950)

* See Note 59

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit *Restated	Total net assets *Restated
Balance at 01 July 2023	1 133 013 209	1 133 013 209
Changes in net assets		
Surplus/(Deficit) for the year	(3 053 950)	(3 053 950)
Total changes	(3 053 950)	(3 053 950)
Restated* Balance at 01 July 2024	1 129 959 102	1 129 959 102
Changes in net assets		
Net income (losses) recognised directly in net assets	(1 204 387)	(1 204 387)
Surplus/(Deficit) for the year	100 831 372	100 831 372
Total changes	99 626 985	99 626 985
Balance at 30 June 2025	1 229 586 087	1 229 586 087

* See Note 59

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
VAT Received		29 861 573	27 692 399
Service charges		37 040 251	26 298 154
Grants		321 434 453	317 779 000
Interest income		4 755 468	7 841 865
Other receipts		1 788 162	3 627 223
Property rates		24 621 305	7 840 963
		419 501 212	391 079 604
Payments			
Employee costs		(122 030 600)	(114 465 756)
Suppliers		(173 628 780)	(162 776 292)
Interests costs		(602 933)	(550 098)
Councillors Remuneration		(14 972 995)	(15 933 867)
		(311 235 308)	(293 726 013)
Net cash flows from operating activities	43	108 265 904	97 353 591
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(121 472 903)	(114 206 700)
Purchase of other intangible assets	11	(39 995)	(186 101)
Net cash flows from investing activities		(121 512 898)	(114 392 801)
Cash flows from financing activities			
Repayment of other financial liabilities		(251 142)	(43 274)
Net cash flows from financing activities		(251 142)	(43 274)
Net increase/(decrease) in cash and cash equivalents		(13 498 136)	(17 082 484)
Cash and cash equivalents at the beginning of the year		17 873 574	34 956 040
Cash and cash equivalents at the end of the year	8	4 375 438	17 873 556

The accounting policies on pages 15-39 and the notes on page 39-84 form an integral part of the annual financial statements.

* See Note 59

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	48 626 000	(20 236 000)	28 390 000	23 254 294	(5 135 706)	1
Reversal of debt impairment: exchange transactions	-	-	-	46 978 815	46 978 815	
Rental of facilities and equipment	126 000	(21 000)	105 000	105 363	363	2
Interest - Exchange Transactions	13 378 000	3 287 000	16 665 000	16 644 673	(20 327)	
Commission Earned	30 000	(30 000)	-	72 359	72 359	3
Licences and permits	210 000	-	210 000	222 468	12 468	4
Prepaid Services	-	-	-	3 928 409	3 928 409	5
Other income	640 000	(176 000)	464 000	432 234	(31 766)	6
Investment revenue	8 526 000	(3 771 000)	4 755 000	4 755 469	469	7
Total revenue from exchange transactions	71 536 000	(20 947 000)	50 589 000	96 394 084	45 805 084	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	42 591 000	3 052 000	45 643 000	48 658 881	3 015 881	
Reversal of debt impairment: non-exchange transactions	-	-	-	41 701 169	41 701 169	32
Interest - Non-Exchange Transactions	17 629 000	1 977 000	19 606 000	33 715 816	14 109 816	8
Transfer revenue						
Government grants & subsidies	200 312 000	19 431 000	219 743 000	321 423 184	101 680 184	9
Public contributions and donations	-	-	-	97 535 477	97 535 477	
Gains on disposal of assets	-	2 448 000	2 448 000	-	(2 448 000)	
Fair value adjustments	(11 000)	9 000	(2 000)	3 712 290	3 714 290	31
Expected benefits vesting	-	-	-	854 000	854 000	38
Total revenue from non-exchange transactions	260 521 000	26 917 000	287 438 000	547 600 817	260 162 817	
Total revenue	332 057 000	5 970 000	338 027 000	643 994 901	305 967 901	
Expenditure						
Employee related costs	(132 302 000)	8 085 000	(124 217 000)	(123 660 372)	556 628	
Remuneration of councillors	(16 842 000)	1 869 000	(14 973 000)	(14 972 995)	5	
Depreciation and amortisation	(102 425 000)	(48 692 000)	(151 117 000)	(124 850 760)	26 266 240	33
Impairment loss/ Reversal of impairments	-	-	-	(8 926 867)	(8 926 867)	34
Finance costs	(70 000)	(397 000)	(467 000)	(2 105 648)	(1 638 648)	10
Lease rentals on operating lease	-	-	-	(814 500)	(814 500)	11
Debt Impairment	(16 712 000)	(16 677 000)	(33 389 000)	-	33 389 000	12
Bad debts written off	(12 272 000)	(4 815 000)	(17 087 000)	(78 456 161)	(61 369 161)	
Bulk purchases	(9 600 000)	(6 900 000)	(16 500 000)	(16 499 048)	952	13
Contracted Services	(45 458 000)	(19 998 000)	(65 456 000)	(42 381 087)	23 074 913	14
Transfers and Subsidies	(800 000)	614 000	(186 000)	(11 841 497)	(11 655 497)	15

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Inventory consumed	-	-	-	(31 171 781)	(31 171 781)	35
General Expenses	(50 613 000)	1 937 000	(48 676 000)	(73 233 867)	(24 557 867)	16
Total expenditure	(387 094 000)	(84 974 000)	(472 068 000)	(528 914 583)	(56 846 583)	
Operating surplus	(55 037 000)	(79 004 000)	(134 041 000)	115 080 318	249 121 318	
Loss on disposal of assets and liabilities	-	-	-	(14 248 946)	(14 248 946)	36
Surplus before taxation	(55 037 000)	-	(55 037 000)	100 831 372	155 868 372	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(55 037 000)	-	(55 037 000)	100 831 372	155 868 372	

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	4 613 000	(793 000)	3 820 000	3 224 420	(595 580)	17
Receivables from exchange transactions	144 881 000	(241 000)	144 640 000	61 133 457	(83 506 543)	18
Receivables from non-exchange transactions	203 991 000	-	203 991 000	172 317 952	(31 673 048)	19
VAT receivable	45 128 000	77 000	45 205 000	43 758 810	(1 446 190)	
Other Receivables	49 000	-	49 000	2 692 341	2 643 341	
Cash and cash equivalents	153 752 000	(75 115 000)	78 637 000	4 375 303	(74 261 697)	20
	552 414 000	(76 072 000)	476 342 000	287 502 283	(188 839 717)	
Non-Current Assets						
Investment property	-	354 000	354 000	17 176 288	16 822 288	21
Property, plant and equipment	1 476 281 000	(29 044 000)	1 447 237 000	1 032 090 262	(415 146 738)	22
Intangible assets	13 037 000	(2 894 000)	10 143 000	892 797	(9 250 203)	23
	1 489 318 000	(31 584 000)	1 457 734 000	1 050 159 347	(407 574 653)	
Total Assets	2 041 732 000	(107 656 000)	1 934 076 000	1 337 661 630	(596 414 370)	
Liabilities						
Current Liabilities						
Other financial liabilities	145 000	85 000	230 000	167 575	(62 425)	24
Payables from exchange transactions	49 579 000	78 842 000	128 421 000	88 215 822	(40 205 178)	25
VAT payable	10 990 000	-	10 990 000	-	(10 990 000)	
Consumer deposits	37 000	42 000	79 000	92 154	13 154	26
Employee benefit obligation	-	-	-	340 000	340 000	27
Unspent conditional grants and receipts	-	-	-	11 269	11 269	39
Provisions	563 000	-	563 000	3 158 289	2 595 289	40
	61 314 000	78 969 000	140 283 000	91 985 109	(48 297 891)	
Non-Current Liabilities						
Other financial liabilities	315 000	243 000	558 000	182 729	(375 271)	28
Employee benefit obligation	3 558 000	47 000	3 605 000	4 453 000	848 000	41
Provisions	8 213 000	1 512 000	9 725 000	11 454 725	1 729 725	30
	12 086 000	1 802 000	13 888 000	16 090 454	2 202 454	
Total Liabilities	73 400 000	80 771 000	154 171 000	108 075 563	(46 095 437)	
Net Assets	1 968 332 000	(188 427 000)	1 779 905 000	1 229 586 067	(550 318 933)	
Reserves						
Accumulated surplus	1 968 332 000	(188 427 000)	1 779 905 000	1 229 586 087	(550 318 913)	42

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

- 1) Budgeted amount was based on estimates that turned out to be higher than actual costs.
- 2) Budgeted amount is higher due to assumptions that costs might be higher maintenance, Utilities or services when budget was done
- 3) The budgeted amount is less than the actual because the actual commission rates or structures were more favourable than budgeted.
- 4) The budgeted amount is less than actual due to increase of fees for licence and permits.
- 5) There was no prepaid services budgeted amount as this was previously mapped under service charges
- 6) There was no budgeted amount for other income
- 7) Less monies were deposited in investments accounts
- 8) The interest rate charged in respect of customer accounts increased.
- 9) Increase in allocation on Grants
- 10) Certain suppliers could not be paid within 30 days, which resulted in interest charged.
- 11) Photocopier machine rentals not budgeted for
- 12) The budgeted amount is less than actual due to actual defaults on debts that were higher than anticipated
- 13) The budgeted amount is higher than actual due to increase in actual purchase prices of bulk due to market changes
- 14) The budget amount is higher than actual due to lower usage of contracted services than anticipated
- 15) The budgeted amount is less than actual due to sanitation projects transfers
- 16) The budgeted amount is less than the actual due to increase in prices on other items.
- 17) The budgeted amount is higher than actual due to better management or lower usage of inventory
- 18) Projections were made based on the assumption that the rates will increase, also payments or collections from receivables were slower.
- 19) Projections were made based on the assumption that outstanding amounts will be recovered
- 20) Projections were done based on the assumption that receipts will increase
- 21) The budgeted amount is less than actual due to higher property values, maintenance costs and other expenses relating to investment property.
- 22) The budgeted amount is higher than actual due to lower costs on acquiring and maintaining the assets.
- 23) The budgeted amount is higher than the actual because the actual spending on intangible assets was lower than anticipated or actual costs for developing/acquiring was lower.
- 24) The budgeted amount is higher than actual due to lower borrowings and fewer liabilities incurred.
- 25) The budget amount is higher than actual because payments to suppliers were made quicker and there was effective management of payables
- 26) The budgeted amount is less than actual due to higher consumer deposits that were received
- 27) The item is not budgeted for.
- 28) The budgeted amount is higher than actual due to lower borrowings and fewer liabilities incurred.
- 29) The item is not budgeted for.
- 30) The budgeted amount is less than actual because the actual need for provisions was higher than anticipated.
- 31) No insurance claims or settlements were received.
- 32) Debt written off which subsequently led to a reversal of impairment.
- 33) The budgeted amount is more than the actual because the useful life of the assets were re-assessed leading to reduction in depreciation.
- 34) It was not anticipated that would be impairment loss on assets based on prior year's figures.
- 35) Under-estimation of usage rates.
- 36) Difficulty predicting disposals or losses on assets as this is not an annual occurrence.
- 37) Difficulty predicting market fluctuations.
- 38) Uncertainty and unpredictability of actuarial assumptions and complexity in estimating future obligations.
- 39) Assumption that funds would be fully utilized within the grant period based on prior years amounts.
- 40) Difficulty in estimating provision amounts and future obligations as the amount was initially a contingent liability.
- 41) Uncertainty and unpredictability of actuarial assumptions and complexity in estimating future obligations.
- 42) A combination of factors/reasons outlined in reasons 1 to 41.
- 43) VAT receipts which were not budgeted for

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Transfers and subsidies - operational	200 312 000	-	200 312 000	196 626 453	(3 685 547)	
Transfers and subsidies - capital	251 510 000	(129 524 000)	121 986 000	124 808 000	2 822 000	
Property rates	31 442 000	-	31 442 000	24 621 305	(6 820 695)	
Service charges	31 906 000	-	31 906 000	37 040 251	5 134 251	
Other receipts	1 006 000	-	1 006 000	31 649 735	30 643 735	43
Interest	44 421 000	(301 000)	44 120 000	4 755 468	(39 364 532)	
	560 597 000	(129 825 000)	430 772 000	419 501 212	(11 270 788)	
Payments						
Suppliers and employees	(290 905 000)	(30 439 000)	(321 344 000)	(310 632 375)	10 711 625	
Interests costs	(70 000)	-	(70 000)	(602 933)	(532 933)	
	(290 975 000)	(30 439 000)	(321 414 000)	(311 235 308)	10 178 692	
Net cash flows from operating activities	269 622 000	(160 264 000)	109 358 000	108 265 904	(1 092 096)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(145 035 000)	60 000 000	(85 035 000)	(121 472 903)	(36 437 903)	
Purchase of other intangible assets	-	-	-	(39 995)	(39 995)	
Net cash flows from investing activities	(145 035 000)	60 000 000	(85 035 000)	(121 512 898)	(36 477 898)	
Cash flows from financing activities						
Repayment of other financial liabilities	(219 000)	-	(219 000)	(251 142)	(32 142)	
Net increase/(decrease) in cash and cash equivalents	124 368 000	(100 264 000)	24 104 000	(13 498 136)	(37 602 136)	
Cash and cash equivalents at the beginning of the year	25 595 000	37 000	25 632 000	17 873 574	(7 758 426)	
Cash and cash equivalents at the end of the year	149 963 000	(100 227 000)	49 736 000	4 375 438	(45 360 562)	

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

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

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

1.1 Presentation of Annual Financial Statements

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.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

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. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

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.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

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 assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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

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 17 - Provisions.

Useful lives and residual values

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.

Effective interest rate

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

Allowance for doubtful debts

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

Long Service Awards

The long service awards liability arises from the municipality being part of a Collective Agreement and Conditions of Service Northern Cape Division of SALGBC. The long service award plan is a defined benefit plan accounted for in terms of GRAP

Value Added Taxation

The Municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with section 15(1) of the VAT Act No.89 of 1991.

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.

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.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.5 Investment property (continued)

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.

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.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

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

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

- managements' intended usage of the property; and
- the extent to which it is owner occupied.

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.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.6 Property, plant and equipment (continued)

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.

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

Item	Depreciation method	Average useful life
Land	Straight-line	infinite years
Buildings	Straight-line	10-50 years
Leased Assets	Straight-line	3-5 years
Machinery and Equipment	Straight-line	7 years
Furniture and Fittings	Straight-line	2-7 years
Transport Assets	Straight-line	7 years
Office Equipment	Straight-line	3 years
Computer Equipment	Straight-line	5-7 years
Infrastructure assets	Straight-line	10-80 years
Community assets	Straight-line	8-50 years
Machinery and plant	Straight-line	2-15 years

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

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

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.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.6 Property, plant and equipment (continued)

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

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

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

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

1.7 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.8 Intangible assets

An asset is identifiable if it either:

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

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

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.8 Intangible assets (continued)

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.

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
Computer software	Straight-line	5 years

1.9 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.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.9 Financial instruments (continued)

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.

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.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.9 Financial instruments (continued)

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:

- 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.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.9 Financial instruments (continued)

Classification

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

Class	Category
Receivables from Exchange Transactions	Financial asset measured at amortised cost
Receivables from Non-Exchange Transactions (excluding property rates)	Financial asset measured at amortised cost
Cash and Cash Equivalents	Financial asset measured at amortised cost

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

Class	Category
Trade and Other Payables from Exchange Transactions	Financial liability measured at amortised cost
Other Financial Liabilities	Financial liability measured at amortised cost
Consumer Deposits	Financial liability measured at amortised cost

Initial recognition

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

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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

Reclassification

- The entity does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.9 Financial instruments (continued)

- an investment in a residual interest that meets the requirements for reclassification.

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

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

Derecognition

Financial asset.

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.9 Financial instruments (continued)

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

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

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

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

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

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

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

Financial liabilities

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

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

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

Presentation

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

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

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1.9 Financial instruments (continued)

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

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

1.10 Statutory receivables

Identification

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

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

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

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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

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1.10 Statutory receivables (continued)

Other charges

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

Impairment losses

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

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

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

Derecognition

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

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

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

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1.11 Leases

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

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

Operating leases - lessee

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

1.12 Inventories

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

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

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

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

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

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

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

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

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

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

1.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand (including petty cash), short-term investments and cash in the bank account. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with a registered banking institutions, with maturity of three months or less, subject to an insignificant risk of change in value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets carried at amortised costs.

Bank overdrafts are recorded based on the facility utilised. Finance costs on bank overdrafts are expenses as when they are incurred. Amounts owing in respect of bank overdrafts are recognised as financial liabilities carried at amortised cost.

1.14 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).

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Significant Accounting Policies

1.14 Impairment of cash-generating assets (continued)

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 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.

1.15 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:

- 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.

1.16 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

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Significant Accounting Policies

1.16 Employee benefits (continued)

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

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

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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1.17 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 46.

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.

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.

1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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Significant Accounting Policies

1.18 Commitments (continued)

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.19 Revenue from exchange transactions

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

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

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

Measurement

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

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.

Service Charges

Service Charges relating to electricity and water are based on consumption. Meters are read monthly and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced.

Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

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

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by Council and are levied monthly. In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Rental of facilities and Equipment

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement. It is earned from the renting of municipal facilities such as halls, sports, grounds, and lease of tenants, and is charged using the relevant approved tariffs.

Joe Morolong Local Municipality

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Significant Accounting Policies

1.19 Revenue from exchange transactions (continued)

Interest - Exchange Transactions

Interest is recognised in surplus or deficit, using the effective interest rate method. 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.

Other Income

Other income shall be accounted for when the cash, asset or service is received by the municipality. Other income included amongst others the following:

Sale of bid documents
Administration and Parking fees
Skills development refunds

1.20 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.

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Significant Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

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.

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.

Donations and Contributions

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind include services provided by individuals to the municipality at no charge or where the municipality has the right to use assets at no charge.

The municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

Government grants and Subsidies

Transfer revenue include government grants, subsidies, public contributions, donations, fines, penalties and forfeits. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. 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.

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1.21 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.22 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

1.24 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.25 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.26 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).

1.27 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.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.27 Segment information (continued)

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.

1.28 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.29 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 ventures).

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.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.29 Related parties (continued)

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.

1.30 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.

1.31 Unspent Conditional Grants

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

A liability for unspent conditional grants is recognised only to the extent that the conditions attached to the grant have not been satisfied and are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be asset-backed. The following provisions are set for the creation and utilisation of this creditor: Unspent conditional grants are recognised as a liability when the grant is received.

When grant conditions are met an amount equal to the conditions met is transferred to revenue in the Statement of Financial Performance.

The cash which backs up the creditor is invested as an individual investment or part of the operating account of the municipality until it is utilised

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.32 Prepayments

Prepayments are the payments for goods or services to be received in the future and is recognised as a current asset. Prepayments are transferred to the Statement of Financial Performance upon the receipt of the goods or services paid for. Prepayments are accounted for at cost.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

1.33 Bad Debts Write Off

Debt owed to the Municipality will be regarded as irrecoverable or bad and written off in the following instances:

The consumer is untraceable

The Municipality must take all reasonable steps to trace the debtor and collect the debt owed to the Municipality. A reasonable effort to trace the debtor will include, but is not limited to the following:

- Utilising all available information on the Municipality's records;
- Utilising the telephone directory to locate the debtor; and
- Contacting the following institutions or persons in order to locate the debtor:

The Department of Home Affairs; The South African Revenue Services Officials and/or colleagues at the debtor's last place of employment

The Municipal Manager shall consider all other economically viable avenues for debt recovery, including the use of tracing agents. This shall be for debts above R15 000.

If the debtor cannot be traced after all reasonable steps have been taken, a submission shall be made to council requesting a write off of the debt.

The submission must highlight all steps taken to trace the debtor and must show that it would be uneconomical to take any further steps.

Insolvent estate

- The consumer is insolvent (bankrupt) if his/her liabilities exceed his/her assets and upon sequestration, a trustee is appointed by a High Court to take control of the insolvent estate.
- The Municipality's claim against an insolvent estate or an estate that is being administered as insolvent cannot be paid if there are no liquid assets in the insolvent estate to cover the debt.
- However, part payment of the debt will be recovered.
- Only the portion that may be irrecoverable will be written off.

Debt that cannot be proved.

Debt for which no source documentation is available to substantiate or prove the claim, the Municipal Manager must have satisfied him/her that all reasonable steps have been taken to locate the source document.

Disputes that relates to consumption services untraced.

Where disputes have been lodged against the bill of the municipality in respect of water or electricity meter that cannot be validated. Any debt that will remain after recalculation of the correct or acceptable bill must be written off.

Procedure for writing off Bad Debt.

A submission must be made to Council requesting the write-off of the debt.

The submission must contain the following information:

- The name, address, amount and relevant particulars of the debt;
- The nature of the debt and date incurred;
- An outline of measures taken to collect the debt;
- Reason(s) why the debt is deemed to be irrecoverable or bad;
- Period of the debt and/or date(s) of invoice;
- Recommendation that the debt be written off;
- The vote or account classification against which the write-off must be charged.

All debts written off must be disclosed in the Municipality's Annual Financial Statements.

In considering a debt write-off the following conditions will apply:

- Each case will be considered on its merits,
- Except for bulk write-off that may be approved by council,
- Each request will be supported by relevant documentation,
- Each case will receive authorisation from the appropriate authorised officer (CEO) and or member of the Bad debt committee in accordance with the policy.
- Appropriate records of all unauthorised write offs will be maintained and reviewed periodically against live caseload.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following 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:

- | | | |
|---|---------------|--|
| <ul style="list-style-type: none">• IGRAP 22: Foreign currency transactions and advance consideration | 01 April 2025 | Unlikely there will be a material impact |
|---|---------------|--|

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- | | | |
|---|---------------|--|
| • GRAP 104: Financial Instruments (revised) | 01 April 2025 | Unlikely there will be a material impact |
|---|---------------|--|

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2025 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 1: Presentation of Financial Statements (amended 2022)	To be determined	Unlikely there will be a material impact
• GRAP 103: Heritage Assets (amended)	To be determined	Unlikely there will be a material impact
• GRAP 105: Transfer of Functions between entities under common control (amended)	To be determined	Unlikely there will be a material impact
• GRAP 106: Transfers of Functions between entities not under common control (amended)	To be determined	Unlikely there will be a material impact
• GRAP 107: Mergers (amended)	To be determined	Unlikely there will be a material impact
• Improvements to Standards of GRAP (2023)	To be determined	Unlikely there will be a material impact
• Guideline (The application of materiality to Financial Statements	To be determined	Unlikely there will be a material impact

3. Inventories

Consumables	2 387 316	3 351 851
Materials and Supplies	815 101	901 535
Water for distribution	22 003	-
	3 224 420	4 253 386

The Municipality's inventory is measured on weighted average basis.

Inventory pledged as security

There was no inventory pledged as security.

Reconciliation of water inventory

	Volume	Value
Input volume	563 440	7 043 000
Inventory consumed	-	(7 020 997)
Authorised consumption: Metered (billed)	(467 577)	(5 844 710)
Water losses	(94 103)	(1 176 288)
	1 760	22 002

4. Receivables from exchange transactions

Consumer debtors - Electricity	3 530 419	1 432 615
Consumer debtors - Water	47 857 515	21 437 914
Consumer debtors - Sewerage	5 965 180	3 426 941
Consumer debtors - Refuse	3 579 536	3 026 449
Consumer debtors - Housing Rental	188 707	165 793
Consumer debtors - Sundry Debtors	12 100	6 721
	61 133 457	29 496 433

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
4. Receivables from exchange transactions (continued)		
Trade and other receivables pledged as security		
There were no trade and other receivables pledged as security.		
Gross balances		
Consumer debtors - Electricity	15 246 785	13 944 372
Consumer debtors - Water	131 698 779	133 069 566
Consumer debtors - Sewerage	16 464 774	18 033 478
Consumer debtors - Refuse	19 660 969	18 742 712
Consumer debtors - Housing Rental	322 755	268 785
Consumer debtors - Sundry Debtors	26 603	14 338 375
	183 420 665	198 397 288
Less: Allowance for impairment		
Consumer debtors - Electricity	(11 716 366)	(12 511 757)
Consumer debtors - Water	(83 841 264)	(111 631 652)
Consumer debtors - Sewerage	(10 499 594)	(14 606 537)
Consumer debtors - Refuse	(16 081 433)	(15 716 263)
Consumer debtors - Housing Rental	(134 048)	(102 992)
Consumer debtors - Sundry Debtors	(14 503)	(14 331 654)
	(122 287 208)	(168 900 855)
Net balance		
Consumer debtors - Electricity	3 530 419	1 432 615
Consumer debtors - Water	47 857 515	21 437 914
Consumer debtors - Sewerage	5 965 180	3 426 941
Consumer debtors - Refuse	3 579 536	3 026 449
Consumer debtors - Housing Rental	188 707	165 793
Consumer debtors - Sundry Debtors	12 100	6 721
	61 133 457	29 496 433
Electricity		
Current (0 -30 days)	1 526 791	861 491
31 - 60 days	510 008	290 559
61 - 90 days	358 543	259 024
91 - 120 days	400 248	322 742
>120 days	12 451 195	12 210 556
	15 246 785	13 944 372
Water		
Current (0 -30 days)	5 543 575	4 560 160
31 - 60 days	1 994 423	2 168 910
61 - 90 days	2 108 757	2 090 136
91 - 120 days	2 486 492	2 267 744
>120 days	119 565 532	121 982 616
	131 698 779	133 069 566
Sewerage		
Current (0 -30 days)	584 842	552 256
31 - 60 days	243 975	602 862
61 - 90 days	241 994	282 319

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
4. Receivables from exchange transactions (continued)		
91 - 120 days	240 233	280 779
>120 days	15 153 730	16 315 262
	16 464 774	18 033 478
Refuse		
Current (0 -30 days)	787 036	671 348
31 - 60 days	337 590	320 269
61 - 90 days	339 982	317 745
91 - 120 days	337 159	315 214
>120 days	17 859 202	17 118 136
	19 660 969	18 742 712
Housing Rental		
Current (0 -30 days)	15 467	14 534
31 - 60 days	7 717	7 191
61 - 90 days	7 664	7 696
91 - 120 days	7 687	7 645
>120 days	284 220	231 719
	322 755	268 785
Sundry debtors		
Current (0 -30 days)	439	7 034
31 - 60 days	1 956	-
61 - 90 days	1 088	207
91 - 120 days	3	374
>120 days	23 117	14 330 760
	26 603	14 338 375

Consumer debtors past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Impairment ageing - 30	0-30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
June 2025						
Electricity	-	123 845	142 132	178 571	1 274 099	1 718 647
Housing rental	-	5 042	5 004	5 043	158 151	173 240
Refuse	-	27 546	31 807	31 282	2 375 919	2 466 554
Sewerage	-	118 124	116 639	115 385	4 483 489	4 833 637
Water	-	347 278	330 647	461 364	24 841 568	25 980 857
	-	621 835	626 229	791 645	33 133 226	35 172 935
June 2024						
Electricity	-	27 447	12 018	2 756	159 818	202 039
Housing Rental	-	4 706	5 227	5 192	136 135	151 260
Refuse	-	7 372	7 332	6 861	2 123 129	2 144 694
Sewerage	-	301 862	49 243	48 743	1 731 205	2 131 053
Sundry Debtors	-	-	-	-	164	164
Water	-	79 765	92 056	81 610	6 310 500	6 563 931
	-	421 152	165 876	145 162	10 460 951	11 193 141

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

4. Receivables from exchange transactions (continued)

Ageing per debtor type

The ageing per debtor type is as follows:

Ageing per debtor type - June 2025	0-30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
Agricultural properties	42 258	3 598	4 694	4 153	271 554	326 257
Business and commercial properties	2 707 527	1 041 381	845 066	979 738	38 432 350	44 006 062
Industrial properties	30 581	15 589	14 527	14 418	1 010 537	1 085 652
Mining properties	2 136	1 002	1 030	972	61 504	66 644
Public benefit organisations	282 172	82 299	130 491	61 087	1 282 768	1 838 817
Public service infrastructure properties	118 954	56 815	63 656	60 177	1 711 385	2 010 987
Public service purpose properties	287 764	60 355	57 553	70 589	4 287 542	4 763 803
Residential properties	4 168 905	1 523 880	1 571 187	1 858 405	91 638 315	100 760 692
Vacant land	817 855	310 748	369 823	422 282	26 637 555	28 558 263
	8 458 152	3 095 667	3 058 027	3 471 821	165 333 510	183 417 177

Ageing per debtor type - June 2024	0-30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
Agricultural properties	20 593	13 564	9 059	9 685	264 550	317 451
Business and commercial properties	1 796 912	892 068	656 594	786 101	36 430 212	40 561 887
Industrial properties	625 519	9 478	9 621	9 350	419 556	1 073 524
Mining properties	2 121	1 014	952	1 025	48 665	53 777
Public benefit organisations	74 136	34 579	34 257	33 943	544 381	721 296
Public service infrastructure properties	89 680	44 289	43 032	42 436	1 242 183	1 461 620
Public service purpose properties	146 225	212 586	76 114	101 524	4 471 900	5 008 349
Residential properties	3 248 989	1 732 264	1 676 404	1 864 156	103 343 029	111 864 842
Vacant land	662 649	449 950	451 094	346 276	21 104 684	23 014 653
	6 666 824	3 389 792	2 957 127	3 194 496	3 194 496	184 077 399

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
5. Receivables from non-exchange transactions		
Consumer debtors - Rates	172 317 952	128 411 751
Total receivables from non-exchange transactions	172 317 952	118 466 406
Receivables from non-exchange transactions pledged as security		
There were no Receivables from non-exchange transactions pledged as security.		
Gross balances		
Consumer debtors - Rates	335 171 704	332 966 672
Less: Allowance for impairment		
Consumer debtors - Rates	(162 853 752)	(204 554 921)
	(162 853 752)	(204 554 921)
Net balance		
Consumer debtors - Rates	172 317 952	128 411 751
Property Rates		
Current (0 -30 days)	33 669 680	16 290 647
31 - 60 days	17 430 277	8 043 319
61 - 90 days	3 316 657	7 967 233
91 - 120 days	3 261 905	7 899 635
>120 days	277 493 185	292 765 838
	335 171 704	332 966 672

Consumer debtors past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Impairment ageing - 30 June 2025	0-30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
Property Rates	-	3 800 153	2 337 529	2 303 854	123 914 874	132 356 410
Impairment ageing - 30 June 2024	0-30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
Property rates	-	2 862 540	2 830 815	2 803 679	96 154 344	104 651 378

Ageing per debtor type

The ageing per debtor type is as follows:

Ageing per debtor type - June 2025	0-30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
Agricultural properties	8 188 595	13 912 167	173 080	158 466	126 389 692	148 822 000
Business and commercial properties	9 107 201	230 724	151 179	141 894	55 920 154	65 551 152

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand					2025	2024
5. Receivables from non-exchange transactions (continued)						
Industrial properties	711 997	83 958	22 832	22 623	7 007 805	7 849 215
Mining properties	2 374 118	283 069	497 500	489 118	15 102 348	18 746 153
Public benefit organisations	29 961	218	1 239	1 227	332 288	364 933
Public service infrastructure properties	105 481	2 615	891	882	1 372 904	1 482 773
Public service purpose properties	10 321 353	2 658 762	2 218 906	2 198 334	51 492 242	68 889 597
Residential properties	2 584 989	220 675	240 323	238 763	16 865 941	20 150 691
Vacant land	245 986	38 088	10 705	10 597	3 002 707	3 308 083
	33 669 681	17 430 276	3 316 655	3 261 904	277 486 081	335 164 597
Ageing per debtor type - June 2024						
	0-30 days	31-60 days	61-90 days	91-120 days	>120 days	Total
Agricultural properties	8 691 080	4 289 150	4 260 675	4 230 615	167 219 374	188 690 894
Business and commercial properties	923 321	459 568	448 394	446 506	51 403 305	53 681 094
Industrial properties	184 417	92 791	92 490	92 168	6 742 832	7 204 698
Mining properties	1 110 371	553 055	550 138	538 940	11 721 941	14 474 445
Public benefit organisations	272 293	126 086	114 341	111 413	719 853	1 343 986
Public service infrastructure properties	35 923	18 628	18 579	18 530	1 468 634	1 560 294
Public service purpose properties	4 144 966	2 045 081	2 026 585	2 008 092	31 778 787	42 003 511
Residential properties	819 516	413 650	410 893	408 408	18 819 602	20 872 069
Vacant land	108 760	45 310	45 137	44 964	2 789 616	3 033 787
	16 290 647	8 043 319	7 967 232	7 899 636	7 899 636	332 864 778
6. VAT receivable						
VAT Control					43 758 810	41 720 314

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
7. Other Receivables		
Prepaid electricity and public contributions and donation debtors	1 238 323	1 063 799
Over/Under Banking	617 134	1 262 736
Pension Control	836 884	-
	2 692 341	2 326 535

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	4 375 303	15 421 593
Short-term deposits	-	2 451 981
	4 375 303	17 873 574

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
Standard Bank - Primary Account - 302854185	3 858 023	15 365 650	14 408 112	3 858 023	15 365 650	14 408 112
ABSA BANK - Primary Account - 4054385292	517 280	55 944	1 815	517 280	55 944	1 815
NEDBANK - Call Deposit - 7881112840/000005	-	-	436 906	-	-	436 906
Standard Bank - Fixed Deposit - 5088662043-018	-	-	468 820	-	-	468 820
ABSA BANK - Fixed Deposit - 9353081205	-	-	4 186 608	-	-	4 186 608
ABSA BANK - Invest Tracker - 9359045392	-	2 451 831	1 998 291	-	2 451 831	1 998 291
Standard Bank - 48 Hours Notice Deposit - 048473162-002	-	-	6 007 842	-	-	6 007 842
ABSA BANK - Fixed Deposit - 20-8053-5025	-	-	7 447 577	-	-	7 447 577
Total	4 375 303	17 873 425	34 955 971	4 375 303	17 873 425	34 955 971

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

9. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	17 176 288	-	17 176 288	13 463 998	-	13 463 998

Reconciliation of investment property - 2025

	Opening balance	Fair value adjustments	Total
Investment property	13 463 998	3 712 290	17 176 288

Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Investment property	5 165 700	8 298 298	13 463 998

No investment property is pledged as security.

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.

The valuation of investment property is according to the highest and best use for land and improvement applicable. The fair value represents the market value.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	28 662 303	(18 743 835)	9 918 468	28 354 538	(17 806 937)	10 547 601
Furniture and Office Equipment	5 771 087	(2 845 598)	2 925 489	4 353 751	(2 272 988)	2 080 763
Transport Assets	40 938 693	(31 420 659)	9 518 034	37 189 809	(28 647 237)	8 542 572
Computer Equipment	4 040 010	(2 343 586)	1 696 424	3 966 384	(1 809 725)	2 156 659
Infrastructure	2 135 693 276	(1 213 297 665)	922 395 611	1 969 573 567	(1 144 826 170)	824 747 397
Community	68 357 692	(32 264 071)	36 093 621	62 431 350	(30 289 483)	32 141 867
Machinery and Equipment	15 072 185	(11 729 082)	3 343 103	13 510 153	(11 239 113)	2 271 040
Work in progress	46 199 512	-	46 199 512	87 098 209	-	87 098 209
Total	2 344 734 758	(1 312 644 496)	1 032 090 262	2 206 477 761	(1 236 891 653)	969 586 108

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Donated assets received	Disposals	Donations Made	Transfers to PPE	Landfill site provision adjustment	Depreciation	Impairment loss	Total
Buildings	10 547 601	346 500	-	(10 753)	-	-	-	(662 407)	(302 473)	9 918 468
Furniture and Office Equipment	2 080 763	1 417 336	-	-	-	-	-	(572 610)	-	2 925 489
Transport Assets	8 542 572	3 748 885	-	-	-	-	-	(1 509 689)	(1 263 733)	9 518 034
Computer Equipment	2 156 659	192 443	-	(64 530)	-	-	-	(511 942)	(76 206)	1 696 424
Infrastructure	824 747 397	2 923 441	96 604 372	(14 105 607)	-	136 619 410	691 833	(118 876 495)	(6 208 740)	922 395 611
Community	32 141 867	-	-	(76 556)	-	6 487 142	-	(1 811 848)	(646 984)	36 093 621
Machinery and Equipment	2 271 040	1 562 031	-	-	-	-	-	(489 968)	-	3 343 103
Work in progress	87 098 209	111 082 141	-	-	(8 874 286)	(143 106 552)	-	-	-	46 199 512
	969 586 108	121 272 777	96 604 372	(14 257 446)	(8 874 286)	-	691 833	(124 434 959)	(8 498 136)	1 032 090 262

Joe Morolong Local Municipality

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10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Donated assets received	Disposals	Donations Made	Transfers to PPE	Landfill site provision adjustment	Depreciation	Total
Buildings	11 208 129	-	-	(9 646)	-	-	-	(650 882)	10 547 601
Furniture and fixtures	1 947 665	794 513	-	(142 874)	-	-	-	(518 541)	2 080 763
Motor vehicles	8 559 722	1 587 023	-	-	-	-	-	(1 604 173)	8 542 572
IT equipment	2 642 941	323 127	-	(211 590)	-	-	-	(597 819)	2 156 659
Infrastructure	876 138 114	1 915 440	18 142 144	(9 807 647)	-	55 786 270	573 613	(118 000 537)	824 747 397
Community	26 375 779	-	-	(3 331)	-	7 415 844	-	(1 646 425)	32 141 867
Machinery and Equipment	2 604 153	265 000	-	(32 884)	-	-	-	(565 229)	2 271 040
Work in progress	48 794 953	111 458 384	-	-	(9 953 014)	(63 202 114)	-	-	87 098 209
	978 271 456	116 343 487	18 142 144	(10 207 972)	(9 953 014)	-	573 613	(123 583 606)	969 586 108

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Total
Opening balance	80 611 067	6 487 142	87 098 209
Additions/capital expenditure	105 288 406	5 793 735	111 082 141
Other movements - donations made	(8 874 286)	-	(8 874 286)
Transferred to completed items	(136 619 410)	(6 487 142)	(143 106 552)
	40 405 777	5 793 735	46 199 512

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	34 891 966	13 902 987	48 794 953
Additions/capital expenditure	111 458 384	-	111 458 384
Other movements - donations made	(9 953 014)	-	(9 953 014)

Joe Morolong Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
10. Property, plant and equipment (continued)		
Transferred to completed items	(55 786 269)	(7 415 845)
	80 611 067	87 098 209

The following projects were subject to unforeseen delays during their construction and as a result they were not completed as planned at reporting date :

- Heuningvlei Water Reticulation project: The project to construct internal reticulation, originally scheduled for completion by June 2025, remains incomplete due to delays on electrification by Eskom relating to the electrical connections to the borehole. As of June 2025, R14,9 million has been spent on the project against a budget of R17,1 million. Eskom is currently doing some connections at a very slow pace.
- Dithakong Sportfield project: The project to refurbish an existing sport facility including new fence, originally scheduled for completion by June 2025, remains incomplete due to non-performance of the contractor where an Extension of Time was granted on 3 occasions yet still the contractor did not perform. As of June 2025, R11,7 million has been spent on the project against a budget of R17,7 million. A new contractor will be allocated the project in the 2025/26 financial year.
- Dockson Water Supply project: The project for water supply augmentation, originally scheduled for completion by June 2025, remains incomplete due to non-performance of the contractor. As of June 2025, R8,7 million has been spent on the project against a budget of R21,9 million. A new contractor has been appointed in February 2025.

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

Buildings	543 680	864 503
Transport assets	2 140 071	1 707 298
Infrastructure	1 585 621	2 787 888
Machinery and Equipment	107 795	147 273
Furniture and office equipment	186 971	510 542
Other assets	115 686	131 509
	4 679 824	6 149 013

No property, plant and equipment is pledged as security.

Correction of useful lives

During the current financial year, the municipality undertook a detailed review of the remaining useful lives of its property, plant and equipment and intangible assets as part of its asset management and compliance processes. The review indicated that in prior periods, certain categories of assets were not depreciated over the appropriate useful lives in line with GRAP 17. As a result, management adjusted the financial information to account for the correction of the remaining useful lives retrospectively in terms of GRAP3: Accounting policies, Changes in Accounting Estimates and Errors.

The correction has resulted in a decrease in opening accumulated depreciation by R97 446 519 and an increase in opening accumulated surplus with the same amount.

The detailed financial impact of the correction on opening balances and related adjustments on the depreciation charge for 2023/24 has been disclosed in note 57 - prior year adjustments.

Use of third party infrastructure to provide service delivery to Hotazel Town

During the reporting period, the municipality benefitted from the right of use of infrastructure assets owned by Hotazel Manganese mine (Pty) Ltd (South 32). The nature of right of use with related services provided is as follows:

Electrical Distribution Network: Access to Infrastructure for transmission and distribution of electricity to Hotazel Town.

Service Water Treatment Plant: Use of facilities for the treatment and disposal of waste water generated within the municipality.

Water Infrastructure: Access to water supply systems, including reservoirs pipelines and treatment facilities for the provision of potable water

Joe Morolong Local Municipality

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2024

10. Property, plant and equipment (continued)

The municipality provides the services using infrastructure that is owned and maintained by South 32. Therefore, it does not own, maintain or control the infrastructure and does not recognise any of the infrastructure assets used as the assets of the municipality in accordance with GRAP 17. The municipality is only responsible for operational aspects of service delivery, while all infrastructure-related risks and maintenance obligations remain with South 32.

The memorandum of understanding which seeks to outline and formalise the terms of arrangements between the municipality and South 32 have not been signed yet. In the meantime, management continues to hold meetings with South 32 in preparation for a swift transfer of these assets when the transfer eventually takes place for both Asset Management and Financial Reporting processes of the municipality.

Hotazel public spaces

The municipality has recognised 13 public open spaces in the Hotazel Town which were declared as the municipality's public open spaces through a proclamation that was signed in July 2007. These properties were gradually included in the municipality's valuation roll from 2009 with all of them being included in the valuation roll at reporting date. The municipality has engaged conveyancers, who have started with the process of transferring legal ownership of these properties from Hotazel Manganese Mines (Pty) Ltd (South 32) to the name of the municipality. The municipality has recognised these properties as assets of the municipality, resulting in restatement of the comparative financial information to include the 13 properties with a total market value of R7 600 in the fixed asset register.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Joe Morolong Local Municipality

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11. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	4 266 805	(3 374 008)	892 797	4 226 810	(2 958 207)	1 268 603

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software	1 268 603	39 995	(415 801)	892 797

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	1 538 763	186 101	(456 261)	1 268 603

12. Other financial liabilities

At amortised cost

Development Bank of South Africa - Short Term Portion Terms and conditions	167 575	225 683	
Development Bank of South Africa - Long Term Portion Terms and conditions	182 729	375 763	
	350 304		-
Total other financial liabilities	350 304		-

Joe Morolong Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
12. Other financial liabilities (continued)		
The loan accrues interest at a fixed rate of 8.848%. Any amounts in arrears accrue interest at a fixed rate of 10.848%. The capital is payable in bi-annual installments over 20 years. The interest portion is repayable in bi-annual instalments.		
Non-current liabilities		
At amortised cost	182 729	375 763
Current liabilities		
At amortised cost	167 575	225 683
13. Payables from exchange transactions		
Trade payables	52 467 722	29 109 764
Debtors with credit balances	3 938 930	3 192 970
Leave Accrued	8 607 773	8 057 158
Control, Clearing and Interface Accounts	10 732	282 164
Retentions	17 279 015	17 452 076
13th Cheque	5 719 356	5 105 199
Unallocated Deposits	192 299	158 988
	88 215 827	63 358 319
14. Consumer deposits		
Water	40 914	39 500
Rental Deposits	51 215	-
	92 129	39 500
15. Employee benefit obligations		
Defined benefit plan		
The employee benefit obligation relate to long service bonus awards.		
Long Service Bonus Awards		
The municipality has an obligation to provide long service bonus awards to all its permanent employees. In terms of the municipality's policies and practice, long service bonus awards are offered for every 5 years of completed service from 10 years to 45 years.		
The most recent actuarial valuation of plan assets and the present value of the defined obligation were carried out as at 30 June 2025 by Mr C Weiss. Fellow of the Actuarial Society of South Africa.		
The present value of the obligation, the related current service cost and past service cost, were measured using the projected unit credit method.		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(4 793 000)	(4 717 000)
Non-current liabilities	(4 453 000)	(3 605 000)
Current liabilities	(340 000)	(1 112 000)
	(4 793 000)	(4 717 000)
Net expense recognised in the statement of financial performance		

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
15. Employee benefit obligations (continued)		
Current service cost	465 000	449 000
Interest cost	465 000	443 000
Actuarial (gains) losses	258 000	267 000
Expected benefits vesting	(1 112 000)	(692 000)
	76 000	467 000

Long service bonus awards carrying value

Opening balance	4 717 000	4 250 000
Actuarial gains (losses)	258 000	267 000
Current service costs	465 000	449 000
Interest costs	465 000	443 000
Expected benefits vesting	(1 112 000)	(692 000)
	4 793 000	4 717 000

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10,00 %	11,10 %
Expected rate of return on assets	5,00 %	6,30 %
Expected rate of return on reimbursement rights	4,80 %	4,60 %

A discount rate of 10,00% per annum has been used. The corresponding liability-weighted index-linked yield is 5,30%. These rates do not reflect any adjustment for taxation, and were deduced from the interest rate data obtained from the JSE after the market close on 30 June 2025. These yields were obtained by calculating the duration of the total liability and then taking the fixed - interest and index - linked yields from the respective yield curves at the at that duration using an iterative process (because the yields depend on the duration, which in turn depends on the liability). The duration of the total liability was estimated to be 8.75 years.

Earnings Inflation Rate

This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement. It is important in that the LSA are based on an employee's earnings at the date of the award.

The assumption is traditionally split into two components, namely General Earnings Inflation and Promotional Earnings Escalation. The latter is considered under demographic assumptions.

General Earnings Inflation Rate

This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, earnings inflation is between 1.0% and 1.5% above CPI inflation.

The CPI inflation assumption of 4.0% was obtained from the differential between market yields on index-linked bonds (5.30%) consistent with the estimated terms of the liabilities and those of nominal bonds (10.0%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as $((1+10.0\%-0.50\%)/(1+5.30\%))-1$.

Thus, a general earnings inflation rate of 5.00% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 4.80%.

It was assumed that the next general earnings increase will take place on 1 July 2026

Other assumptions

The extent to which the actual DBO faced in the future by the Municipality differs from these results will depend on the extent to which actual experience differs from the assumptions made

The assumptions which tend to have the greatest impact on the results are:

- the general earnings inflation rate assumption;
- the discount rate assumption;
- the average retirement age of employees; and
- assumed service termination rates.

Joe Morolong Local Municipality

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Figures in Rand 2025 2024

15. Employee benefit obligations (continued)

Sensitivity Analysis Results

The DBO at this valuation was recalculated to show the effect of:

- a one percentage point increase and decrease in the assumed general earnings inflation rate;
- a one percentage point increase and decrease in the assumed discount rate;
- a two-year increase and decrease in the assumed average retirement age of eligible employees; and
- a two-fold increase and a 50% decrease in the assumed rates of termination of service.

The table below indicates, for example, that if the earnings inflation rate is one percentage point greater than the long-term assumption made, the DBO will be 6.00% higher than the results shown in Section 6.

Sensitivity analysis on the DBO

Assumption	Change	DBO	%Change
Central assumptions		4 793 000	- %
General earnings inflation rate	+1%	5 085 000	6 %
	-1%	4 525 000	(6)%
Discount rate	+1%	4 522 000	(6)%
	-1%	5 093 000	6 %
Average retirement age	+2yrs	5 131 000	7 %
	-2yrs	4 388 000	(8)%
Rates of termination of service	x2	3 822 000	(20)%
	x0,5	5 430 000	13 %

The table below summarises the results of this analysis on the current service and interest costs for the year ending 30 June 2025. These figures were derived at the last valuation and were presented in that report.

Sensitivity analysis on current service and interest costs for year ending 30/06/2025.

Assumption	Change	Current Service Cost	Interest Cost	Total	%Change
Central assumptions		465 000	465 000	930 000	- %
General earnings infalction rate	+1%	501 000	493 000	994 000	7 %
	-1%	432 000	439 000	871 000	(6)%
Discount rate	+1%	436 000	478 000	914 000	(2)%
	-1%	497 000	450 000	947 000	2 %
Average retirement age	+2yrs	495 000	498 000	993 000	7 %
	-2yrs	426 000	427 000	853 000	(8)%
Rates of termination fof service	x2	341 000	368 000	709 000	(24)%
	x0,5	553 000	529 000	1 082 000	16 %

The table below summarises the results of this analysis on the current service and interest costs for the year ending 30 June 2026.

Assumption	Change	Current Service Cost	Interest Cost	Total	%Change
Central assumptions		504 000	462 000	966 000	- %
General earnings inflation rate	+1%	543 000	491 000	1 034 000	7 %
	-1%	469 000	435 000	904 000	(6)%
Discount rate	+1%	473 000	478 000	951 000	(2)%
	-1%	539 000	442 000	981 000	2 %
Average retirement age	+2yrs	537 000	495 000	1 032 000	7 %
	-2yrs	461 000	421 000	882 000	(9)%
Rates of termination of service	x2	372 000	365 000	737 000	(24)%
	x0.5	597 000	525 000	1 122 000	16 %

Joe Morolong Local Municipality

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Figures in Rand	2025	2024
15. Employee benefit obligations (continued)		
16. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Water Services Infrastructure Grant (WSIG)	11 269	-
Movement during the year		
Additions during the year	130 345 453	137 218 000
Income recognition during the year	(130 334 184)	(137 218 000)
	11 269	-

The nature and extent of government grants recognised in the annual financial statements are an indication of other forms of government assistance from which the municipality has directly benefited.

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 25 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

17. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Interest Charge	Change in estimate	Total
Environmental rehabilitation	9 725 177	1 037 715	691 833	11 454 725
Litigations	-	3 158 289	-	3 158 289
	9 725 177	4 196 004	691 833	14 613 014

Reconciliation of provisions - 2024

	Opening Balance	Interest Charge	Change in estimate	Total
Environmental rehabilitation	8 213 456	938 108	573 613	9 725 177
Non-current liabilities			11 454 725	9 725 177
Current liabilities			3 158 289	-
			14 613 014	9 725 177

Environmental rehabilitation provision

The municipality has an obligation to rehabilitate the landfill sites of Joe Morolong.

The environmental rehabilitation provision represents the estimated costs to rehabilitate and close existing waste landfill sites. The provision is recognised at the present value of the expenditure expected to settle the obligation.

This assessment was performed using the General Landfill Closure Costing Model (GLCCM) that was developed by Mr Seakle Godschalk Pr Sci Nat, GIMFO and Dr Maryna Möhr, both partners in Environmental & Sustainability Solutions (ESS). ESS is a boutique consultancy focusing on all aspects of environmental and sustainability accounting.

Joe Morolong Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
18. Service charges		
Sale of Electricity - Conventional	5 240 685	2 998 761
Sale of water - Conventional	14 298 192	9 172 238
Sewerage and sanitation charges	1 449 862	1 472 403
Refuse removal	2 265 555	2 248 487
	23 254 294	15 891 889
19. Rental of facilities and equipment		
Premises	105 363	97 278
20. Interest on arrear accounts		
Interest - Non-Exchange Transactions	33 715 816	28 938 628
Interest - Exchange Transactions	16 644 673	22 281 433
	50 360 489	51 220 061
21. Prepaid Services		
Sale of Electricity - Prepaid	3 926 565	3 680 505
Sale of Water - Prepaid	1 844	-
	3 928 409	3 680 505
22. Other income		
Photo Copies	1 699	2 828
Admin Fees	10 209	26 708
Tender documents	30 240	55 753
Building Plans	60 797	44 130
Cemetery Fees	183	278
Insurance claims fees	14 150	826 704
Water:Connection/Disconnection	17 418	5 470
Parking Fees	33 300	23 280
Skills Development Levy Refund	188 729	165 592
Application fees for land usage	75 009	126 354
Recoveries	500	24 511
	432 234	1 301 608
23. Investment revenue		
Interest revenue		
Investments	3 216 234	6 574 846
Bank	1 539 235	1 267 019
	4 755 469	7 841 865
24. Property rates		
Rates received		
Residential	3 303 116	1 581 958
Commercial	8 093 966	1 537 040
State	21 924 975	16 653 395
Small holdings and farms	10 067 180	19 608 208
Mining	5 269 644	7 478 586

Joe Morolong Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
24. Property rates (continued)		
	48 658 881	46 859 187
25. Government grants & subsidies		
Operating grants		
Equitable share	191 089 000	180 561 000
Financial Management Grant	3 000 000	3 100 000
Library Grant	1 306 453	1 252 000
Expanded Public Works Programme	1 231 000	2 159 000
	196 626 453	187 072 000
Capital grants		
Municipal Infrastructure Grant	68 808 000	77 007 000
Water Service Infrastructure	55 988 731	53 700 000
	124 796 731	130 707 000
	321 423 184	317 779 000
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Financial Management Grant		
Current-year receipts	3 000 000	3 100 000
Conditions met - transferred to revenue	(3 000 000)	(3 100 000)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
Municipal Infrastructure Grant		
Current-year receipts	68 808 000	77 007 000
Conditions met - transferred to revenue	(68 808 000)	(77 007 000)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
Library Grant		
Current-year receipts	1 306 453	1 252 000
Conditions met - transferred to revenue	(1 306 453)	(1 252 000)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
Water Services Infrastructure Grant		
Current-year receipts	56 000 000	53 700 000
Conditions met - transferred to revenue	(55 988 731)	(53 700 000)
	11 269	-
Conditions still to be met - remain liabilities (see note 16).		

Joe Morolong Local Municipality

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Figures in Rand	2025	2024
25. Government grants & subsidies (continued)		
EPWP Grant		
Current-year receipts	1 231 000	2 159 000
Conditions met - transferred to revenue	(1 231 000)	(2 159 000)
	-	-

Conditions still to be met - remain liabilities (see note 16).

26. Public contributions and donations

Mining Subsidies	97 507 481	20 368 482
Donation of Laptops	27 996	81 630
	97 535 477	20 450 112

27. Employee related costs

Basic	72 021 821	64 405 591
Bonus	5 826 657	5 845 865
Medical aid	6 614 054	5 811 152
UIF	576 615	544 490
SDL	906 150	806 994
Group life insurance	11 885	11 885
Leave pay	1 057 711	1 202 011
Standby Allowance	1 093 916	986 237
Pension Funds	11 815 879	12 207 555
Transport Allowance	1 473 429	6 505 006
Overtime payments	4 414 008	4 597 186
Long-service awards	471 955	380 367
Acting allowances	1 025 036	684 452
Travel allowance	7 518 811	7 023 316
Housing benefits and allowances	1 206 661	1 288 162
Cellphone Allowance	1 298 100	1 210 600
Industrial Council	34 942	29 311
Non-Pensionable Allowance	182 000	-
Current Service Cost	465 000	449 000
	118 014 630	113 989 180

Remuneration of Municipal Manager

Basic Salary	1 138 664	660 016
UIF	2 125	1 417
Cellular and Telephone	42 000	28 000
Travel Allowance	216 000	88 000
Housing Allowance	192 000	80 000
Bargaining Council Allowance	143	91
Rural Allowance	145 688	75 408
Transport Allowance	53 349	140 900
Acting Allowance	-	123 124
	1 789 969	1 196 956

Remuneration of Chief Finance Officer

Basic Salary	-	258 215
Acting Allowance	139 097	88 861
UIF	-	708

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Figures in Rand	2025	2024
27. Employee related costs (continued)		
Bargaining council	-	45
Cellular and Telephone	-	14 000
Housing Benefits	-	60 000
Travel Allowance	-	76 000
Transport Allowance	-	46 502
Non-Pensionable Allowance	-	20 340
Scarcity Allowance	-	42 136
Leave Pay	-	239 274
	139 097	846 081

Mr O. Ramukhuvhathi was the Acting Chief Financial Officer from 1 July 2024 to 31 March 2025

Ms M.V . Mokubung was the Acting Chief Financial Officer from 1 April 2025 to 30 June 2025

Remuneration of Community Service Director

Basic Salary	-	711 126
UIF	-	1 948
Rural Allowances	-	92 187
Cellular and Telephone	-	37 351
Non-Pensionable Allowance	-	23 730
Travel Allowance	-	176 086
Housing Allowance	-	74 703
Bargaining Allowance	-	124
Transport Allowance	-	115 011
Leave Pay	-	176 632
Acting Allowance	108 921	17 854
	108 921	1 426 752

Ms J.G. Kamphilu was the Acting Community Services Director from 1 July 2024 to 30 November 2024.

Mrs G.P. Ntlhale was the Acting Community Services Director from 1 December 2024 to 31 May 2025

Mrs S.I. Letselebe was the Acting Community Services Director from 1 June 2025 to 30 June 2025.

Corporate and human resources (corporate services)

Basic Salary	540 547	772 747
UIF	1 594	2 125
Rural Allowance	84 263	116 120
Cellular and Telephone	31 500	42 000
Non-Pensionable Allowance	-	23 730
Travel Allowance	150 000	200 000
Housing Allowance	152 079	202 772
Bargaining Council	108	136
Transport Allowance	25 123	91 085
Leave Pay	274 134	-
Acting Allowance	33 768	-
	1 293 116	1 450 715

Mr M.E Segami was the Acting Corporate Services Director from 1 April 2025 to 30 June 2025.

Technical Director

Basic Salary	558 977	821 322
UIF	1 594	2 125
Rural Allowance	84 263	116 120
Cellular and Telephone	31 500	42 000
Non-Pensionable Allowance	-	23 730
Travel Allowance	131 850	151 799
Housing Allowance	151 799	202 398

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
27. Employee related costs (continued)		
Bargaining Council Allowance	108	135
Transport Allowance	-	85 423
Leave Pay	256 160	-
Acting Allowance	35 201	-
	1 251 452	1 445 052

Mr M.G. Malola was the Acting Technical Services Director from 1 April 2025 to 30 June 2025.

Director Planning and Development

Basic Salary	548 381	145 100
UIF	2 125	-
Rural Allowance	91 397	22 849
Cellular and Telephone	42 000	10 500
Travel Allowance	192 000	48 000
Housing Allowance	173 588	40 477
Bargaining Council Allowance	143	34
Transport Allowance	13 553	34 595
Acting Allowance	-	84 362
	1 063 187	385 917

28. Remuneration of councillors

Executive Mayor	971 828	977 533
Speaker	830 434	879 255
Chief Whip	872 077	916 295
Executive Committee	3 307 078	3 418 152
Councillors	8 455 782	9 142 324
Section 79 Committee Chairperson	535 796	600 308
	14 972 995	15 933 867

Executive Mayor

Basic Salary	626 856	640 040
Cellphone Allowance	47 004	45 919
Office Bearer Allowance	-	50 380
Pension Fund Contributions	66 737	58 409
Travelling Allowance	231 231	165 311
Transport Allowance	-	17 474
	971 828	977 533

Speaker

Basic Salary	501 566	498 281
Cellphone Allowance	47 004	45 919
Pension Fund Contributions	53 389	58 819
Medical Aid Benefits	30 616	27 650
Travelling Allowance	184 985	172 672
Transport Allowance	12 874	75 915
	830 434	879 256

Chief Whip

Basic Salary	474 694	471 785
Cellphone Allowance	47 004	45 919
Pension Fund Contributions	50 529	55 667
Medical Aid Benefits	39 270	35 975
Travelling Allowance	175 074	163 307
Transport Allowance	85 506	146 283

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28. Remuneration of councillors (continued)		
	872 077	918 936
Executive Committee		
Basic Salary	1 898 775	1 887 141
Cellphone Allowance	188 016	183 676
Office Bearer Allowance	-	38 144
Pension Fund Contributions	202 117	222 670
Medical Aid Benefits	155 087	134 942
Travelling Allowance	700 297	615 086
Transport Allowance	162 786	336 493
	3 307 078	3 418 152
Councillors		
Basic Salary	4 107 992	4 152 613
Cellphone Allowance	976 837	960 382
Office Bearer Allowance	-	15 943
Pension Fund Contributions	438 808	481 520
Medical Aid Benefits	491 412	424 804
Travelling Allowance	1 537 816	1 393 937
Transport Allowance	902 917	1 730 510
	8 455 782	9 159 709
Section 79 Committee Chairperson		
Basic Salary	254 625	254 774
Cellphone Allowance	47 004	45 919
Pension Fund Contributions	27 104	29 860
Medical Aid Benefits	29 489	27 421
Travelling Allowance	93 910	87 598
Transport Allowance	83 663	154 736
	535 795	600 308
Additional information		
The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.		
29. Depreciation and amortisation		
Property, plant and equipment	124 434 959	123 549 648
Intangible assets	415 801	456 261
	124 850 760	124 005 909
30. Impairment loss		
Impairments		
Property, plant and equipment	8 561 697	3 331
Receivables from exchange transactions	365 170	16 491 835
	8 926 867	16 495 166
Reversal of impairments		
Receivables from exchange transactions	46 978 815	-
Receivables from non-exchange revenue	41 701 169	-
	88 679 984	-

Joe Morolong Local Municipality

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31. Finance costs		
Employee benefit interest cost	465 000	443 000
Development Bank of South Africa	41 410	54 216
Landfill site provision	1 037 715	938 108
Other interest paid	561 523	495 882
	2 105 648	1 931 206
32. Lease rentals on operating lease		
Equipment		
Contractual amounts	814 500	861 026
33. Debt written off		
Debt written off	78 456 161	47 712 344
34. Bulk purchases		
Electricity - Eskom	16 499 048	14 013 337
Electricity losses		
Units		
Units purchased	7 110 842	6 445 465
Units sold	(3 927 650)	(3 173 017)
Total loss	3 183 192	3 272 448
Amounts		
Distribution losses	2 115 201	540 350
Percentage Loss:		
Electricity losses	45 %	51 %
Water losses		
Units purchased	563 440	624 460
Units sold	(467 577)	(373 205)
Units on hand	(1 760)	-
	94 103	251 255
Amounts		
Distribution losses	1 176 288	3 377 747
Percentage Loss:		
Water losses	17 %	40 %

Joe Morolong Local Municipality

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Figures in Rand	2025	2024
35. Contracted services		
Outsourced Services		
Business and Advisory	4 669 465	4 808 213
Personnel and Labour	1 045 749	838 447
Transport Services	330 870	521 906
Electrical	51 017	134 011
Consultants and Professional Services		
Business and Advisory	30 386 779	27 949 414
Infrastructure and Planning	66 970	21 720
Laboratory Services	1 066 940	699 008
Legal Cost	4 763 297	2 210 219
	42 381 087	37 182 938
36. Transfer and subsidies		
Other subsidies		
SMME subsidies	184 290	-
Indigent subsidies	2 782 921	4 450 611
Sanitation	8 874 286	9 227 667
Road	-	725 346
	11 841 497	14 403 624
37. Inventory Consumed		
Sale of goods		
Consumables	16 771 497	15 785 034
Material and Supplies	7 379 287	8 852 317
Water	7 020 997	7 299 936
	31 171 781	31 937 287
38. General expenses		
Advertising	256 328	380 451
Auditors remuneration	8 965 060	6 679 861
Bank charges	350 714	449 294
Commission paid	7 180 873	3 860 809
Computer expenses	533 671	442 590
Entertainment	700 688	836 195
Hire	289 901	223 225
Insurance	5 455 257	3 227 979
Conferences and seminars	828 289	575 315
Motor vehicle expenses	981 321	851 336
Fuel and oil	573 264	515 919
Postage and courier	9 220	8 620
Printing and stationery	712 388	60 000
Repairs and maintenance	4 679 823	6 149 012
Security (Guarding of municipal property)	8 774 919	3 848 104
Staff welfare	665 463	433 043
Subscriptions and membership fees	1 381 987	1 118 632
Telephone and fax	3 758 325	976 599
Accommodation and travel	5 760 646	2 047 068
Breach of contract	14 479 755	-
Office Service Charges	4 481 823	4 426 064
Protective Clothing	24 620	4 512
Seating Allowance Traditional Leaders	16 111	18 085
Workmen's Compensation Fund	2 100	2 163 071
Learnerships and Internships	13 667	-

Joe Morolong Local Municipality

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Figures in Rand	2025	2024
38. General expenses (continued)		
Satellite Signals	15 313	6 176
Ward Committee Expenses	1 766 830	1 799 316
Bursaries	530 571	269 448
Fines and Penalties	38 129	7 819
Deeds Search	6 811	-
Resettlement Cost	-	140 783
	73 233 867	41 519 326

39. Loss on disposal of assets

Property, plant and equipment	13 032 265	8 145 856
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40. Fair value adjustments

Investment property (Fair value model)	3 712 290	8 298 298
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41. Statutory receivables

The entity had the following statutory receivables where other Standards of GRAP have been applied, for the initial recognition:

Property Rates	172 317 952	128 411 751
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The relating line item where statutory receivables are included is Property rates (Refer to note 5)

Statutory receivables (other than exchange or non-exchange) general information

Transaction(s) arising from statute

VAT is levied in terms of Value-Added Tax (VAT) Act 89 of 1991.

Property Rates is levied in terms of the Local Government Municipal Property Rates Act No.6 of 2004, approved Property Rates Policy and by-laws

Determination of transaction amount

The VAT rate currently sits at 15% as determined by the Minister of Finance.

Property Rates- Tariffs are reviewed annually as part of the MTREF process and applied as per the Property Rates Policy which is guided by the Local Government Municipal Property Rates Act No.6 of 2004.

Interest or other charges levied/charged

VAT - There are no Interest implications on the VAT amount.

Property Rates - According to the Credit Control and Debt Collection Policy, interest is levied on arrear municipal debt in excess of 30 days.

Interest is levied monthly at the prime lending rate plus 1% of the Municipality's Banker as at 01 July of each year and is fixed for the period 1 July 2024 to 30 June 2025

Basis used to assess and test whether a statutory receivable is impaired

Property Rates - GRAP 108 statutory receivables sets out the requirements and guidelines for the impairment of financial assets subsequently carried at amortised cost.

Recognition is as per GRAP 108 requirements and guidelines. Reversal will be due to the amount being settled which will automatically be excluded from future impairment calculations.

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Joe Morolong Local Municipality

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. Consumer debtors disclosure (continued)

Joe Morolong Local Municipality

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Figures in Rand	2025	2024
42. Auditors' remuneration		
Fees	8 965 060	6 679 861
43. Cash generated from operations		
Surplus (deficit)	100 831 372	(3 053 950)
Adjustments for:		
Depreciation and amortisation	124 850 760	124 005 909
Gain on sale of assets and liabilities	14 248 946	10 162 069
Fair value adjustments	(3 712 290)	(8 298 298)
Impairment loss	8 926 867	16 495 166
Debt written off	78 456 161	47 712 344
Actuarial gains	(854 000)	(425 000)
Interest on employee benefit obligations	465 000	443 000
Interest on landfill site provisions	1 037 715	938 108
Donations made	8 874 286	9 953 013
Donations received	(96 632 368)	(18 224 774)
Net income (losses) recognised directly in net assets	(1 204 409)	24 887 665
Changes in employee benefit obligation	465 000	449 000
Changes in leave accrual	550 615	739 713
Changes in 13th cheque accrual	614 157	1 275 152
Changes in working capital:		
Inventories	1 028 966	(1 096 183)
Receivables from exchange transactions	(31 637 024)	(8 395 294)
Provisions	3 158 290	-
Other receivables from non-exchange transactions	(43 906 201)	(24 825 975)
Other Receivables	(365 807)	557 880
Impairment	(365 170)	(16 495 166)
Debt written off	(78 456 161)	(47 712 344)
VAT	(2 038 496)	(4 764 902)
Unspent conditional grants and receipts	11 269	-
Consumer deposits	52 629	3 000
Changes in Trade payables	23 357 958	(2 053 410)
Changes in Debtors with credit balances	745 960	(4 925 640)
Changes in unallocated deposits	33 311	58 891
Changes in salaries control accounts	(271 432)	(56 383)
	108 265 904	97 353 591

44. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Receivables from Exchange Transactions	61 133 457	61 133 457
Cash and cash equivalents	4 375 303	4 375 303
	65 508 760	65 508 760

Financial liabilities

	At amortised cost	Total
Other financial liabilities	350 303	350 303
Trade and other payables from exchange transactions	73 888 698	73 888 698

Joe Morolong Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
44. Financial instruments disclosure (continued)		
Consumer Deposits	92 154	92 154
	74 331 155	74 331 155

2024

Financial assets

	At amortised cost	Total
Receivables from Exchange Transactions	29 496 433	29 496 433
Cash and Cash Equivalents	17 873 574	17 873 574
	47 370 007	47 370 007

Financial liabilities

	At amortised cost	Total
Other financial Liabilities	601 446	601 446
Trade and other payables from exchange transactions	50 195 962	50 195 962
Consumer Deposits	39 500	39 500
	50 836 908	50 836 908

45. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	449 882	1 859 417
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Total capital commitments

Already contracted for but not provided for	449 882	1 859 417
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46. Contingencies

Contingent Liabilities

1) Obakeng Donald Gabotsileli obo T.G Thipe versus Joe Morolong Municipality. The Municipality and Eskom is suing for damages arising from injuries sustained the electrical poles and electrical wire which was utilized for the purpose of distributing and transmitting electrical current in our area of jurisdiction belonging to Eskom.	12 950 000	150 000
2) Ho tla ba Thata General Trading. Contract (B121/2015) The Full Maintenance Lease Agreement (FMLA) which came to an end August 2018 however there are outstanding disputes relating to payments	-	4 067 031
3) Joe Morolong Local Municipality versus Ditiro tsa ka Trading 6. Poor Performance breach by the contractor which led to termination of contract by the Municipality	-	14 478 961
4) Peyper Attorneys versus Joe Morolong Local Municipality: Applicant filed an application to review bid for appointment of a panel of attorneys to include them on the panel.	-	120 000
5) Lotshepe Development Engineers CC versus Joe Morolong Local Municipality. The plaintiff instituted a legal action against Joe Morolong Local Municipality to claim the damages.	-	395 230
6) The MACP Construction CC issued Provisional Sentence Summons against Joe Morolong Local Municipality in terms thereof it claimed payment in the amount of R734 000.54 in	734 000	734 000

Joe Morolong Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
46. Contingencies (continued)		
7) Khethwayo versus Joe Morolong Local Municipality. Khethwayo Construction CC issued a review Application out of the High Court of South Africa NC Division to declare unlawful, invalid and set aside the decision of Joe Morolong Local Municipality to appoint several bidders in respect of Bid:228-2023	-	150 000
8) MACP versus Joe Morolong Local Municipality. MACP Construction CC issued Combined Summons against Joe Morolong Municipality in terms thereof it seeks an order to cancel the agreement and payment in the amount of	1 511 606	1 511 606
9) Tebogo Abraham Bosealetsa versus Joe Morolong Local Municipality. The Municipality filed the Notice of Intention to Defend. A round table discussion with the Plaintiff Attorneys is scheduled for 3 June 2025	130 000	-
10) Lebogang Moinwe versus Joe Morolong Local Municipality. The Labour Court issued a judgement in favour of the applicant on 9 May 2025. The Municipality has since 20 May 2025 filed for an application for a Leave to Appeal	-	-
11) SAMWU versus Joe Morolong Local Municipality. The Municipality is in process of filling Statement of Defence	-	-
	15 325 606	21 606 828

47. Related parties

Members of key management	Refer to note 27
Councillors	Refer to note 28

Related party balances

There were no senior managers and Councillors who received any services from the municipality in the year under review. Refer to note 27 and 28 (excluding the transport claims and subsistence allowance received) for the remuneration of councillors and senior managers.

Key management information

Councillor Manakong L.P	Lite Projects (Pty) Ltd
Councillor Kolberg J.O	Mahube Agrow
Councillor Matebese I.	Candle Away General Trading, Awera General Trading
Councillor Gaetsewe M.J	Rona Mmogo (Pty) Ltd
Councillor Kaotsane G.G	Asili Ya Mama (Pty) Ltd, Saba Logistics (Pty) Ltd, Seconded councillor to John Taolo Gaetsewe District Municipality
Councillor Tagane G.C	Phoko Construction
Councillor Mokweni O.N	Bathharo Agriculture (Pty) Ltd, Perth Butchery, Ural Co-Op (Pty) Ltd
Motlhaping B.D (Municipal Manager)	Lebotore (Pty) Ltd, Tharef Petroleum
Moinwe L.A (Former Director - Technical Services)	EML Consulting
Ramukhuvhathi O. (Acting CFO)	ATM Pharmaceuticals
Ntlhaile G.P. (Acting Director: Community Services)	Moreways Project Solutionx
Gopetse T.J. (Acting Director: Corporate Services)	Gopetse Farming

48. Risk management

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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48. Risk management (continued)

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Column heading	Total
Trade Payables	52 467 722	-	-	-	52 467 722
Other financial liabilities	167 575	182 729	-	-	350 304
	52 635 297	182 729	-	-	52 818 026

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.

Financial instrument	2025	2024
Trade Receivables from Exchange Transactions	61 133 457	29 496 433

Market risk

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings arise at fixed rates, which expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

During 2024 and 2025, the entity's borrowings at variable rate were denominated in the Rand. The entity analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the entity calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Price risk

The entity is not exposed price risk as the municipality does not hold any investments classified on the statement of financial position either as available-for-sale or at fair value through surplus or deficit. The entity is also not exposed to commodity price risk.

49. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the municipality will continue to receive grants from National and Provincial Governments as well as continue to levy rates and charge for services provided to consumers. The proceeds are presumed to 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 following indicators have a negative outlook on the going concern of the municipality:

Non-compliance (30 days) - The municipality is currently not paying all their creditors within the accepted 30 days. This also resulted in fruitless and wasteful expenditure due to interest on overdue creditors account:

Joe Morolong Local Municipality

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49. Going concern (continued)

Joe Morolong Local Municipality is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality. The below are the amounts that the government has committed to allocate to Joe Morolong Local Municipality in line with the DORA to ensure that the municipality continues with its operations.

	2024/2025	2025/2026	2026/2027	Total
Finance Management Grant (FMG)	3 000 000	3 000 000	3 000 000	9 000 000
Municipal Infrastructure Grant (MIG)	68 808 000	72 574 000	78 825 000	220 207 000
Water Sanitation Infrastructure Grant (WSIG)	56 000 000	55 000 000	70 000 000	181 000 000
Integrated National Electrification Grant	47 609 000	1 320 000	1 192 000	50 121 000
Equitable Share	191 089 000	193 366 000	192 049 000	576 504 000
	366 506 000	325 260 000	345 066 000	1 036 832 000

The following figures are extracted from the 2025/2026 budget.

Description	Amount
Projected revenue	347 475 000
Projected expenditure	(315 339 000)
Net	32 136 000
Capital expenditure	(127 218 000)
Approximate cash impact	(95 082 000)

The budget for 2025/26 anticipates continued cost saving.

Should the organs of state who currently owe the municipality settle their accounts in the coming year, this would significantly reduce the projected cash shortfall. Additional text

The assessment of the municipality's financial health is detailed below.

Ratios	Current year	Previous year
Creditors days	92	73
Debtors days	795	595
Debtors days - consumer debtors	671	473
Debtors days - other receivables	19 730	11 163
Debt impairment provision as a percentage of total accounts receivable	51	65
Percentage distribution losses - electricity	45	51
Percentage distribution losses - water	17	40
Repairs and maintenance expenditure level	-	1
Capital expenditure as a percentage of operating and capital expenditure	19	21
Depreciation and asset impairment	85	90
Current liabilities (excluding unspent conditional grants) as a percentage of next year's budgeted resources	17	12
Cash coverage (excluding unspent conditional grants)	-	1

50. Events after the reporting date

There are no major events that occurred after the reporting date.

Joe Morolong Local Municipality

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51. Unauthorised expenditure

The municipality calculates unauthorised expenditure per item (Schedule B4 and B5)

Opening balance as previously reported	1 350 172 318	604 119 526
Add: Unauthorised expenditure - current	168 363 135	120 477 681
Add: Unauthorised expenditure - prior period	-	625 575 111
Closing balance	1 518 535 453	1 350 172 318

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	70 363 208	52 801 976
Cash	166 267 071	16 620 902
	236 630 279	69 422 878

Analysed as follows: non-cash

Depreciation and amortisation	-	29 305 672
Finance costs	1 639 030	1 432 206
Loss on disposal of property, plant and equipment	7 354 737	8 155 754
Irrecoverable debt written off	61 369 441	13 908 344
	70 363 208	52 801 976

Analysed as follows: cash

Bulk purchases	-	85 337
General expenditure	24 557 754	-
Lease rentals on operating lease	814 500	861 026
Inventory consumed	31 171 781	-
Employee related cost	-	1 538 621
Transfers and subsidies	11 655 207	13 903 625
	68 199 242	16 388 609

Capital expenditure	98 067 828	232 293
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Unauthorised expenditure: Budget overspending – per municipal department:

LED development and town planning	8 890 500	7 612 742
Corporate services	2 875 368	7 177 327
Community services	-	42 417 028
Finance	50 958 852	54 783 793
	62 724 720	111 990 890

Unauthorised capital expenditure: Budget overspending – per municipal department:

Office of the Municipal Manager	-	63 128
Technical services	101 563 851	-
Community services	4 074 564	8 423 663
	105 638 415	8 486 791

Disciplinary steps taken/criminal proceedings

No disciplinary steps/criminal proceedings were taken to recover unauthorised expenditure

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52. Fruitless and wasteful expenditure		
Opening balance as previously reported	5 102 514	4 618 636
Add: Fruitless and wasteful expenditure identified - current	15 041 154	483 878
Closing balance	20 143 668	5 102 514

Fruitless and wasteful expenditure is presented inclusive of VAT

Joe Morolong Local Municipality

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52. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

Interest and Penalties

15 041 154

483 878

Amount recovered

No amounts were recovered during the 2024/2025 financial year in respect of fruitless and wasteful expenditure

Joe Morolong Local Municipality

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52. Fruitless and wasteful expenditure (continued)

Amount written-off

No amounts were written off during the 2024/2025 financial year. Amounts under investigation total R5 102 513.80

53. Irregular expenditure

Opening balance as previously reported	318 432 930	308 202 430
Add: Irregular expenditure - current	10 521 644	10 230 500
Closing balance	328 954 574	318 432 930

Cases under investigation

Irregular expenditure covering the financial years 2014/2015 to 2024/2025 is currently under investigation by MPAC.

Disciplinary steps taken/criminal proceedings

No disciplinary action has been taken in respect of identified irregular expenditure.

54. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1 357 979	1 084 437
Amount paid - current year	(1 357 979)	(1 084 437)
	-	-

Audit fees

Opening balance	58 129	878 206
Current year subscription / fee	10 269 947	7 693 891
Amount paid - current year	(10 337 465)	(8 513 968)
	(9 389)	58 129

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54. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE and UIF

Opening balance	1 703 528	-
Current year subscription / fee	21 442 188	18 763 328
Amount paid - current year	(21 442 304)	(17 059 800)
	1 703 412	1 703 528

Pension and Medical Aid Deductions

Opening balance	2 701 754	-
Current year subscription / fee	28 468 075	26 117 574
Amount paid - current year	(29 167 340)	(23 415 820)
	2 002 489	2 701 754

VAT

VAT output payables and VAT input receivables are shown in note 6.

All VAT returns have been submitted by the due date throughout the financial year.

55. 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 and section 36 of the Supply Chain Management regulations state that a supply management policy may allow the accounting officer -

To dispense with the official procurement process established by the policy and to procure any required goods or services through any convenient process which may include direct negotiations, but only in an emergency; if such goods or services are produced or available from a single provider only; for acquisitions of animals for zoos or in any exceptional case where it is impractical or impossible to follow the official procurement process.

The Accounting Officer may dispense with the official procurement process in the above circumstances, provided that she 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.

Reason for deviation

Opening Balance	2 835 028	561 546
Current Year	736 775	2 273 482
	3 571 803	2 835 028

56. Segment information

General information

Identification of segments

The Municipality does not have reportable segment information.

Information about geographical areas

Although the municipality operates in a number of geographical areas (i.e. wards), the geographical information is not considered relevant to management for decision making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
57. Commission earned		
Commission earned	72 359	-
58. Licences and permits		
Road and Transport	222 468	-

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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59. 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:

Reclassification of lister engine acquisitions (Water Supply Infrastructure) of R1 322 670 incorrectly recorded in inventory.

Reclassification of land relating to community asset with a cost of R5 960 006 from other assets to community assets

Correction of expenditure capitalised to JMLM024_25Gamakgatle Culvert Bridge donated project which was incorrectly overstated by a cost of R306 802 in roads & storm water infrastructure and accumulated depreciation of R15 981.

Correction of Lister engines (Borehole additions) of R1 322 670 and pump acquisition of R207 000 incorrectly recorded as inventory in 2023/24.

Correction of transfer of Dinokaneng borehole refurbishment project capitalised twice for R2 010 665.9 in the 2023/24 general ledger.

Correction of transfer from work-in-progress to additions for Penryn water supply project of R98 385.15

Correction of loss on disposal of Furniture of R142 873 incorrectly debited to the accumulated depreciation vote instead of the income statement disposal vote for Furniture and office equipment.

VAT Receivable - Derecognition of Vat denied of R121 994 on 2023/24 double cab acquisitions.

VAT Receivable - Recognition of VAT amounting to R 48 819 in respect of invoices raised relating to the 2023/2024 financial year.

Correction of revenue from JMLM024_25Gamakgatle Culvert Bridge donated project which was incorrectly overstated by R306 802 and a depreciation of R15 981.

Correction of pump acquisition with a cost of R207 591 incorrectly included in inventory consumed to correctly capitalise to Sanitation infrastructure..

Service Charges - Amounts totalling R5 470 relating to water disconnection/reconnection fees were erroneously classified as service charges instead of other income.

Other Income - Amounts totalling R5 470 relating to water disconnection/reconnection fees were erroneously classified as service charges instead of other income.

Other income - Laptop received from insurance in lieu of cash.

Receivables from exchange transactions - Balances not past due (0-30 days) were erroneously impaired. The impairment calculation was subsequently adjusted.

Receivables from non - exchange transactions - Balances not past due (0-30 days) were erroneously impaired. The impairment calculation was subsequently adjusted.

Receivables from exchange and non exchange transactions - Disclosures relating to receivables from exchange and non-exchange transactions were adjusted to reflect complete disclosure requirements and changes in impairment calculations. Refer to note 4 and 5.

MFMA disclosures- Adjustment of prior year figures to recognise amounts not previously taken into account. Refer to note 52 for amended changes

Payables from exchange transactions - Recognition of invoices relating to prior years

Employee related costs - Adjustments to payroll related amounts totalling R13 492.

General expenditure - Recognition of invoices not previously recognised totalling R181 716.

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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59. Prior-year adjustments (continued)

Finance costs - Recognition of expenditure not previously recognised totalling R11 912.

Accumulated surplus - Cumulative changes described above in respect of property, plant and equipment, VAT receivable, other receivables and payables from exchange transactions.

Correction of opening accumulated depreciation for certain assets by a decrease of R97 446 519 with a corresponding increase in opening accumulated surplus as a result of correction of estimated useful lives.

Correction of depreciation charge for the period by a decrease of R11 973 808 as a result of correction of estimated useful lives

Correction of expenditure and unbundling of prior period projects that have been measured at actual cost between 2020 and 2023 in response to audit finding. As a result, asset components with a cost of R257 514 778, opening accumulated depreciation of R33 081 971 and a depreciation charge of R9 927 280 were removed from the fixed asset register and replaced with components updated for unbundling with an opening cost of R269 059 208, opening accumulated depreciation of R19 886 151 and depreciation charge of R8 152 026. This resulted in an increase in carrying amount by R26 515 504 from R214 505 527 as previously stated to R241 021 031.

Correction to remove immovable and movable assets that were duplicated in error on the fixed asset register. The immovable assets (Electrical, Roads, Storm water and Water Supply infrastructure with opening cost of R1 142 024, opening accumulated depreciation of R840 877 and depreciation of R76 173 were removed from the asset register. The movable assets (Computer equipment, Furniture and office equipment, Machinery and equipment and Transport assets with opening cost R904 277, opening accumulated depreciation of R299 200 and depreciation of R178 326 were removed from the fixed asset register.

Correction to remove asset components relating to Klein neira road project which belongs to Department of Roads and Public Works, with three phases that were erroneously included in the municipality's fixed asset register in prior periods. The components with the opening cost of R46 079 603, opening accumulated depreciation of R5 259 466, and depreciation of R1 604 634 were removed from the asset register.

Reclassifications within Water supply infrastructure acquisitions to correct for unbundling of capital projects. Asset components with acquisition cost of R7 222 632 were classified from boreholes, R3 791 083 were classified from distributions, R7 788 087 were classified to pump station and R3 225 629 were reclassified to reservoirs.

Reclassification of machinery and equipment assets with opening cost of R10 150 222, opening accumulated depreciation of R9 117 235 and depreciation of R344 320 from transport assets to machinery and equipment.

Reclassification of computer equipment assets with opening cost of R547 654, opening accumulated depreciation of R346 640 and depreciation of R61 941 from furniture and office equipment to computer equipment.

General expenses - In the prior years, the provision for landfill sites has not been accounted for in terms of IGRAP(2). The increase in the provision was erroneously expensed under general expenses. In terms of IGRAP(2) paragraph .05(a) subject to (b), changes in the liability shall be added to, or deducted from, the cost of the related asset in the current period. To correct this error a journal has been processed to add the increase in the provision to the cost of the landfill site asset. The effects of this prior year adjustment are as follows in the Financial Statements: An increase in the cost of the landfill site asset by an amount of R573 613; and a decrease in general expenses by an amount of R573 613.

General expenses - Interest on the provision for landfill sites was erroneously classified as general expenses. To correct this error, the interest has been remapped to finance costs. The effects of this prior year adjustment are as follows in the Financial Statements: An increase in finance costs by an amount of R938 108; and a decrease in general expenses by an amount of R938 108.

Contracted services - Deeds search expenditure relating to the 2024 Financial year was erroneously posted to the 2025 year. To correct this cut-off issue a prior year adjustment has been made. The effects of this transaction are as follows on the Financial Statements: An increase in contracted services by an amount of R3 979; and a decrease in accumulated surplus by an amount of R3 979.

Statement of financial position

2024

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand

2025

2024

59. Prior-year adjustments (continued)

	Note	As previously reported	Correction of error	Re-classification	Restated
Inventories	3	5 576 056	-	(1 322 670)	4 253 386
Property, plant and equipment	10	878 114 598	90 148 836	1 322 670	969 586 104
VAT receivable	6	41 793 489	(73 175)	-	41 720 314
Payables from exchange transactions	13	(62 942 949)	(415 366)	-	(63 358 315)
Accumulated surplus		(1 024 482 809)	(105 476 450)	-	(1 129 959 259)
Receivables from exchange transactions	4	23 738 832	5 757 601	-	29 496 433
Receivables from non-exchange transactions	5	118 466 406	9 945 345	-	128 411 751
Intangible assets	10&11	1 155 394	113 209	-	1 268 603
		(18 580 983)	-	-	(18 580 983)

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Public contributions and donations	26	20 756 913	(306 801)	-	20 450 112
Depreciation and amortisation	29	(138 758 777)	14 752 868	-	(124 005 909)
Loss on disposal of assets	39	(8 171 454)	(1 990 615)	-	(10 162 069)
Inventory consumed	37	(32 064 356)	127 069	-	(31 937 287)
Service charges	18	15 897 359	-	(5 470)	15 891 889
Other income	22	1 281 739	14 399	5 470	1 301 608
General expenses	38	(42 849 331)	1 330 005	-	(41 519 326)
Employee related costs	27	(120 727 161)	(13 492)	-	(120 740 653)
Finance costs	31	(981 186)	(950 020)	-	(1 931 206)
Debt impairment	30	(32 194 780)	15 699 614	-	(16 495 166)
Contracted services	35	(37 178 959)	(3 979)	-	(37 182 938)
Surplus for the year		(374 989 993)	28 659 048	-	(346 330 945)

60. VAT payable

Joe Morolong Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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61. Service in-kind

Electricity Distribution Network: Access to infrastructure for the transmission and distribution of electricity to Hotazel Town.

Sewer Treatment Plant: Use of facilities for the treatment and disposal of wastewater generated within the municipality

Water Infrastructure: Access to water supply systems, including reservoirs, pipelines, and treatment facilities, for the provision of potable water.

Recognition and Measurement

In line with GRAP 23, the municipality recognizes services in kind where:

The service provided is significant to its operations

The fair value of the service can be reliably measured.

However, for the current reporting period, determining the fair value of these rights of use proved challenging due to:
The lack of a directly comparable market for similar rights

The absence of sufficient data to reliably estimate replacement or usage costs.

As a result, the right of use of the above infrastructure has not been recognized in the financial statements but is disclosed qualitatively in this note.

VOLUME II: AUDITOR-GENERAL'S REPORT 2024/2025

The Report of the Auditor-General for the 2024/25 Financial Year is enclosed hereto.

Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Joe Morolong Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Joe Morolong Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Joe Morolong Local Municipality as at 30 June 2025, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practise (Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (Dora).

Basis for qualified opinion

VAT Receivable

3. The municipality did not recognise VAT included in statutory receivables from exchange transactions in accordance with GRAP 108, Statutory receivables. The municipality incorrectly reported VAT accruals as statutory receivables from exchange transactions. Consequently, VAT included in statutory receivables from exchange transactions were overstated by R43 716 234.
4. The municipality did not recognise VAT accrual included in statutory receivables from exchange transactions - VAT in accordance with GRAP 1, Presentation of financial statements as VAT input accrual and VAT output accrual statutory receivables from exchange transactions – VAT were offset. I was unable to determine the full extent of the understatement of vat accrual included in statutory receivables from exchange transactions, as it was impracticable to do so.

Irregular expenditure

5. The municipality did not disclose all the irregular expenditure in the notes to the financial statements, as required by section 125(2) (d) of the MFMA. The municipality incurred expenditure in contravention of the supply chain management (SCM) requirements resulting in irregular expenditure being understated in the current and previous year. I was unable to determine the full extent of the understatement as it was impracticable to do so.

Context for opinion

6. 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.
7. 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.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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 59 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2025.
11. As disclosed in note 33 to the financial statements, material losses of R78 456 161 was incurred as a result of a write-off of irrecoverable trade debtors.
12. As disclosed in note 52 to the financial statements, fruitless and wasteful expenditure of R15 041 154 was incurred, as a result of interest and penalties incurred.
13. As disclosed in note 46 to the financial statements, material contingent liabilities of R15 325 606 are disclosed.

Other matter

14. I draw attention to the matter below. My opinion is not modified in respect of this matter.
15. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

16. 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.

17. 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

18. 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.

19. 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 X forms part of my auditor's report.

Report on the annual performance report

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

21. I selected the following material performance indicators related to Basic Service Delivery and Infrastructure Development presented in the annual performance report for the year ended 30 June 2025. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

- Kilometres of Ncwelengwe Internal Road upgraded from gravel to paving blocks by 30 June 2025
- Kilometres of Gahuwe to Dithakong Access Road upgraded from gravel to paving blocks by 30 June 2025
- Kilometres of Kokfontein Access Road upgraded from gravel to paving blocks by 30 June 2025
- Kilometres of Masankong Access Road upgraded from gravel to paving blocks by 30 June 2025
- Number of water supply projects completed in Madularanch (2), Doxon 1&2 (2), Heuningvlei, Logobate, Cassel, Kampaneng, Padstow (2), Cahar, March, Dinokaneng,

Skerma, Dikhing, Gamadubu/Lebonkeng, Glenred, Manyeding, Slough/Loopeng, & Lurie by 30 June 2025

- Number of boreholes refurbished in Metsimantsi Wyk 3&4 (2), Stillrus (2), Magojaneng (2), Khudukwang (1) & Mathanthanyaneng (1) by 30 June 2025
- Number of households provided with Sanitation at Dithakong, Maologane, Makgaladi & Gamorona by 30 June 2025
- Number of dwellings provided with new connections to the mains supply by Eskom within municipal jurisdiction
- Number of households provided with refuse removal services in Hotazel and Vanzylsrus by 30 June 2025

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

23. I performed procedures to test whether:

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

24. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

25. I did not identify any material findings on the reported performance information for the selected indicators.

Other matters

26. I draw attention to the matters below.

Achievement of planned targets

27. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

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

Basic Service Delivery and Infrastructure Development

<i>Targets achieved: 62.16%</i> <i>Budget spent: 99.73%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of water supply projects completed in Madularanch (2), Doxon 1&2 (2), Heuningvlei, Logobate, Cassel, Kampaneng, Padstow (2), Cahar, March, Dinokaneng, Skerma, Dikhing, Gamadubu/Lebonkeng, Glenred, Manyeding, Slough/Loopeng, & Lurie by 30 June 2025	20	15
Number of households provided with refuse removal services in Hotazel and Vanzylsrus by 30 June 2025	834	800
Number of boreholes refurbished in Metsimantsi Wyk 3&4 (2), Stillrus (2), Magojaneng (2), Khudukwanng (1) & Mathanthanyaneng (1) by 30 June 2025	8	5
Kilometres of Kokfontein Access Road upgraded from gravel to paving blocks by 30 June 2025	1.86km	0km

Report on compliance with legislation

29. 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.

30. 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.

31. 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.
32. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance reports and annual reports

33. 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 disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Consequence management

34. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
35. 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.

Expenditure management

36. Reasonable steps were not taken to ensure that money owed by the municipality was always paid within 30 days as required by section 65(2) (e) of the MFMA.
37. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1) (d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph.
38. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R15 041 154, as disclosed in note 52 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.
39. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the unauthorised expenditure could not be quantified] as indicated in the basis for qualification paragraph.

Procurement and contract management

40. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
41. 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.

Other information in the annual report

42. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected strategic focus area presented in the annual performance report that have been specifically reported on in this auditor's report.
43. 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.
44. 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 strategic focus area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
45. 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

46. 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.
47. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.
48. The accounting officer did not prepare regular, accurate and complete financial statements that are supported and evidenced by reliable information also the accounting officer did not review and monitor compliance with laws and regulations. This contributed to the numerous misstatements in the financial statements of the municipality.

49. The accounting officers and senior management did not take timeous and adequate action to address weaknesses in the finance and supply chain management directorate, which resulted in non-compliance with applicable legislation and gave rise to unauthorised, fruitless and wasteful and irregular expenditure. Furthermore, they failed to implement adequate controls to ensure compliance with laws, regulations and internally designed policies and procedures.
50. The accounting officers and senior management of the municipality did not ensure that internal control procedures were implemented and monitored to ensure that daily disciplines were performed and reviewed.

Material irregularities

51. 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

Consultants for AFS preparation not effectively, efficiently and economically used by the municipality.

52. The municipality appointed consultants to assist in improving the audit outcome for a fixed term of three years, which started on the 6 May 2019 to 30 April 2022. The municipality has been receiving disclaimed audit opinions since 2016, due to the municipality not having proper records and not providing the required information for audit. The accounting officer appointed consultants with the aim of improving the audit outcome, however he did not exercise his responsibilities in terms of section 62(1)(a) of the MFMA in ensuring that there is adequate and appropriate supporting information to enable the consultants to do their work.
53. The impact of appointing consultants without providing them with the required supporting information is likely to result in a material financial loss as the resources of the municipality were not used effectively, efficiently, and economically.
54. The accounting officer was notified of the material irregularity on 7 October 2022 and invited to make a written submission on the actions taken and that will be taken to address the matter. The following actions had been taken by the accounting officer to address the material irregularity:
- A draft consultancy reduction plan had been developed that was intended to inform the municipality's appointment of consultant's policy as well as aimed to reduce the number of consultants it appoints. Once the plan was approved it would be implemented.
 - A draft MTREF financial plan had been developed to supplement the municipal 2022/23 MTREF budget. This was done to ensure that the current under collection of revenue is improved to enable the municipality to have a cash funded budget through efficient revenue enhancement and cost containment measures.

- Council adopted and approved a cost containment policy on 21 May 2021 which was to be used to reduce non-core expenditure.
 - Key positions that were needed in the organisational structure relating to annual financial statements preparation and compilation of the asset register were identified and filled, during May 2022, and the municipality was continuing to fill vacancies for the 2022/23 financial year.
 - No new procurement processes for the appointment of consultants would be undertaken until a GAP Analysis was undertaken in accordance with section 5(5) of the municipal cost containment regulations.
 - The performance and progress of consultants was being monitored on a quarterly basis by the municipality to ensure effective use of resources.
 - A material irregularities investigation committee was appointed by the Municipal Manager to investigate the Material Irregularity relating to poor records management on the use of consultants.
55. On 23 October 2023, I followed up on the progress of the material irregularity and it was concluded that the satisfactory progress has not been made with the action to address the material irregularity.
56. I notified the accounting officer on 19 April 2024 of the following recommendations, which should have been implemented by 19 October 2024 with a progress report by 19 July 2024:
- The non-compliance with section 62(1)(a) of the MFMA should be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of developing an action plan.
 - Appropriate action should be taken to develop and commence with the implementation of an action plan to address poor record keeping, so that full and proper records are kept, as required by Section 62(1)(b) of the MFMA and that these records are readily available.
 - The action plan should include corrective measures to address deficiencies identified by the investigation and address the following, as a minimum:
 - (a) Skills assessment gaps within the finance unit to ensure that officials are employed and have the required skills and competencies to execute their duties;
 - (b) Measures to ensure that consultants are only used in accordance with the municipal cost containment regulations; and
 - (c) Measures to address the material deficiencies that resulted in the materially non-compliant annual financial statements.
 - The accounting officer should commence the implementation of the action plan and corrective measures (if any), without undue delay.

57. The accounting officer submitted a progress report with substantiating documentation on 19 July 2024 on the implementation of the recommendations. I assessed the progress and provided feedback to the accounting officer on the actions where shortcomings were noted and that had to be addressed with the final response.
58. The final response and substantiating documentation on the implementation of the recommendations were not received on 19 October 2024. I followed-up on the outstanding response and the accounting officer requested an extension to submit up to 27 November 2024. The accounting officer however failed to submit a final response and substantiating documentation on the implementation of recommendations, and I concluded that the accounting officer has not adequately implemented the recommendations.
59. I notified the accounting officer on 24 April 2025 of the following remedial actions to address the MI, which should have been implemented by 24 July 2025:
- The non-compliance with section 62(1)(a) of the Municipal Finance Management Act, 56 of 2003 must be investigated to determine the reasons and circumstances that led to the non-compliance for the purpose of developing an action plan.
 - The accounting officer must continue with the implementation of the action plan, and the plan must be enhanced with corrective measures to address the deficiencies to be identified by the investigation. The plan must as minimum address the following:
 - (a) Skills assessment gaps within the finance unit to ensure that officials are employed and have the required skills and competencies to execute their duties; and
 - (b) Measures to ensure that consultants are only used in accordance with the municipal cost containment regulations.
60. The accounting officer was required to provide a progress report on 24 May 2025. On 28 May 2025 the accounting officer submitted the progress report on the implementation of the remedial action. I duly assessed the report and provided feedback on 19 June 2025 to the accounting officer on the shortcomings that had to be addressed and the substantiating documentation to be provided with the final response that was due on 24 July 2025.
61. On 28 July 2025, the accounting officer provided a final response with substantiating documentation on the implementation of the remedial action. Shortcomings and a lack of documentation to support the actions implemented were noted and I engaged the municipality on these shortcomings. The accounting officer provided supplementary responses and additional information during August 2025 and October 2025.

62. I assessed the written responses and substantiating documentation provided and concluded that appropriate actions are being taken to address the material irregularity, but some actions are still in progress and not yet completed. On 19 November 2025, I notified the accounting officer of the decision to grant additional time to continue with the implementation of remedial action. The accounting officer must provide a progress report on 19 January 2026 and a final response, with substantiating documentation on 19 March 2026.

Auditor General

Kimberley

29 November 2025



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected strategic focus 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	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i), 15(1)(a)(ii)

Legislation	Sections or regulations
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 26(5), 27(4)(a)(i)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)
MSA: Municipal Systems Regulations, 2001	Regulation: 43
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

VOLUME III: ACTION PLAN 2024/25

The Action Plan for the 2024/25 Financial Year is enclosed hereto.



JOE MOROLONG
LOCAL MUNICIPALITY

Joe Morolong Local Municipality

Financial Year: 2024/2025

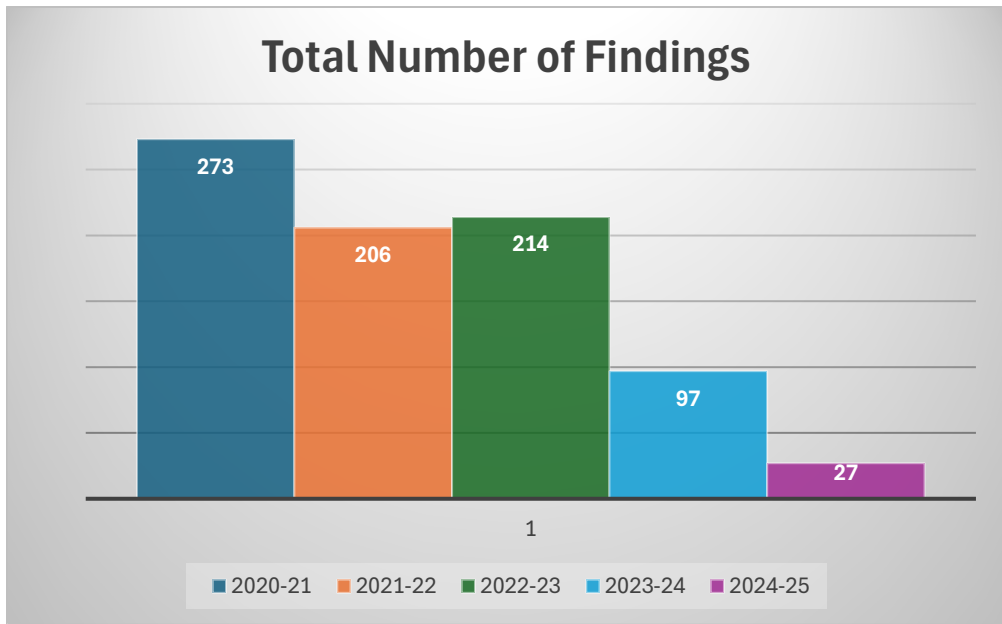
Audit Action Plan Status: All

Implementation Status: Not Yet Started | In Progress | Completed | Agreed Findings Addressed

Audit Findings: Department	2020-21	2021-22	2022-23	2023-24	2024-25
BTO	247	190	193	73	20
Corporate Services	3	8	4	6	2
Technical Services	5	2	6	3	3
Planning and Development	7	4	8	11	0
MM's Office	11	1	1	0	2
Community Services	0	1	2	4	0
	273	206	214	97	27

2024-25	
Subsection	Number of Findings
Compliance	2
Contract management	2
Current assets	1
Expenditure	1
Expenditure management	1
Other important matters	3
Other information	1

Revenue from exchange transactions	10
Revenue from non-exchange transactions	1
Revenue management	1
Unauthorised, irregular and fruitless and wasteful expenditure	4
Grand Total	27



Reference	Section	Subsection	Line Item	Finding	Action Plan	Action Plan Status	Implementation Status	Department
AAP87661-2025	Non-compliance with laws and regulations	Contract management	Contracts secured by other organs of state without complying with the prescribed requirements	COMAF 6: ISS.5: Contract not signed (Vaal Central Water)	Management will ensure that the contract get signed by Vaal Central Water and insure that all future contracts get signed before the service provider provides services to the municipality.	Developed (CFO Approved)	Not Yet Started	BTO
AAP87663-2025	Non-compliance with laws and regulations	Expenditure management		COMAF 11 of 2025: Payments not paid within 30 days	The municipality will keep track of invoices received on a monthly basis and ensure that these invoices are paid within 30 days of receipt. Where the municipality does not timeously obtain the invoice from the supplier for goods received/ services rendered, the municipality will ensure that it follows up with the supplier.	Developed (CFO Approved)	Not Yet Started	BTO
AAP87671-2025	Misstatements in annual financial statements	Revenue from exchange transactions	Rev from exch transactions: Other income	COMAF 15 of 2025: Revenue From Exchange: Actuarial Gains Differences	Management is of the opinion that the finding is invalid. Management plans to engage with the Auditor General on the way forward in order to resolve the finding.	Developed (CFO Approved)	Not Yet Started	BTO
AAP87682-2025	Other reported information	Other important matters	Other	COMAF 18 of 2025: Revenue from Exchange (Water): No actual historical readings for estimates	Management will ensure that meters are installed to replace defective meters in order to allow for actual readings to be taken.	Developed (CFO Approved)	Not Yet Started	Technical Services
AAP87687-2025	Misstatements in annual financial statements	Unauthorised, irregular and fruitless and wasteful expenditure	Irregular expenditure	COMAF 4 of 2025: AFS high level review: casting differences and classification issues	Management is in disagreement with the finding as the issue was resolved during the audit in respect of unauthorised expenditure. The finding is material based on the fact that the difference is R634 031 090. It would therefore be an audit report paragraph. Management scrutinised the audit report and noted that there is no paragraph on unauthorised expenditure further corroborating the fact that the finding was resolved during the audit. In respect of irregular expenditure, management disagreed with the finding and the issue was resolved during the audit. Management inspected the audit report and noted that there was no finding in respect of irregular expenditure wherein there were differences between the AFS and supporting schedules.	Developed (CFO Approved)	Not Yet Started	BTO
AAP87695-2025	Non-compliance with laws and regulations	Revenue management		COMAF 14 of 2025: Revenue From Exchange: Water: Not billed for 12 months	Management will perform monthly reconciliations to identify accounts that are not being billed. In addition, management will follow up on accounts not billed and implement corrective action where applicable.	Developed (CFO Approved)	Not Yet Started	BTO
AAP87702-2025	Misstatements in annual financial statements	Revenue from exchange transactions	Rev from exch transactions: Service charges	COMAF 19 of 2025: Revenue from Exchange: Water: Calculation and Tariff differences	Management will ensure the accuracy of estimate billings through recalculation. In addition, management will ensure that all accounts are billed on actual readings in order to avoid the issues associated with estimate billings.	Developed (CFO Approved)	Not Yet Started	BTO
AAP87705-2025	Misstatements in annual financial statements	Revenue from exchange transactions	Rev from exch transactions: Service charges	COMAF 25 of 2025: Revenue from Exchange: Overstatement of Refuse Charges	Through scrutinisation of the tariff policy, management noted that the tariff policy specifies that the refuse tariffs are fixed and not variable. Management further noted that there were a few accounts that were billing variable tariffs. Management will adjust the affected accounts to reflect fixed tariffs.	Developed (CFO Approved)	Not Yet Started	BTO
AAP87709-2025	Misstatements in annual financial statements	Revenue from exchange transactions	Rev from exch transactions: Service charges	COMAF 26 of 2025: Revenue From Exchange (Refuse): Tariff Differences	Through scrutinisation of the tariff policy, management noted that the tariff policy specifies that the refuse tariffs are fixed and not variable. The frequency of collection of bins becomes irrelevant since the tariffs are fixed. The collection times are therefore an indicator of occurrence and not accuracy. Management further noted that there were a few accounts that were billing variable tariffs. Management will adjust the affected accounts to reflect fixed tariffs.	Developed (CFO Approved)	Not Yet Started	BTO
AAP87735-2025	Other reported information	Other important matters	Other	COMAF 13 of 2025: Revenue from Exchange: Electricity: Not billed for 12 months	Management will perform monthly reconciliations to identify accounts that are not being billed. In addition, management will follow up on accounts not billed and implement corrective action where applicable.	Developed (CFO Approved)	Not Yet Started	Technical Services
AAP87737-2025	Misstatements in annual financial statements	Revenue from exchange transactions	Rev from exch transactions: Service charges	COMAF 20 of 2025: Prior year Unresolved (PY ISS.31): Completeness of Electricity Conventional	Management will perform a monthly reconciliation to identify accounts that are not being billed. In addition, management will make follow ups on identified accounts to ensure that they are billed.	Developed (CFO Approved)	Not Yet Started	BTO

AAP87739-2025	Misstatements in annual financial statements	Revenue from exchange transactions	Rev from exch transactions: Service charges	1. COMAF 21 of 2025: Prior year Unresolved (PY ISS.20): Completeness of Water Conventional	Management will perform a monthly reconciliation to identify accounts that are not being billed. In addition, management will make follow ups on identified accounts to ensure that they are billed.	Developed (CFO Approved)	Not Yet Started	BTO
AAP87741-2025	Misstatements in annual financial statements	Revenue from exchange transactions	Rev from exch transactions: Service charges	COMAF 22 of 2025: Prior year unresolved (PY ISS.70: Water Conventional estimate differences	Management intends to install a water meter for account 41333 to ensure that it does not continuously continue to bill on estimates. This would ensure that actual readings are billed for account 41333.	Developed (CFO Approved)	Not Yet Started	BTO
AAP87742-2025	Misstatements in annual financial statements	Revenue from exchange transactions	Rev from exch transactions: Service charges	COMAF 23 of 2025: Prior year unresolved (PY ISS.73): Refuse Removal recalculation differences	Through scrutinisation of the tariff policy, management noted that the tariff policy specifies that the refuse tariffs are fixed and not variable. The frequency of collection of bins becomes irrelevant since the tariffs are fixed. The collection times are therefore an indicator of occurrence and not accuracy. Management further noted that there were a few accounts that were billing variable tariffs. Management will adjust the affected accounts to reflect fixed tariffs.	Developed (CFO Approved)	Not Yet Started	BTO
AAP87743-2025	Non-compliance with laws and regulations	Contract management	Missing or incomplete information	COMAF 29 of 2025: Contract Management - Monitoring reports not provided	Management will ensure that the performance of the contractor/service provider is monitored on a monthly basis.	Developed (CFO Approved)	Not Yet Started	Technical Services
AAP87744-2025	Misstatements in annual financial statements	Revenue from exchange transactions	Rev from exch transactions: Service charges	COMAF 34 of 2025: Revenue from exchange transactions: Water: Cut-off Issue	Management will reconcile the billing data and identify all transactions that do not relate to the correct financial year and process the correcting journals where applicable.	Developed (CFO Approved)	Not Yet Started	BTO
AAP87746-2025	Misstatements in annual financial statements	Revenue from non-exchange transactions	Rev from non-exch transactions: Property rates	COMAF 36 of 2025: Receivables from non-exchange transactions: property rates : Statement vs Aging does not agree	Management will reconcile the debtors control accounts to the debtors ageing to ensure that there is no mismatch between the 2 sets of information.	Developed (CFO Approved)	Not Yet Started	BTO
AAP87749-2025	Misstatements in annual financial statements	Expenditure	Employee-related costs	COMAF 37 of 2025: Employee related costs: Issues identified for overtime	Management will ensure that controls around overtime payments are adhered to in order to avoid future internal control deficiency findings. Management will thoroughly review all overtime payment documents before they are paid to ensure compliance with the overtime policy.	Developed (CFO Approved)	Not Yet Started	Corporate Services
AAP91268-2025	Misstatements in annual financial statements	Current assets	Receivables from exchange transactions	COMAF 57 of 2025: Offsetting of VAT Disclosures : VAT Receivable Statutory Receivable.	Management will ensure they apply the requirements of GRAP 108 and 104 correctly and do the necessary adjustments accordingly.	Developed (CFO Approved)	Not Yet Started	BTO

					Management will implement stricter controls to ensure that MPAC investigates UIFWE timeously.			
AAP91292-2025	Non-compliance with laws and regulations	Unauthorised, irregular and fruitless and wasteful expenditure		COMAF 9: ISS.15: Consequence Management: No investigations performed	1. Statutory and Regulatory Controls -Strict Legislative Timeframes: Amend municipal finance laws (MFMA) or regulations to mandate that MPAC must commence its investigation into material UIFWE items	Developed (CFO Approved)	Not Yet Started	MM's Office
AAP91296-2025	Misstatements in annual financial statements	Revenue from exchange transactions	Rev from exch transactions: Service charges	COMAF 17 of 2025: Revenue from exchange: Water: Reversed Estimated consumption without actual charge	Management will ensure that all accounts are billed accurately by reviewing all the inputs that make up billing (meter readings, tariffs etc)	Developed (CFO Approved)	Not Yet Started	BTO
AAP91300-2025	Non-compliance with laws and regulations	Unauthorised, irregular and fruitless and wasteful expenditure		COMAF 35 of 2025: Unauthorised, Irregular and Fruitless and wasteful expenditure- No preventative controls identified	Management will implement the UIFWE reduction strategy plan in order to prevent the re - occurrence of UIFWE. Irregular Expenditure - Institute a immediate review, led by Legal and SCM, of all major contracts and renewals processed in the last 24 months to identify all instances of non-compliance. Consequence Mngement - Initiate formal disciplinary proceedings in line with the Municipal Systems Act for officials who deliberately or negligently bypassed SCM processes. Fruitless Wasteful Expenditure Creditor Payment Plan: The CFO will immediately establish and implement a structured payment plan to prioritize and settle overdue accounts to stop the accrual of further interest and penalties. Unauthorised Expenditure - In order to prevent the re occurrence of Unauthorised Expenditure. The municipality will adopt a funded budget with accurate estimates, the budget will be adjusted timeously and virements will be performed in line with the budget policy.	Developed (CFO Approved)	Not Yet Started	MM's Office
AAP91303-2025	Misstatements in annual financial statements	Unauthorised, irregular and fruitless and wasteful expenditure	Irregular expenditure	COMAF 42 of 2025: Prior year Unresolved (COMAF 30,31,35,39,40,42,43,52) - Irregular expenditure disclosure note not complete	Management will ensure that all irregular expenditure identified in the prior years are recorded in the irregular register. 100% compliance testing will be performed to ensure that all irregular expenditure are included.	Developed (CFO Approved)	Not Yet Started	BTO
AAP91813-2025	Other reported information	Other important matters	Other	COMAF 5: ISS.2: IT control environment internal control deficiencies identified	The municipality does have a draft IT governance framework. It is awaiting council approval. . The IT Strategic Plan will only be drafted after the IT Governance Framework has been approved. Management has provided an IT Security Policy and SOP that has password configurations and requirements There is a Disaster Recovery Plan in place. There is a backup and retention policy in place.	Developed (CFO Approved)	Not Yet Started	Corporate Services
AAP91848-2025	Misstatements in annual performance report	Compliance	Underlying records/planning documents not submitted for auditing	COMAF 58 of 2025: Indigents: Inadequate Controls on management of Indigents	The municipality is in the process of developing an indigent management system.	Developed (CFO Approved)	Not Yet Started	BTO
AAP91852-2025	Misstatements in annual performance report	Compliance	Reported information not useful	COMAF 59 of 2025: Indigents Register did not have monetary values	Management has implemented indigent management in the financial system.	Developed (CFO Approved)	Not Yet Started	BTO
AAP91855-2025	Other reported information	Other information	Other	COMAF 60 of 2025: Monthly VAT Schedules : Difference between the Management's Monthly VAT calculations the VAT 201 Forms	Management has proposed a revised reasonability test. Auditor General to review and respond.	Developed (CFO Approved)	Not Yet Started	BTO

LIST OF ABBREVIATIONS

CFO – Chief Financial Officer

CLLR - Councillor

COGHSTA – Cooperative Governance, Human Settlements and Traditional Affairs

DOE – Department of Energy

DORA – Division of Revenue Act

EPWP – Expanded Public Works Programme

EXCO – Executive Committee

FY – Financial Year

HOD – Head of Department

HR – Human Resources

ICT – Information and Communication Technology

IDP – Integrated Development Plan

IGR – Inter-governmental Relations

IT – Information Technology

JMLM – Joe Morolong Local Municipality

JTGDM – John Taolo Gaetsewe District Municipality

KPA – Key Performance Area

KPI – Key Performance Indicator

LED – Local Economic Development

LGSETA – Local Government Sector Education and Training Authority

LM – Local Municipality

MFMA – Municipal Financial Management Act

MHS – Municipal Health Section

MIG – Municipal Infrastructure Grant

MM – Municipal Manager

MPAC – Municipal Public Accounts Committee

MSA – Municipal Systems Act

PIGR – Provincial Inter-governmental Relations

PMS – Performance Management System

PMU – Project Management Unit

SALGA – South African Local Government Association

SANS – South African National Standard

SDBIP – Service Delivery and Budget Implementation Plan

SDF – Spatial Development Plan

SLP – Social Labour Plan

SPLUMA – Spatial Planning and Land Use Management Act

STATSSA – Statistics South Africa

VAT – Value Added Tax

WSA – Water Services Authority

WSDP – Water Services Development Plan

WSIG – Water Services Infrastructure Grant

WSP – Water Services Provider