ROADS AGENCY
LIMPOPO
TOGETHER FOR BETTER ROADS

ANNUAL REPORT
2023/2024

RAL

ROADS AGENCY LIMPOPO

TOGETHER FOR BETTER ROADS

3 959

work opportunities created to ensure that communities benefit from our projects

2 224

young people aged between 18 and 35 were employed in various road construction projects

763

local workers trained

666

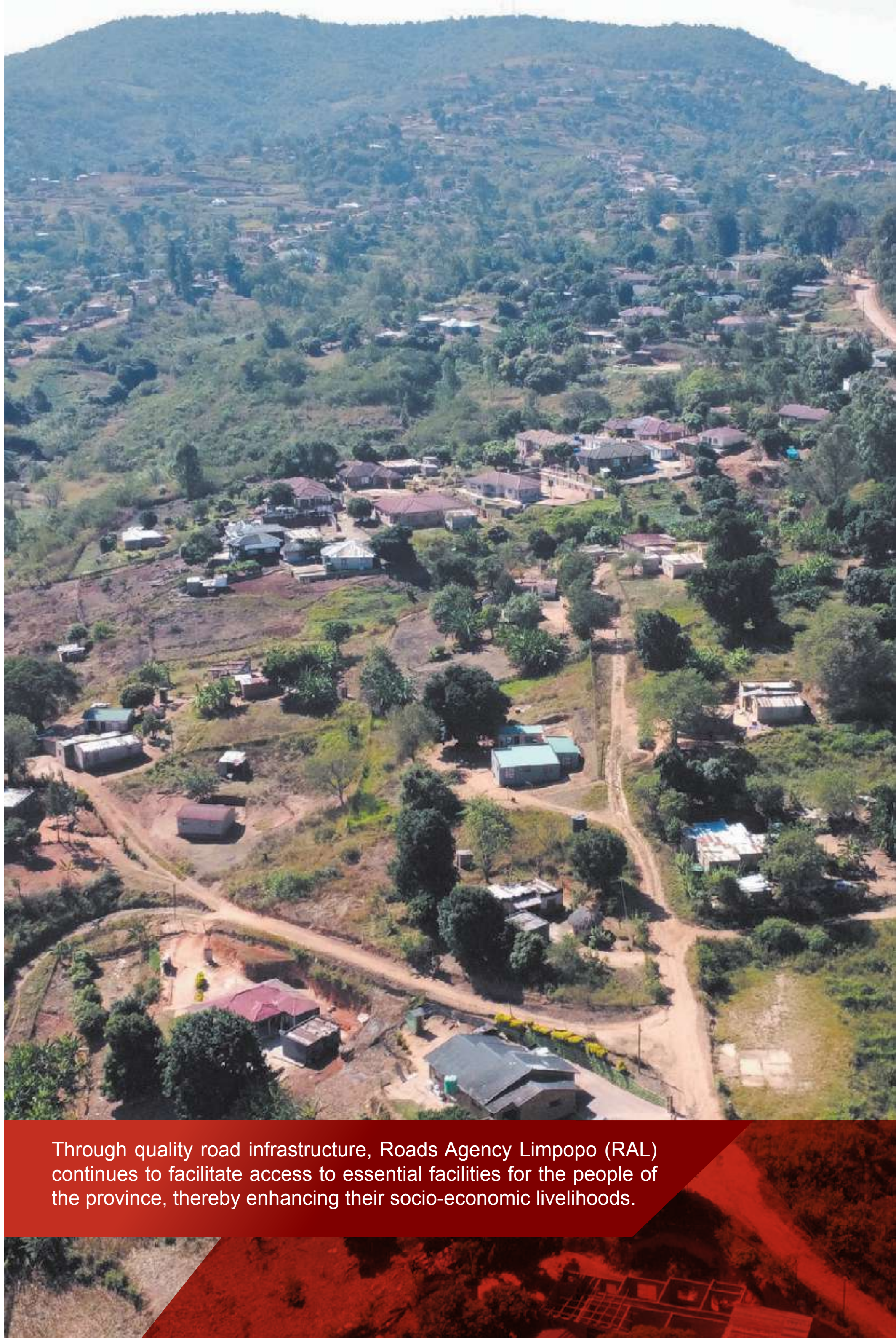
SMMEs empowered

In the 2023/24 Financial Year, RAL's road construction and maintenance efforts have created job opportunities for the youth, and Small, Medium and Micro Enterprises (SMMEs).

CONTENTS

PART A: GENERAL INFORMATION

PART B: PERFORMANCE INFORMATION



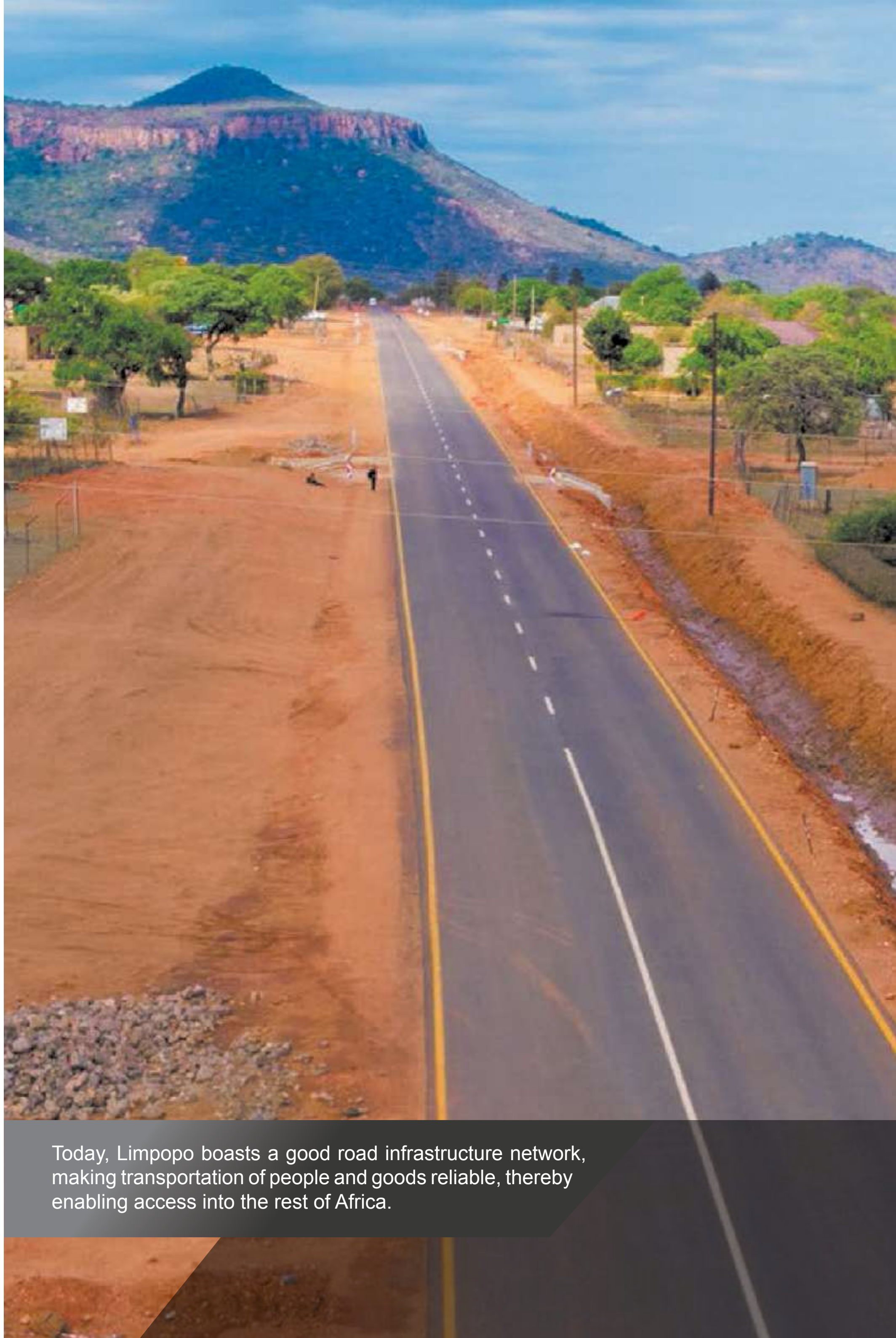
Through quality road infrastructure, Roads Agency Limpopo (RAL) continues to facilitate access to essential facilities for the people of the province, thereby enhancing their socio-economic livelihoods.

PART C: GOVERNANCE, RISK AND COMPLIANCE MANAGEMENT

PART D: HUMAN RESOURCES REPORT

PART E: STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS

PART F: FINANCIAL INFORMATION



Today, Limpopo boasts a good road infrastructure network, making transportation of people and goods reliable, thereby enabling access into the rest of Africa.

PART G: FINANCIAL STATEMENTS

PART A:
GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

Directors:

- Mr M. S. Ralebipi (Chairperson)
- Mr G. M. Maluleke (CEO)
- Ms T. Kekana (Company Secretary and Chief Legal Counsel)
- Dr W. N. G. Moleko
- Ms T. M. Ramabulana
- Mr M. Phukuntsi
- Ms N. A. Moloisi
- Ms S. R. Mushwana
- Mr R. P. Ragimana
- Mr K. M. Ramukumba

Registered Name:
Roads Agency Limpopo (SOC) Ltd

Company Registration Number:
2001/025832/30

Physical Address:
26 Rabe Street, Polokwane, 0700

Postal Address:
Private Bag X 9554, Polokwane, 0700

Telephone Number:
+(27)15 284 4600

Website:
www.ral.co.za

External Auditors:
Auditor-General South Africa

Bankers:
ABSA Bank Limited

Secretary:
Ms Tebogo Kekana

2. LIST OF ABBREVIATIONS AND ACRONYMS

RAL	Roads Agency Limpopo (SOC) Ltd		**PFMA**	Public Finance Management Act 1 of 1999
LDPWRI	Limpopo Department of Public Works, Roads and Infrastructure		**TR**	Treasury Regulation
AGSA	Auditor-General South Africa		**MTEF**	Medium-Term Expenditure Framework
MEC	Member of Executive Council		**SMME**	Small, Medium and Micro Enterprises
B-BBEE	Broad-Based Black Economic Empowerment		**SCM**	Supply Chain Management
CEO	Chief Executive Officer		**GRAP**	Generally Recognised Accounting Practice
CFO	Chief Financial Officer			

3. STRATEGIC OVERVIEW

The annual report forms part of Roads Agency Limpopo's (RAL) public accountability and responsibility to the shareholder, the Limpopo Provincial Department of Public Works, Roads and Infrastructure (LDPWRI) as well as its key stakeholders.

The report which covers the period of 01 April 2023 to 31 March 2024, outlines RAL's mandate, its strategic focus areas and a summary of how the Agency implemented its mandate during the financial year under review. In selecting the quantitative and qualitative information for the report, RAL strove to be concise but reasonably comprehensive whilst adhering to the principle of materiality – content that demonstrates the Agency's value creation process in the short, medium and long term.

3.1 VISION

Contributing to the socio-economic development by connecting the people of Limpopo Province.

3.2 MISSION

To provide quality and sustainable provincial road infrastructure network for the economic development of Limpopo Province.

3.3 VALUES

As an ethically driven organisation, RAL's operations and conduct in the next five years will be guided by the following enduring values.

Our Core Values

COMMITMENT We are committed to delivering quality road infrastructure in the province with pride	**EFFICIENCY** We will go the extra mile in serving our communities	**TRANSPARENCY** We are transparent in both our internal and external business processes	**DIVERSITY** We value and embrace diversity within the work context
RELIABILITY We offer reliable, safe and economic road infrastructure	**ACCOUNTABILITY** We remain accountable to all our stakeholders and the environment	**EXCELLENCE** We strive to exceed expectations	**TEAMWORK** We work together for better roads

4. FOREWORD BY THE **MEC**

Hon. Ernest Rachoene
MEC: Department of Public Works, Roads and Infrastructure

Our commitment to upgrading and maintaining the roads is not just about infrastructure, it is about ensuring the economic vitality of our province and meeting the expectations of the people we serve.

The department's entity Roads Agency Limpopo (RAL) remains determined to ensure that there is improved service delivery in the space of roads infrastructure. One of the challenges that is being faced by the Seventh Administration is to ensure that it fully deals with unpaved roads network of the province through the Department of Public Works, Roads and Infrastructure. I want to take this opportunity and reiterate the sentiments of our Honourable Premier Dr Phophi Ramathuba who said that our strategic focus on roads infrastructure is underpinned by the pressing need to address the substantial backlog in road upgrades within the province.

The province's vast road network spans 19,800 km, of which 66% (13,000 km) remain unpaved or gravel. The biggest challenge with these gravel roads is not necessarily that they are unpaved. However, the fact that we have neglected to blade, re-gravel, and maintain them is what makes us not sleep at night. This prompted the department to launch the Dikgerekgere Wednesday service delivery initiative. The work is well underway on the ground as we strive to deal with the gravel road maintenance backlog. This will directly ease the pressure mounting on our entity, RAL.

We are currently in the process of procuring more earth-moving fleet to add to the current capacity, and this will continue again in the 2025/26 financial year, with the earmarked funding for the yellow fleet already pronounced by the Provincial Treasury during the tabling of provincial budget for 2024/25 financial year.

Although my direct involvement with the Agency began only in May 2024, I am aware of both the challenges and successes RAL has experienced, including during the financial year under review. I recognise the public pressure and the perceived backlog in road infrastructure. Nevertheless, I believe my predecessors have navigated these challenges to the best of their abilities. This Annual Report reflects the effective oversight exercised by the Department of Public Works, Roads and Infrastructure (DPWRI). The 2023/2024 financial year has been significant in the context of our

30 years of democracy, serving as a key period for evaluating the resilience of our government machinery in achieving its set goals.

The Annual Report of the Roads Agency Limpopo, as confirmed by the Auditor-General of South Africa (AGSA), provides valuable insight on areas which require both the Board of Roads Agency Limpopo and the Department of Public Works, Roads and Infrastructure, led by the Shareholder, to assist the Agency in performing at its maximum potential.

The provision of the much-needed road infrastructure is one of the key services the people of Limpopo can not negotiate but expect from the government they elected. The rise in the community road infrastructure service delivery demand is a clear confirmation of how significant the roads are in the development of Limpopo's economy. Limpopo is a predominantly rural province which requires the department to equitably distribute the available resources depending on the needs of every district. Given that roads infrastructure is crucial for facilitating economic activity in Limpopo, neighbouring provinces, and the broader Southern African region, it has remained a top priority for the province. Our key economic sectors of mining, agriculture, and tourism rely heavily on a well-maintained road network.

The report highlights that the rate of achieving predetermined targets has improved from 78% in 2022/2023 to 88% in 2023/2024. This upward trend is a positive indicator for the Agency's performance. The contribution to job creation has been noteworthy, with 3 959 work opportunities generated through project implementations. Of these, 2 224 young people aged between 18 and 35 years have benefitted, reflecting a significant impact on youth employment. Additionally, the involvement of 666 Small, Medium, and Micro Enterprises (SMMEs) in road construction projects during 2023/2024 represents a significant increase from the initially planned ninety-three (93) SMMEs. This effort further supports the province's economic growth.

Hon. E. S. Rachoene
MEC: Department of Public Works, Roads and Infrastructure

Road D3561 from N11 towards Segole 1 will offer an important pathway for the community within the Waterberg District to connect to Mokopane and Steiloop Shopping Centre.

5. STATEMENT BY THE **BOARD CHAIRPERSON**

Mr Matome Ralebipi
Chairperson: RAL Board of Directors

Our unwavering commitment to excellence has resulted in eight consecutive years of unqualified audit reports, reflecting both governance stability and the ongoing dedication to enhancing the quality of life in Limpopo.

The 2023/2024 financial year was marked by significant complexities, making us more appreciative of the collective efforts demonstrated by staff and management, led by the Board of Directors. It is this spirit of collectivity which provided inspiration to the Board's capability to guide on governance while maintaining a strong focus on service delivery.

Despite these challenges, the unwavering commitment of the staff, management, and the Board of Directors to continuous performance improvement has resulted in another unqualified audit report for the 2023/2024 year. This achievement marks the eighth consecutive year of receiving an unqualified audit report, a milestone we have maintained since the 2016/2017 financial year. This record reflects not only governance stability but also the Agency's ongoing commitment to excellence. Both the Board of Directors and management have gained valuable insights over the years, which have been instrumental in achieving service delivery within the highest governance standards.

It is a well-observed phenomenon in South Africa that public demands for service delivery from government entities tends to increase around election season. Roads Agency Limpopo (RAL) was no exception, with numerous communities expressing their concerns and demonstrations over road infrastructure services in their areas. The Limpopo provincial government recognises road infrastructure as one of its top three priorities, alongside water and employment. This underscores the critical role that RAL plays in enhancing the quality of life in Limpopo, given the significant role played by road infrastructure.

The Agency has proactively engaged in forward planning, aligning resources and projecting construction needs on a medium-term basis. This approach has enabled RAL to deploy its financial resources fully each year, avoiding under-expenditure. Utilising allocated resources efficiently has been a focal point for the Board of Directors.

Over the past five years, RAL has successfully completed 149 road infrastructure projects, including upgrades from gravel to tar, preventative maintenance, and repairs to flood-damaged bridges and roads. The majority of these projects, 64%, focused on preventative maintenance (95 projects), followed by upgrades (20%, or 30 projects) and flood repairs (16%, or 24 projects). These efforts have not only enhanced the road network in Limpopo but also facilitated economic mobility, improved the quality of life, supported government service delivery, and preserved the existing good road network from further dilapidation.

This financial year, RAL set a record by achieving a 10% target improvement from the 78% achieved in the 2022/2023 financial year. Furthermore, our road construction and maintenance efforts have created job opportunities, particularly for youth, women, and Small, Medium, and Micro Enterprises (SMMEs).

I am pleased with the turnaround strategy developed over the years to guide the Agency toward governance excellence and performance improvement. This strategy, which emphasised proactive planning, sound governance, and enhanced operational systems, has largely delivered the desired results.

I am grateful for the contributions of all the Board members, management, staff, and the Member of the Executive Council who has served as the political leader of the Department of Public Works, Roads, and Infrastructure.

Mr M. S. Ralebipi
RAL Board Chairperson

Through our road construction and maintenance initiatives such as the Routine Road Maintenance Programme in the Vhembe District, we have created job opportunities to empower the youth, women, and SMMEs.

RAL’s success is rooted in strategic partnerships that are transforming key roads in the Limpopo Province. With a focus on sustainability, this SOD Turning event marked the beginning of crucial road rehabilitation and upgrades in the Ba-Phalaborwa Local Municipality.

6. OVERVIEW BY THE **CHIEF EXECUTIVE OFFICER**

Mr Gabriel Maluleke
Chief Executive Officer

> ***Despite the challenges of rising energy costs and economic pressures, RAL has not only exceeded performance targets but also strengthened stakeholder relationships and strategic partnerships, ensuring continued progress in road infrastructure and job creation in Limpopo.***

The 2023/24 financial year marks the fourth year of the five-year Medium-Term Strategic Framework, concluding in 2024-2025. During this period, both the province and the country faced the severe impacts of energy costs, including shortages and soaring prices in oil, gas, and construction material such as cement and bitumen. These high energy costs had a ripple effect on poverty-stricken families, influenced some factories to reduce or halt production, and slowed overall economic growth.

As a key government entity responsible for critical road infrastructure in Limpopo, Roads Agency Limpopo (RAL) faced significant challenges due to the energy costs and high unemployment rate. To address these issues and protect both the people of Limpopo and those involved in project implementation, adjustments in our business operations were necessary.

Performance Overview

We have seen notable improvements in our performance targets, particularly in project implementation, support for Small, Medium, and Micro Enterprises (SMMEs), and job creation. This progress can be attributed to effective strategic planning, reporting, and governance. We exceeded our annual targets, largely due to lower-than-expected rainfall during the summer, which allowed contractors to work more efficiently and at an accelerated pace.

Audit Opinion

RAL has maintained an unqualified audit report for eight consecutive years, reflecting our stable governance and robust systems.

The Agency had 212 road infrastructure projects running across all the five municipal districts in the Limpopo Province in 2023/2024.

Upgrading from gravel to tar, bridges and maintenance

Considering that the province is under pressure to reduce the gravel roads, in 2023/2024, advancing this goal of upgrading roads to tar has seen another

33,4 kilometres added. Our devotion as an Agency is to move closer to providing the citizens with drivable roads 'kilo-by-kilo' every year for as far as the resources allow. Three bridges were completed and a substantial number of square metres equal to 1 250 619 of surfaced roads was rehabilitated, and 1 229 214,50 was resurfaced. This extensive coverage was a planned acceleration of the maintenance of roads which we intend to sustain into the future.

SMME Empowerment

In line with our commitment to job creation and economic development, RAL has implemented measures to empower SMMEs and stimulate job growth. Our strategic goal is to enhance economic opportunities in Limpopo by generating employment and supporting the growth of SMMEs. This year, we contracted 666 SMMEs for road construction services, significantly surpassing our annual target of 93.

Job Creation

Addressing national unemployment challenges is a priority for government, and RAL has contributed to this effort by creating jobs in Limpopo. We exceeded all our job creation targets. Our goal was to create 469 full-time equivalent jobs, and we achieved 601. Additionally, we created 3 959 work opportunities, with a focus on hiring young people aged 18 to 35, resulting in 2 224 jobs, and employed 1 850 women.

Organisational Performance

This year, RAL achieved a 10% increase in total annual performance targets compared to the previous year. Over the past two years, we have seen a 26% improvement in achieved targets, underscoring enhanced strategic planning, performance focus, and service delivery. Many targets were surpassed during the implementation phase.

Stakeholder and community engagements

We have made a concerted effort to strengthen our relationships with stakeholders, in particular communities, traditional authorities and municipalities. The continued positive impact and success of this approach is led by our political principal who is also the shareholder of RAL.

Recognising the need for focused engagement, we expanded our human resources to support and strengthen our stakeholder relations machinery. Our dedicated workforce continues to monitor and quell any developing negative stakeholder reactions aimed at disrupting our good partnership by demonstrating the value of working together with the people of Limpopo. RAL introduced Stakeholder Wednesdays, where senior representatives hold regular meetings with stakeholders to address information requests, clarifications, and general inquiries. These meetings, both physical and virtual, have been well-received, improving our stakeholder interactions and project delivery.

Strategic Partnerships

Recognising the need and value of working together with business partners, RAL has for several years adopted an approach to strengthen and accelerate service delivery as well as reducing the concerning road infrastructure backlog. Our strategic partnership approach has greatly yielded good results as a number of businesses came on board to partner with the Agency financially to build a number of roads. In some cases, the roads were funded solely by the business partners, especially those feeding into some mining business activities. RAL will continue to embrace this value adding initiative.

Organisational Capacity Growth

Maintaining adequate human resource capacity is essential for fulfilling our organisational responsibilities. Our approach of gradually filling critical vacancies has yielded positive results. This year, we focused on enhancing capacity in Stakeholder Management, Legal Services, Communications, Monitoring and Evaluation, and Risk Management. We have, in line with South Africa's vision, also empowered a number of students who were in search of work experience through internships.

Looking Ahead

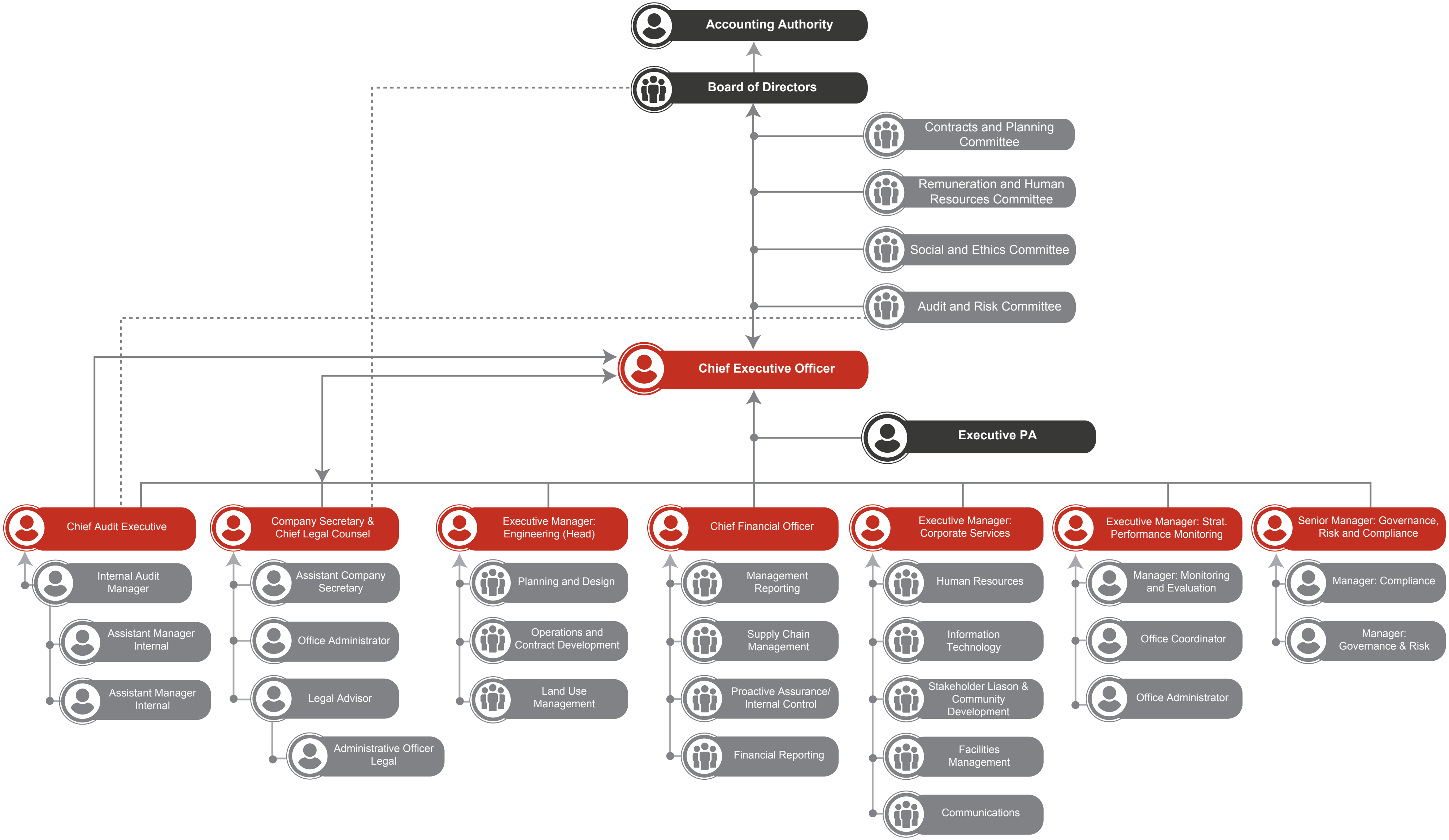
As we enter the final year of the Medium-Term Strategic Framework, we are encouraged by the progress made despite the challenges. We are confident that our positive trajectory in organisational performance will continue, supported by the seventh administration of government. We look forward to achieving even greater results as we complete this strategic period and continue to serve the people of Limpopo.

Mr G. M. Maluleke
Chief Executive Officer

The community of Medingen Village within Letaba Local Municipality in the Mopani District expressed excitement about the prospects of the improved road which will in turn, guarantee their safety following the completion of Road D3179.

7. APPROVED ORGANISATIONAL STRUCTURE

ROADS AGENCY LIMPOPO
TOGETHER FOR BETTER ROADS



If you want to go fast, go alone.
If you want to go far, go together.

~ African Proverb ~

8. RAL BOARD OF DIRECTORS

Mr M. S. Ralebipi
Chairperson:
RAL Board of Directors

Mr G. M. Maluleke
Chief Executive Officer –
Ex-officio Director

Ms T. Kekana
Company Secretary and
Chief Legal Counsel

Dr W. N. G. Moleko
Independent Non-Executive
Director

Ms S. R. Mushwana
Independent Non-Executive
Director

Mr R. P. Ragimana
Independent Non-Executive
Director

Ms T. M. Ramabulana
Independent Non-Executive
Director

Mr K. M. Ramukumba
Independent Non-Executive
Director and Chairperson of
the Audit and Risk Committee

Ms N. A. Moloisi
Ex-officio Non-Executive
Director

Mr M. Phukuntsi
Ex-officio Non-Executive
Director

RAL ROADS AGENCY LIMPOPO
TOGETHER FOR BETTER ROADS

PART B: PERFORMANCE INFORMATION

1. SITUATIONAL ANALYSIS

1.1 Service delivery environment

The Road Infrastructure Programme is the central pillar of RAL's business model, giving practical effect to the RAL Act of 1991. RAL has a mandate to provide an accessible, reliable, and safe provincial road network.

The 2022/23 financial year roadmap was launched at a time when the demand for paved roads in the province was and still is extremely high. RAL is responsible for a road network of 19,854 km, of which 34% is paved and 66% is unpaved.

The Department of Public Works, Roads, and Infrastructure (DPWRI) is inundated with demands for roads to be upgraded from gravel to tar. The condition of the existing tarred roads is also deteriorating due to insufficient investment in road maintenance over the past ten years. The pressures of demands for tarred roads led to the focus being diverted from maintenance, resulting in roads that currently require extensive rehabilitation.

The 2023/24 financial year marked the fourth year of the five-year Medium-Term Strategic Framework period ending in 2024-2025. During the financial year under review, the province and the country grappled with the devastating effects of the energy crisis, shortages, and increased prices in oil, gas, and construction costs. Higher energy prices pushed families into poverty, forced some factories to curtail output or even shut down, and slowed economic growth.

As a government entity delivering critical road infrastructure services to the people of Limpopo, RAL faced many impediments imposed by the energy crisis and high unemployment rate. Adjustments in the way of doing business were necessary to cope with current inevitable developments so that the people of Limpopo and those involved in implementing the projects were not exposed.

The significant role played by RAL in providing quality and sustainable provincial road infrastructure for the economic development of Limpopo Province cannot be overemphasised. In support of employment stimulus to create jobs and support livelihoods, RAL has taken extraordinary measures to empower SMMEs to grow and create new job opportunities through the implementation of its projects.

1.2 Key policy developments and legislative changes

There have been no significant changes that necessitated an update to legislative and policy mandates of the entity in the financial year under review.

In the Mopani District, phase three maintenance on Road D1909, spanning 6 km from R40 to Timbavati (Hoedspruit Eastgate Airport), enhances connectivity. This road links tourists to the airport, attractions, lodges, and Hoedspruit town, boosting access for both visitors and locals.

**Please note that some of the "before" and "after" photographs were taken from different spots on the depicted roads. This means a "before" photo may not show the exact same location as the corresponding "after" photo.*

2. PERFORMANCE INFORMATION

2.1 Legislative and regulatory performance reporting framework

The purpose of this report is to apprise the Shareholder and oversight institutions about RAL's performance for the year under review and to report on the performance of the entity, as measured against the predetermined objectives set out in the Strategic Plan (SP) and Annual Performance Plan (APP) for the 2023/24 financial year.

Section 195 of the Constitution requires government and its entities to use their resources efficiently, economically, and effectively, to run a development-oriented and accountable public administration, while providing timely, accessible, and accurate information.

The accounting authority of a public entity is required, in terms of section 55(1) (d) (i) of the Public Finance Management Act 1 of 1999 (PFMA) and article 28.2 of the Treasury Regulations to, *inter alia*, submit an annual report five (5) months after the end of a financial year to the Executive Authority and to the Auditor-General South Africa.

2.2 Progress on non-financial performance targets

In terms of the set annual targets which are outlined in the APP, there are specific areas in which the entity exceeded its targets and areas where there was under-performance. From 01 April 2023 to 31 March 2024, a total of 25 targets were set. Of these targets, 22 were achieved, and 3 were not achieved.

RAL OVERALL PERFORMANCE

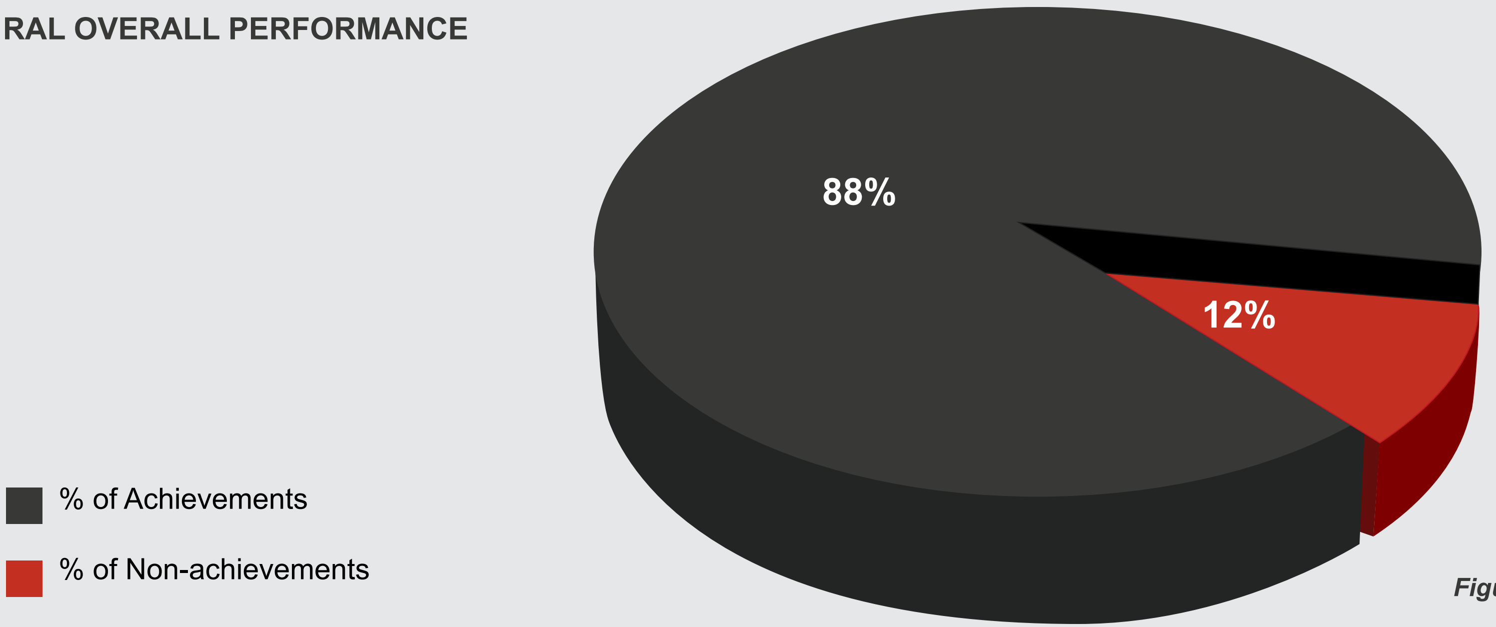


Figure 1: Overall performance for the year

The entity's overall performance is 88% for the 2023/2024 financial year. Programme 2 contributed significantly towards the achievement of most targets; precisely, all nine (9) social indicator targets have been over-achieved. In addition, seven (7) physical indicator targets were achieved, which resulted to sixteen (16) targets achieved under the Roads Infrastructure Programme.

Programme 1 had 8 targets for the year, of which 6 were achieved, while 2 were not achieved. This translates to 75% performance against the target. The two targets that were not achieved are the percentage of AGSA reported weaknesses rectified and the percentage of eligible suppliers paid within 30 days.

Programme 2 had 17 targets for the year, with 16 targets achieved and 1 not achieved. This translates to 94% performance against the target. The missed target was due to not achieving targets for upgrading. This shortfall was due to the poor performance of some contractors, to whom RAL has issued contractual warning letters.

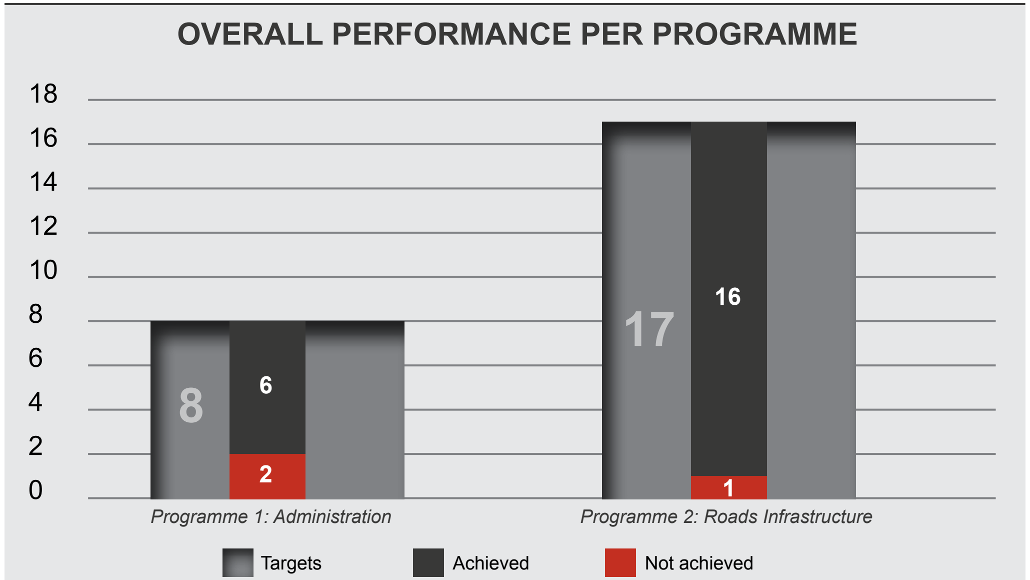


Figure 2: Overall performance per programme

RAL's Annual performance for the previous financial years (2021/22, 2022/23, 2023/24)

Over the past three fiscal years, RAL has observed an upward trend in its annual performance spanning from the financial years 2021/22 to 2023/24 as indicated in Figure 3 below:

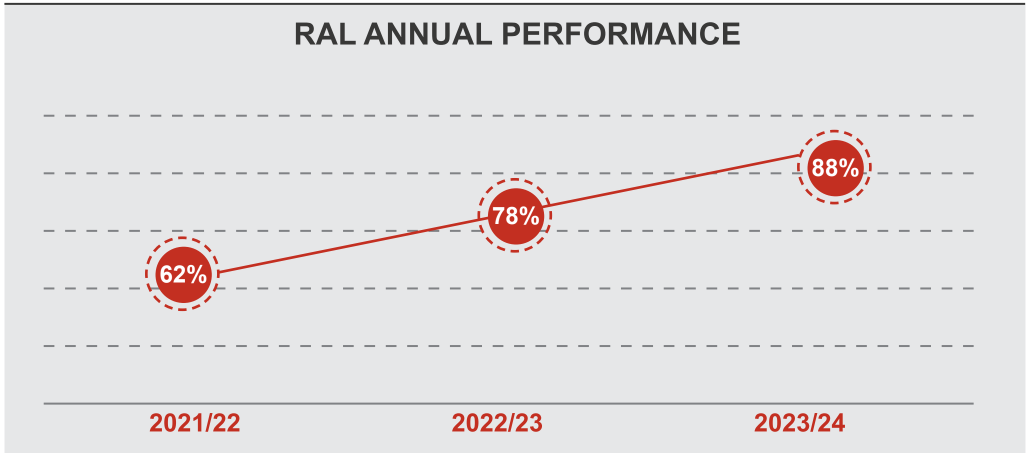


Figure 3: Overall performance of RAL for the Fiscal Years

This growth can be attributed to enhanced strategic planning efforts geared towards the realisation of RAL's overarching objectives, which encompass:

- Improved access to economic opportunities, social spaces, and services by bridging geographic distances affordably, reliably, and safely.
- Greater mobility of people and goods through transport alternatives that support minimised environmental harm.
- Cultivating economic prospects for the population of Limpopo by generating employment opportunities and fostering the growth of small and medium-sized enterprises (SMMEs).

PROGRAMME 1: ADMINISTRATION

The purpose of the programme is to provide the support required in order to effectively manage and deliver efficient service to the people of Limpopo.

OUTCOME 1: AN ADEQUATELY SUPPORTED CORE BUSINESS BY 2024.						
No.	**Output Indicator**	**Annual Target**	**Annual Output**	**Reasons for Variance**	**Planned Interventions**	**Expenditure per Target**
Sub-Programme: Legislative						
Sub-Programme: Governance, Risk and Compliance						
1.1	Number of Strategic Risk assessment workshops conducted	1	1	**Achieved**	None	None, operational task
Sub-Programme: Internal Audit						
1.2	Percentage of implementation of the approved Internal Audit Annual Plans	100%	115,92%	**Over-achieved:** This is due to the efforts made by management to resolve findings.	None	None, operational task
Sub-Programme: Financial Management						
1.3	Clean Audit Report achieved	Clean Audit Report achieved	Awaiting the audit opinion	–	–	None, operational task
1.4	Percentage of AGSA reported weaknesses rectified	100%	48%	**Not achieved:** • Most of the findings relate to ongoing projects. • Resolution of other findings is pending approval of the policies, a process that is still underway. • Some findings were resolved in Q1 of 2024 during the preparation of the annual financial statements.	To prevent delays in resolving findings: • Prioritise the completion of ongoing projects. • Expedite policy approval and implementation. • Ensure the timely completion of road asset verification.	None, operational task

1.5	Percentage of budget spent on infrastructure	100% of the infrastructure budget spent	100%	**Achieved**	None	None, operational task
Sub-Programme: Supply Chain Management						
1.6	Percentage of eligible suppliers paid within 30 days	100%	96,25%	**Not achieved:** Due to cash flow challenges caused by fast tracking of certain projects that had to be completed before the rainy season.	Management will request contractors to slow down construction in alignment with the project plan.	None, operational task
Sub-Programme: Office of the CEO						
1.7	Amount secured from private sector partners (R'm)	R130 000 000	R144 000 000	**Over-achieved:** The entity has made efforts in ensuring that more strategic partners sign agreements.	None	None, operational task
Sub-Programme: Human Resources						
1.8	Number of employees trained	80	118	**Over-achieved:** Most employees attended group training which resulted in the over achievement.	None	None, operational task

PROGRAMME 2: ROADS INFRASTRUCTURE

The purpose of the programme is to promote accessibility and the safe affordable movement of people, goods and services through the delivery and maintenance of road infrastructure that is sustainable, integrated and environmentally sensitive, and supports economic growth of the Province.

OUTCOME 2: IMPROVED ROADS INFRASTRUCTURE BY 2024.						
No.	**Output Indicator**	**Annual Target**	**Annual Output**	**Reasons for Variance**	**Planned Interventions**	**Expenditure per Target**
Sub-Programme: Planning and Design						
2.1	Approved Table B5 project list for MTEF published	1 Approved Table B5 published	1 Approved Table B5 published	**Achieved:** As per planned target.	None	None, operational task
2.2	Road Asset Management Plan (RAMP) report approved	1 Report approved	1 Report approved	**Achieved:** As per annual target.	None	None, operational task
2.3	Number of kilometres of surfaced roads visually assessed as per applicable TMH manual	3 086	3 086	**Achieved:** As per annual target with support from RAMS consultant.	None	None, operational task
2.4	Number of kilometres of gravel roads visually assessed as per applicable TMH manual	6 958	6 958	**Achieved:** As per annual target with support from RAMS consultant.	None	None, operational task

Sub-Programme: Construction and Operations						
2.5	Number of square metres of surfaced roads rehabilitated	1 125 000	1 250 619	**Over-achieved:** The annual target of rehabilitating surfaced roads was 1 125 000 square meters, and the actual output exceeded the target, reaching 1 250 619 square meters. The dire state of the roads in the province compelled RAL to prioritise maintenance on the network, aiming to restore it to a drivable and safe condition for better access. Additionally, the target was exceeded mainly because of lower-than-expected rainfall during the summer period, allowing contractors to produce more at a faster pace than initially planned.	None	None, operational task
2.6	Number of square metres of surfaced roads resurfaced	495 000	1 229 214,50	**Over-achieved:** The annual target for number of square metres of surfaced roads resurfaced was 495 000 square meters and the quarterly performance was 1 229 214,50 square meters. The dire state of the roads in the province compelled RAL to prioritise maintenance on the network, aiming to restore it to a drivable and safe condition for better access. Additionally, the target was exceeded mainly because of lower-than-expected rainfall during the summer period, allowing contractors to produce more at a faster pace than initially planned.	None	None, operational task

2.7	Number of kilometres of gravel roads upgraded to surfaced roads	55	33,40	**Not achieved:** Projects T657A, T757A and T1052 were earmarked to contribute towards the annual budget. The target was not achieved due to the poor performance of some contractors, to whom RAL has issued contractual warning letters.	Management has issued warning letters to the under performing contractors. They were instructed to submit catch-up plans that will ensure they complete their projects within the specified allocated time.	None, operational task
2.8	Number of bridges completed	3	3	**Achieved:** Three bridges were completed as planned in Q4.	None	None, operational task
OUTCOME 3: ECONOMICALLY EMPOWERED HOST COMMUNITIES BY 2024.						
No.	**Output Indicator**	**Annual Target**	**Annual Output**	**Reasons for Variance**	**Planned Interventions**	**Expenditure per Target**
Sub-Programme: Job Creation, Empowerment, and Training						
3.1	Number of Full-Time Equivalent (FTE) jobs created	469	601	**Over-achieved:** The annual target for creating FTE jobs was 469, and the actual achievement was 601 FTE jobs created. This achievement is due to the intervention made in Q3 to workshop the contractors on reporting valid information timeously. The dire state of the roads in the province compelled RAL to prioritise maintenance on the network, aiming to restore it to a drivable and safe condition for better access. Additionally, the annual target has been over-achieved, primarily because of lower-than-expected rainfall during the summer period, providing contractors with the opportunity to produce more at a faster pace than initially planned, and engage FTEs for a longer period.	None	None, operational task

3.2	Amount spent on employing labourers (R'm)	55,40	60,57	**Over-achieved:** The target for the amount spent on employing labourers was R55,4m and the actual amount spent on employing labourers was R60,57m. The reason for overachieving is that the intervention made in Q3 to workshop the contractors on reporting valid information timeously has yielded good results. The dire state of the roads in the province compelled RAL to prioritise maintenance on the network, aiming to restore it to a drivable and safe condition for better access. Additionally, the annual target has been over-achieved, primarily because of lower-than-expected rainfall during the summer period, providing contractors with the opportunity to produce more and at a faster pace than initially planned, and engage more FTEs resulting in more amounts being paid to them.	None	None, operational task
3.3	Amount paid to SMME Contractors and Sub-Contractors (R'm)	186,6	190,26	**Over-achieved:** The target for the amount paid to SMME Contractors and Sub-Contractors was R186,6m and the actual amount paid was R190,26m. The reason for overachieving is that the intervention made in Q3 to workshop the contractors on reporting valid information timeously has yielded good results. The dire state of the roads in the province compelled RAL to prioritise maintenance on the network, aiming to restore it to a drivable and safe condition for better access. Additionally, the annual target has been over-achieved, primarily because of lower-than-expected rainfall during the summer period, providing contractors with the opportunity to produce more and at a faster pace than initially planned, and engage more SMMEs.	None	None, operational task

3.4	Number of work opportunities created	3 837	3 959	**Over-achieved:** On the annual target of creating 3 837 work opportunities, a total of 3 959 work opportunities were created. The reason for overachieving is that the intervention made in Q3 to workshop the contractors on reporting valid information timeously has yielded good results. In addition, most projects were able to meet the targets on hiring labourers in Q4 as most of the projects came to an end. The dire state of the roads in the province compelled RAL to prioritise maintenance on the network, aiming to restore it to a drivable and safe condition for better access. The overachievement of the annual target is also due to lower-than-expected rainfall during the summer period, which allowed contractors to work more efficiently and at a faster pace than initially planned, thereby creating additional work opportunities.	None	None, operational task
3.5	Number of youths employed (18 - 35)	410	2 224	**Over-achieved:** On the annual target of employing 410 youths, a total of 2 224 youths were employed. The intervention made in Q3, where contractors were workshoped on reporting valid information timeously, has yielded positive results. Additionally, most projects were able to meet the targets on hiring labourers in Q4 as most of the projects came to an end. Another significant reason for the substantial overachievement is due to RAL's focus on hiring youth, females and people with disabilities for its projects. Furthermore, lower-than-expected rainfall during the summer period, provided contractors with the opportunity to produce more at a faster pace than initially planned, thus creating more work opportunities for the youth.	None	None, operational task

3.6	Number of women employed	352	1 850	**Over-achieved:** During the financial year under review, a total of 1 850 women were employed against the set target of 352. This overachievement is due to the intervention made in Q3, where contractors were workshopped on reporting valid information timeously, yielding good results. In addition, most projects were able to meet the targets on hiring labourers in Q4 as most of the projects came to an end. The other reason for the substantial overachievement is RAL's focus on hiring youth, females and people with disabilities for its projects. Furthermore, lower-than-expected rainfall during the summer period, provided contractors with the opportunity to produce more at a faster pace than initially planned, thus creating more work opportunities for women.	None	None, operational task
3.7	Number of persons with disabilities employed	4	71	**Over-achieved:** The annual target for employing persons with disabilities was 4 and the actual achievement was 71. The overachievement is due to the intervention made in Q3, where contractors were workshopped on reporting valid information timeously, yielding good results. In addition, most projects were able to meet the targets of hiring more people living with disabilities in Q4. Another reason for the overachievement is due to RAL's focus on hiring youth, females and people with disabilities for its projects. Additionally, lower-than-expected rainfall during the summer period provided contractors with the opportunity to produce more at a faster pace than initially planned, thus creating more work opportunities for people with disabilities.	None	None, operational task

3.8	Number of SMMEs contracted	93	666	**Over-achieved:** On the annual target of contracting 93 SMMEs, the actual achievement was 666 SMMEs contracted. This overachievement is due to the intervention made in Q3, where contractors were workshopped on reporting valid information timeously with a portfolio of evidence, which has yielded good results. In addition, most projects were able to meet the targets on engaging more SMME's in Q4 as most of the projects came to an end. Another reason for the substantial overachievement is due to RAL's focus on hiring youth, females and people with disabilities for its projects. Additionally, lower-than-expected rainfall during the summer period, provided contractors with the opportunity to produce more at a faster pace than initially planned, thus enabling them to engage more SMMEs.	None	None, operational task
OUTCOME 4: SKILLED AND ENTERPRISE LOCAL LABOUR BY 2024.						
No.	**Output Indicator**	**Annual Target**	**Annual Output**	**Reasons for Variance**	**Planned Interventions**	**Expenditure per Target**
Sub-Programme: Job Creation, Empowerment, and Training						
4.1	Number of local workers trained	154	763	**Over-achieved:** The planned target was 154 with an overachievement of 763. More labourers were engaged during Q4 on projects for which training was not done. Additionally, the annual target has been over-achieved, primarily because of lower-than-expected rainfall during the summer period, providing contractors with the opportunity to produce more at a faster pace than initially planned, thus engaging more labourers for training.	None	None, operational task

ANNUAL PERFORMANCE REPORT INFORMATION: 01 APRIL 2023 TO 31 MARCH 2024

OFFICIAL SIGN OFF

It is hereby certified that this Consolidated Performance Information:

- Was developed by the management of Roads Agency Limpopo under the guidance of the Chief Executive Officer;
- Was prepared in line with approved Quarterly Performance Reports for the Financial Year 2023/24; and
- Was verified by the Chief Executive Officer and found reliable, accurate, complete, and valid.

Mr G. M. Maluleke
Chief Executive Officer

Mr M. S. Ralebipi
RAL Board Chairperson

Notable progress on the now completed bridge over the Nkumpi River towards Grootklip linking the previously segregated villages of Mamatonya to Road D885 to Malatane.

PART C:
GOVERNANCE, RISK AND COMPLIANCE MANAGEMENT

1. PERFORMANCE INFORMATION

The Board of Directors, with the assistance of the Company Secretary, is responsible for setting the right ethical tone conducive to Corporate Governance.

PORTFOLIO COMMITTEE

Roads Agency Limpopo is, from time to time, expected to account to the Portfolio Committee on Public Works, Roads and Infrastructure regarding the delivery of its mandate as stipulated in RAL's founding Act.

SHAREHOLDERS ENGAGEMENT

The Member of Executive Council responsible for the Limpopo Provincial Department of Public Works, Roads and Infrastructure is the sole shareholder of the entity, on behalf of the Limpopo Provincial Government. On an annual basis, a Shareholders' Compact is concluded between the shareholder and the entity in terms of which key deliverables are outlined, in conformity with RAL's Constitutive Act, Annual Performance Plan and Strategic Plan.

The shareholder holds the Board of Directors accountable for the implementation of the predetermined strategic objectives set out in the Annual Performance Plan. In this regard, RAL submits Performance Reports both on a quarterly and annual basis. The quarterly performance reporting, as well as annual reporting requirements were complied with during the period under review.

THE ACCOUNTING AUTHORITY/BOARD

The Role of the Board

Board Members shall act jointly as a collective when discharging their duties and no Board Member shall have any authority to severally perform any act on behalf of RAL unless specifically authorised or requested by the Board or authorised nominees of the Board. Board Members shall be jointly accountable for the decisions of the Board. Board Members have a fiduciary duty to act in the best interests of RAL, to act with utmost care and due diligence in discharging their duties and to avoid conflict of interest and declare any such conflict when it arises, and to account for any advantages gained in discharging their duties on behalf of RAL. Board Members shall act with integrity and shall not misuse their positions to derive personal benefits in the scope of their directorship.

The Board will base its decisions on policy, strategy, facts, analysis and not on prejudice.

Rehabilitation of Road D3873 from Bokgaga to Lephephane in the Mopani District has been completed. This road connects numerous communities in Mogoboya and Maake Villages within the Greater Tzaneen Municipality.

2. COMPOSITION OF THE BOARD - 2023/2024 FINANCIAL YEAR

Name	Designation (in terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships (List of Entities)	Other Committees or Task Teams	No. of Meetings Attended
Mr M. S. Ralebipi	Chairperson of the Board	02/02/2021	N/A	• BCom Accounting • Higher Diploma in Computer Accounting • CRISC • Certificate in Strategic Leadership	• Finance and Auditing	Roads Agency Limpopo	• Nominations Committee	• 3 Board Meetings • 1 Annual General Meeting • 1 Strategic Planning Meeting
Dr W. N. G. Moleko	Independent Director	02/02/2021	N/A	• BA Education • BA (Hons) • MA • M Education, • Postgrad Diploma in Telecommunications and Information Policy • Monitoring and Evaluation Course • Technology in Distance Education and E-learning Course	• Human Resources • Education	Roads Agency Limpopo	• HR & Remunerations Committee • Nominations Committee • Contracts and Planning Committee	• 3 Board Meetings • 4 Planning and Contracts Committee Meetings • 5 REMCO Meetings • 1 Strategic Planning Meeting

Ms T. M. Ramabulana	Independent Director	02/02/2021	N/A	• B.A. (Social Science); • Cert. Marketing; • Dip. Personnel & Training; • Dip. Labour Law; • MDPt Man	• Social Science • Human Resources	Roads Agency Limpopo	• Nominations Committee • Human Resources and Remuneration Committee • Planning and Contracts Committee	• 3 Board Meetings • 4 Planning and Contracts • Committee Meetings • 5 REMCO Meetings • 1 Annual General Meeting • 1 Strategic Planning Meeting
Mr M. J. Phukuntsi	Board Member i.t.o section 12 (3) Representing Provincial Treasury	02/02/2021	N/A	• B. Commerce • Masters in Public Administration • Higher Certificate in Theology	• Accounting	Roads Agency Limpopo	• Social & Ethics Committee • HR and Remuneration Committee	• 1 Board Meetings • 4 Social and Ethics Committee Meetings • 2 REMCO Meetings • 1 Annual General Meeting • 1 Strategic Planning Meeting
Ms N. A. Moloisi	Board Member i.t.o section 12(3) Representing Limpopo Department of Public Works, Roads and Infrastructure	02/02/2021	N/A	• Bachelor in Public Administration (Hons) • Bachelor in Public Administration • Diploma in Education • Advanced Certificate in Education	• Education • Public Administration	Roads Agency Limpopo	• Social and Ethics Committee	• 3 Board Meetings • 3 Social and Ethics Committee Meeting • 1 Annual General Meeting • 1 Strategic Planning Meeting

Adv. K. B. Morota	Independent Director	02/02/2021	07/06/2023	• Bachelor of Laws	• Law	Roads Agency Limpopo	• Planning and Contracts Committee	• 1 Planning and Contracts Committee Meeting
Ms S. R. Mushwana	Independent Director	02/02/2021	N/A	• Bachelor of Laws	• Law	Roads Agency Limpopo	• Social and Ethics Committee	• 3 Board Meetings • 4 Social and Ethics Committee Meetings • 1 Strategic Planning Meeting • 1 Annual General Meeting
Mr G. M. Maluleke	CEO	01/01/2020	N/A	• BCompt • BCompt (Hons) • Certificate in Mining Taxation • Certificate in Theory Accountancy • Diploma in Insolvency Law and Practice	• Chartered Accountant specialising in Financial Management	Roads Agency Limpopo	N/A	• 2 Board Meetings • 2 Planning and Contracts Committee Meetings • 3 Audit and Risk Committee Meetings • 4 Social and Ethics Committee Meetings • 2 REMCO Meetings • 1 Strategic Planning Meeting • 1 Annual General Meeting

Ms M. G. Mokoka	Independent Director Audit & Risk Committee Chairperson	02/02/2021	30/09/2023	• BCom (Accounting) • BCom (Hon) • Postgrad Diploma in Management (Financial) • Postgrad Diploma (Auditing)	• Chartered Accountant specialising in Financial Management	Roads Agency Limpopo	• Audit & Risk Committee	• 4 Audit and Risk Committee Meetings • 2 Board Meetings • 1 Strategic Planning Meeting
Dr N. C. Skeepers	Audit & Risk Committee Member	02/02/2021	N/A	• PhD Engineering Management • MPhil in HIV/AIDS Management • Masters in Health, Safety and Environment • Post Grad Diploma in HIV/AIDS Management • B.Tech Environmental Health	• Occupational Health and Safety	Roads Agency Limpopo	• Audit & Risk Committee	• 6 Audit and Risk Committee Meetings • 1 Annual General Meeting
Ms N. B. Mutheiwana	Audit & Risk Committee Member	02/02/2021	N/A	• Master of Business Administration • BCom	• Accounting	Roads Agency Limpopo	Audit & Risk Committee	• 6 Audit and Risk Committee Meetings • 1 Strategic Planning Meeting • 1 Annual General Meeting

3. REMUNERATION OF THE BOARD

Name	Remuneration	Other Allowances	Other Re-imbursements	Total
Mr M. S. Ralebipi	R111 792.69	–	–	R111 792.69
Dr W. N. G. Moleko	R77 215.49	–	–	R77 215.49
Ms T. M. Ramabulana	R82 453.46	–	–	R82 453.46
Adv. K. B. Morota	R6 182.18	–	–	R6 182.18
Ms S. R. Mushwana	R69 358.49	–	–	R69 358.49
Ms M. G. Mokoka	R44 094.90	–	–	R44 094.90
Dr N. C. Skeepers	R64 120.49	–	–	R64 120.49
Ms N. B. Mutheiwana	R69 358.49	–	–	R69 358.49

4. COMMITTEES OF THE BOARD

Audit and Risk Committee

Meetings Held: Six	**Number of Members:** Three	**Members:** Ms M. G. Mokoka*, Dr N. C. Skeepers, and Ms N. B. Mutheiwana

Human Resources and Remuneration Committee

Meetings: Five	**Number of Members:** Three	**Members:** Dr W. N. G. Moleko, Ms T. M. Ramabulana, Mr M. J. Phukuntsi

Planning and Contracts Committee

Meetings: Four	**Number of Members:** Three	**Members:** Ms T. M. Ramabulana, Dr W. N. G. Moleko, Adv. K. B. Morota**

Nominations Committee

Meetings: Zero	**Number of Members:** Three	**Members:** Mr M. S. Ralebipi, Dr W. N. G. Moleko, Ms T. M. Ramabulana

Social and Ethics

Meetings: Four	**Number of Members:** Three	**Members:** Mr M. J. Phukuntsi, Ms S. R. Mushwana, Ms N. A. Moloisi

** Ms M. G. Mokoka ceased to be the Chairperson of the Audit and Risk Committee on 30th September 2023.*

*** Adv. K. B. Morota ceased to be a member of the Audit and Risk Committee on 7th June 2023.*

CERTIFICATE OF THE COMPANY SECRETARY AND CHIEF LEGAL COUNSEL

In terms of section 88(2)(c) of the Companies Act no 71 of 2008 (as amended), I, T. C. Kekana, in my capacity as Company Secretary and Chief Legal Counsel, confirm that for the year ended 31 March 2024, the Company has lodged with the Companies and Intellectual Property Commission, all such returns as are required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.

Ms T. C. Kekana FCG(CS)
Company Secretary and Chief Legal Counsel

31 July 2024

The successful upgrade of Road D4166 in Ga-Riba Village, Sekhukhune District from gravel to tar has been a game-changer. This vital route, which is the only link to nearby mines, Burgersfort, and Polokwane, has significantly improved daily travel for residents. Community members are thrilled with the enhancement, which has boosted their access to economic centres where they work and shop.

5. ENTERPRISE RISK MANAGEMENT

A. BUSINESS RISK MANAGEMENT

The Agency has developed an enterprise-wide risk management system aligned to ISO 31000:2018 Risk Management Principles and Guidelines to guide the execution of risk management activities at all levels of the organisation. The Board of Directors, through its Audit and Risk Committee, has provided oversight into the performance of the enterprise-wide risk management system in underpinning the set strategic objectives and targets for the 2023/2024 financial year.

Consistent with its annual assessment and update, the approved Risk Management Policy Framework continues to serve as a pre-eminent source of guidance in driving the risk management activities across the Agency. The Governance, Risk and Compliance Committee had been convening on a quarterly basis with the sole mandate, and purpose of operationalising and advising the executive management (EXCO) on matters in relation to governance, compliance, ethics, risk as well as compliance management.

Most significantly, the Agency has developed and put into effect its Risk Appetite and Tolerance Framework (RATF), which has been adopted by the Board to direct the organisation's appetite and capacity limits in pursuit of its strategic intent as well as outcomes. The RATF principles aim to gear the Agency in its efforts of becoming a risk-intelligent organisation. In addition, to demonstrate the commitment in finding a balance between risk and rewards in terms of its set five-year strategic plan.

The top 10 strategic risks profile and progress made are as follows:

RESIDUAL RISK EXPOSURE RATING MATRIX

Risk Rating	Risk Magnitude	Risk Priority Level	Risk Acceptability	Treatment Action
(17-25)	Critical	1	Unacceptable	Immediate action required to develop and implement risk treatment plans to reduce risk exposure.
(12-16)	High	2	Unacceptable	Urgent action required to develop and implement risk treatment plans to reduce risk exposure.
(8-11)	Moderate	3	Cautionary/Tolerate	Action to be taken at management's discretion after, amongst other things, assessing the cost of doing so versus the benefit to be derived. Risk exposure and mitigating controls should be monitored.
(1-7)	Low	4	Acceptable	Risk should be monitored but no immediate action required.

TABLE 1: TOP 10 STRATEGIC RISKS FACING THE AGENCY DURING THE 2023/2024 FINANCIAL YEAR

No.	Strategic objective	Category	Risk description	Residual Risk Rating	Progress on the implementation of the risk treatment measures
1	**Outcome 1:** Adequately supported core business	Human resources	Uncertainty regarding the impact of insufficient human capital capacity and skills to execute the organisation's business and strategic objectives	**Level 1**	• No suitable service provider was found during the 2023/2024 FY to drive and implement the Organisational Design (OD) process. As a result, a re-advertisement of a new tender is expected to be undertaken during the 2024/2025 FY. The OD project seeks to achieve some alignment between the Agency's strategic outcomes, strategy, activities and systems. • During the 2023/2024 FY, 16 out of 52 approved vacancies were filled, six (6) were advertised, and three (3) were in the shortlisting stages as at 31/03/2024.
2	**Outcome 2:** Improved roads infrastructure network	Infrastructure	Deterioration of the provincial road infrastructure network	**Level 1**	• No funding has been secured from Infrastructure South Africa (ISA) through the National Treasury's Budget Facility for Infrastructure (BFI) following the past funding application made. However, the Agency has secured the services of Zutari, an infrastructure engineering and advisory practice, to assist with the BFI application for the 2024/25 financial year. • The Planning and Design Policy had been approved by RAL's Board, with an incorporation of the climate change standards as well as principles. This Policy sought to guide the process of upgrading, refurbishing and/or maintaining the provincial road network initiatives within its value chain. • The infrastructure budget was increased by R166.974 million, from R1.979 billion to R2.146 billion during the second budget adjustment. This was in addition to the net increase of R170 million during the first budget adjustment. Of the total adjusted budget, 92% was allocated for road infrastructure projects. In Q4, the entity spent R478.084 million (89%) of the infrastructure budget. Specifically, R303.705 million (64%) was allocated to road maintenance, R135.489 million (28%) to upgrade projects, and the remaining balance of R38.890 million (8%) was allocated to flood-damaged projects. By the end of Q4, the total commitment for all projects amounted to R2.244 billion.

No.	Strategic objective	Category	Risk description	Residual Risk Rating	Progress on the implementation of the risk treatment measures
3	**Outcome 2:** Improved roads infrastructure network	Financial	Negative impact of increasing construction costs for RAL's projects	Level 1	• The negative impact of increasing construction costs continues to have some effects on the cost per kilometre. The increase in costs per kilometre continues to pose a threat on the extent of the road infrastructure budget. The RAL Engineering Division is currently investigating the best possible innovative ways to reduce the cost per kilometre on both road upgrade and refurbishment projects.
4	**Outcome 1:** Adequately supported core business	Regulatory compliance	Non-compliance with applicable legislation impacting RAL's business environment	Level 1	• The Agency's 2023/2024 Compliance Regulatory Universe was developed to draw attention to pieces of legislations and regulations that are considered a priority, in accordance with the approved Compliance Methodology. Furthermore, the Control Risk Management Plans (CRMPs) are expected to be finalised during the 2024/2025 FY. In terms of the Risk Matrix Methodology, out of the 88 legislations evaluated, 32 were ranked as high, 31 as medium, and 25 as low. • The CRMP's have sought to guide the application of the compliance process for identifying, assessing and managing compliance risks in order to improve the current status of compliance risk management system across the Agency.

No.	Strategic objective	Category	Risk description	Residual Risk Rating	Progress on the implementation of the risk treatment measures
5	**Outcome 1:** Adequately supported core business	Brand and reputation	Loss of credibility and public trust	**Level 2**	• The RAL Communications Unit had implemented the approved communications and stakeholder management strategy, along with the communication plan, in an effort to unceasingly safeguard the Agency's reputation. Various communication platforms such as Mmileng, social media, the website, community engagements, and digital platforms, are amongst the communication tools used to convey the Agency's work, including both the successes and challenges faced during the 2023/2024 financial year. • The Agency has, through the Communications unit, strengthened its media relations function (e.g., print, electronic, and community radio stations) to drive a positive narrative about the Agency. For instance, a media WhatsApp group was activated, encompassing all media houses (mainstream and community-based). Road infrastructure-related matters are shared in the group, including media advisories and invitations pre-event, as well as media releases and event videos post-event. Several telephonic interviews were arranged and conducted with the CEO following various contractor handover activations. Furthermore, onsite interviews took place with the CEO and the MEC to engage and update communities on the progress and benefits of the road infrastructure projects.
6	**Outcome 1:** Adequately supported core business	Legal	Litigations instituted against RAL	**Level 2**	**The following existing control measures were put in place during the 2023/2024 FY to minimise the risk of any potential litigation risks against RAL:** • Routine maintenance performed by the Limpopo Department of Public Works, Roads and Infrastructure. • The establishment of a Panel of Attorneys. • Procurement of third-party liability insurance to reduce RAL's litigation risk exposure.

No.	Strategic objective	Category	Risk description	Residual Risk Rating	Progress on the implementation of the risk treatment measures
7	**Outcome 1:** Adequately supported core business	Funding	Unavailability of sufficient funds to implement projects (e.g., PRMG, Equitable Share, Private Sector) for the priority infrastructure projects.	**Level 2**	• The Limpopo Department of Public Works, Roads and Infrastructure (LDPWRI) revised the Agency's adjusted budget from the initial R2.009 billion to R2.346 billion. The increase of R337 million is made up of additional budget adjustments of R167 million and R310 million made during the first and second mid-year adjustments, offset by a budget reduction of R140 million made during the first mid-year budget adjustment. The revised adjusted budget allocation comprises of R1.207 billion from the Equitable share and R1.139 million from a conditional grant (PRMG). Additionally, own revenue was adjusted from R3.327 million to R8.691 million. During Quarter Four (Q4), the Agency received a total income of R253.962 million, sourced as R253.317 million from the allocated grant and R0.665 million from own revenue. The R253.962 million grant was the last tranche of grant allocated to RAL for 2023/24 and 90% (R7.8 million) of the own revenue target. • RAL has entered into various agreements with private sector partners to plan and construct roads. The partners are Marula Platinum, Anglo American, Exxaro Resources, PPC, and Northwest Provincial Government. The total contribution from Strategic Partners is R573.2m and RAL's contribution is R669.1m. The jointly funded projects amount to R1 242.1bn with most projects in various stages of implementation.

No.	Strategic objective	Category	Risk description	Residual Risk Rating	Progress on the implementation of the risk treatment measures
8	**Outcome 1:** Adequately supported core business	Business	Inability to effectively respond to business interruptions and disasters facing RAL's operations	Level 2	• The Agency has established a Business Continuity Management (BCM) system to cultivate and activate its organisational resilience in response to the effects of crisis and other forms of business interruptions. The business continuity and crisis management system has been translated into the following outputs: » Business continuity management policy. » Crisis management policy. » Crisis and business continuity management teams. » Business impact assessment. • Various simulation exercises targeting the Crisis Management Team, BCM Team, and ICT Disaster Recovery Plan were conducted during the 2023/2024 FY. • The above initiatives are vital in cultivating a more resilient culture across the organisation's business operations in accordance with the best business continuity and resilience practices and standards.
9	**Outcome 1:** Adequately supported core business	Corporate governance	Failure to achieve a clean audit.	Level 2	• The AGSA Action Plan has been developed, and its implementation is being monitored monthly, with 48% progress in resolving audit findings as of 31 March 2024. Additionally, the same plans are regularly monitored by the Audit Steering Committee Meetings and other Corporate Governing Structures (i.e., EXCO and the Board).
10	**Outcome 1:** Adequately supported core business	Information, communications, and technology	Inadequate Information, Communications and Technology Governance.	Level 3	• The Agency's Information, Communications and Technology (ICT) Steering Committee (SteerCo) was revitalised to reposition ICT as a key strategic enabler, and partner for business. Additionally, a 5-year ICT strategy has been developed and approved to provide a framework within which ICT governance should be performed. • Most importantly, the ICT SteerCo members were trained on the purpose and role of corporate governance by the Institute of Directors in South Africa (IoDSA).

Roads Agency Limpopo's strategic partnerships approach has borne invaluable benefits as the single lane of the infamous steel bridge at Ga-Malekana is in the process of being upgraded to a two-double lane bridge to the delight of residents within the Sekhukhune District.

B. PROJECT RISKS AND ISSUES MANAGEMENT

With so many projects subject to the principles of the Risk Management Policy Framework in the 2023/2024 financial year, the Agency's project risks and issues management system is continuing to positively advance at an accelerating rate. Notably, the Governance, Risk and Compliance (GRC) team had been working tirelessly to foster and strengthen relationships with diverse project teams throughout the organisation, both internally and externally. This was done in consultation with other project team members (such as project managers, contractors, engineers, etc.).

As a result, these interventions have been crucial in endless pursuit of value creation, which aims to manage programme and project-wide risks, issues, and opportunities. Moreover, to strengthen the state of regulatory compliance with applicable legislations.

Notwithstanding the aforesaid significant milestones, the Agency's project risks and issues management system is still exposed to numerous challenges emanating from micro and macro environments.

C. ETHICS MANAGEMENT

Principle 1 of the King IV Report on Corporate Governance for South Africa 2016, states that "the governing body should lead ethically and effectively," in exhibiting the characteristics of integrity, competence, responsibility, accountability, fairness and transparency (ICRAFT).

RAL had hosted a successful Ethics Conversation Chapter 03 Session on Thursday, 20 April 2023, themed "Lifting the Ethics Game". The session aimed to educate and sanitise RAL staff on the importance of cultivating and maintaining an ethical culture. Approximately seventy-three (73) delegates consisting of RAL staff and guests attended the event. In addition, representatives from the Office of the Public Protector, the Public Service Commission, the Department of Correctional Services and Liberty Life, were amongst some of the speakers. Employees were encouraged to make use of the Public Sector Ethics Hotline (0800 701 701) to report any suspected allegations of unethical conduct or fraud.

D. COMPLIANCE MANAGEMENT

A dedicated compliance manager got recruited in Quarter 3 of the 2023/2024 FY to drive the embedment of the compliance culture across the Entity. In addition, the Agency had developed a comprehensive 2023/2024 Compliance Regulatory Universe to track and monitor highly ranked risk-based pieces of legislations in order of priority.

The Agency's 2023/2024 Compliance Regulatory Universe was developed and approved to draw some attention to key pieces of legislations and regulations. In terms of the Risk Matrix Methodology, out of the 88 legislations evaluated, 32 were ranked as high, 31 as medium, and 25 as low, in accordance with approved Compliance Methodology. Furthermore, the Control Risk Management Plans (CRMPs) are expected to be finalised during Quarter 1 of the 2024/2025 FY.

E. OCCUPATIONAL HEALTH AND SAFETY

Management's Occupational, Health and Safety (OHS) Committee has played a fundamental role in promoting and maintaining a safe working environment for staff members and visitors. Great progress has been made in implementing occupational, health and safety management systems during the 2023/24 financial year.

1. Health and Safety Committee

The OHS Committee has been established with a total of seventeen (17) members who were appointed in writing by the CEO. The appointed committee members are comprised of Health and Safety Representatives, First Aiders, Fire Marshalls, Management representatives, Union representatives, and co-opted members, whose term of office is three years. During the reporting period, the committee held and attended three (3) meetings where issues pertaining to inspections, training, emergency evacuation, incidents, and complaints were addressed and discussed. The Committee also conducted quarterly inspections to check compliance to the legislation.

The quarterly building and follow-up inspections were conducted by the committee members, where there has been progress made by facilities management in terms of correcting the non-compliance issues. Some of the corrective measures to be implemented await the structural integrity test to be conducted by the structural engineer, who awaits the signed SLA.

2. Training

The OHS officials and the OHS committee members were empowered to execute their functions by attending the OHS Legal compliance training sessions and conferences. The RAL staff, contractors, and agents were also given information regarding the OHS Act requirements during the 2023/2024 financial year.

2.1 An OHS Presentation was given by the OHS Manager to the contractors and agents during the Engineering Operations workshop at Bolivia Lodge on 25 July 2023.

2.2 An OHS Presentation was conducted by the OHS Manager to induct the new RAL staff at Meropa Casino and Conference Centre on 30 August 2023 with regards to the requirements of the OHS Act.

2.3 The annual OHS Conference was attended by the OHS Manager and one SHE representative at Gallagher Estate in Johannesburg on 20 – 22 September 2023, where Ms C.M. Mthethwa was one of the guest speakers covering the topic of Ergonomics in the workplace.

2.4 An OHS Presentation was conducted by the OHS Manager to all RAL staff during the Women's Health Awareness day that was held on 05 October 2023 at the RAL Foyer to highlight the importance of Ergonomics in the workplace.

2.5 The two OHS officials attended the annual Africa OHS conference at Birchwood Hotel, East Rand, Johannesburg on 29 November 2023 to 01 December 2023.

2.6 The OHS team continues to provide information, guidelines and advice on the requirements of the OHS Act to the contractor, engineer and the OHS agents during site meetings and site inspections.

3. The OHS Legal Appointments

3.1 Six (6) incident investigators were appointed from amongst the OHS committee members and the appointment letters were issued to the candidates and acknowledged.

3.2 The incident investigation training will be scheduled in the next financial year to speed up the process of incident investigations.

4. Site Inspections and Construction Work Permits

The OHS Business Unit continuously monitors the OHS compliance at the construction site during construction work performed by the appointed contractors. Due to regular site visits and site meetings being attended, there has been a significant reduction in the number of non-conformance findings in relation to non-compliance with the provisions of the Occupational, Health and Safety Act (Act 85 of 1993) at RAL road construction sites. This reduction is attributable to the strict control measures put in place by the OHS team as they implement zero tolerance to non-compliance. The site visits focused on walk-through surveys and documents/safety file audits being conducted.

A total of six (6) Construction Work Permits (CWPs) have been submitted to the Department of Employment and Labour for approval, and have been granted. There has been great improvement in acquiring the CWPs which has led to the prevention of delays in the finalisation of projects.

5. Incidents

5.1 Construction work is one of the sectors with the highest statistics of occupational injuries and fatalities amongst all sectors due to the strict monitoring of RAL construction sites by the OHS Business unit.

5.2 Twenty-one (21) incidents were reported during the financial year. The increase in the number of reported cases was due to the continued efforts made by the OHS officials advocating and reminding the contractors to report the incidents, which was one of the previous challenges we faced.

5.3 Out of the twenty-one (21) reported incidents, there were two (2) fatalities, eleven (11) injuries and eight (8) instances of property damage. The majority of the reported incidents were due to negligence by the drivers or machinery users, with only a few due to mechanical failure.

6. Safety Files Processed

6.1 A total of twenty-seven (27) Health and Safety files were processed and issued with partial approval as Safety files need to be continuously updated by the OHS agent and regularly monitored by the OHS officials during audits.

7. Occupational Hygiene Survey and Measurements

7.1 Occupational Hygiene Surveys were conducted by the Occupational Hygienist Melinda Rudd, on behalf of Gijima Occupational Hygiene and Environmental Services at Roads Agency Limpopo from 01 to 03 November 2023.

7.2 Gijima is accredited in accordance with the recognised International Standard: ISO/IEC 17020:2012 and is therefore a South African National Accreditation System (SANAS) Inspection Body.

7.3 Occupational hygiene surveys scientifically identify hazards, evaluate risks, compare with national standards and threshold limit values as prescribed by the OHS Act, and make recommendations for corrective measures. The measurements are made using specialised instruments that have been calibrated.

7.4 The Occupational Hygienist from Gijima visited RAL offices to conduct the occupational hygiene survey for three (3) days. On 01 November 2023, a briefing session was held.

7.5 On the 2nd and 3rd of November, physical measurements were conducted in the building including illumination (lighting), ventilation (natural and artificial air supply in the room), indoor air quality (total amount of carbon dioxide, carbon monoxide, relative humidity, temperature and air velocity in the room), noise (noise causing hearing loss and disturbing noise), and ergonomics (check relation between the work environments and how employees sit, stand, handle, work and operate the equipment when doing their work). All these physical stressors were assessed to check if they will not cause any negative health effects.

7.6 Personal monitoring was conducted where a noise dosemeter was given and attached to the clothing of some of our staff members to wear for a period of eight (8) hours to measure how much noise enters their ears and how much they are exposed to the physical stressors that were being measured.

7.7 Non-compliances were identified during the measurements relating to all four physical stressors that were measured, which may lead to adverse health effects. Recommendations were also outlined in the report.

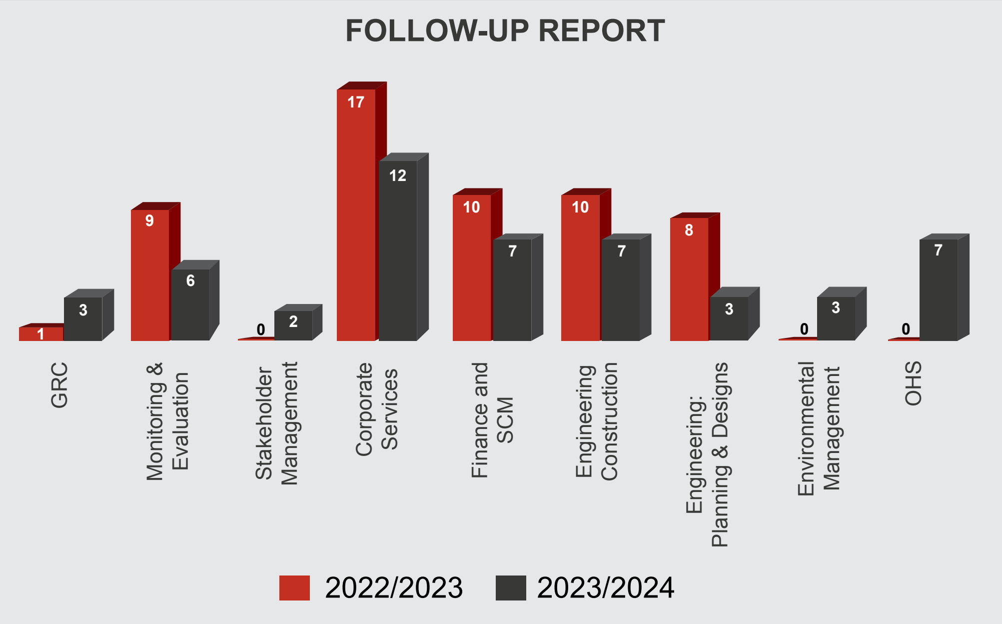
7.8 A feedback session was conducted by Gijima, and we were given the interpretation of the results from the report. The feedback meeting was held on 10 April 2023.

F. INTERNAL AUDIT FUNCTION

The Internal Audit function performed the internal audit activities for the financial year ended 31 March 2024, in accordance with the Internal Audit Plan approved by the Audit and Risk Committee. The Internal Audit Plan was developed after due consideration of RAL's top ten (10) strategic risks identified by management. Internal Audit planned eighteen (18) audit projects and all projects were executed as planned. No ad hoc or management-requested activities were performed during the financial year.

Sixty-six (66) findings were reported during the 2023/2024 financial year, with eleven (11) being level 1 (high), fifty-five (55) being level 2 (medium), whilst no level 3 (low) impact findings were reported. In comparison to the 2022/2023 financial year where fifty-three (53) findings were reported, the increase in findings in the 2023/2024 financial year was attributable to some of the audit projects that have been carried over from the 2022/2023 financial year, and executed in the 2023/2024 financial year. The high and medium findings reported were mainly due to non-compliance with existing policies and inadequate project management, which continue to pose significant challenges to the Agency.

Follow-up audits were conducted regularly, and management has made significant progress in resolving audit findings. The graph below depicts the follow-up status in comparison to the 2022/2023 and 2023/2024 financial years.



G. ENVIRONMENTAL MANAGEMENT

The Agency ensures that all implemented projects comply with the statutory requirements of Environmental Management. This is achieved by ensuring all projects have environmental authorisations and permits from relevant stakeholder departments. Additionally, the Agency continues to ensure that the approved environmental authorisations and permits get implemented in line with the approved conditions. The Agency has also ensured that only registered Environmental Assessment Practitioners (EAPs) in good standing with the Environmental Assessment Practitioners Association of South Africa (EAPASA) are responsible for managing environmental issues on these projects.

Sustainable development remains a key driver in project design and implementation. This was achieved by ensuring that the materials used during construction, along with related designs and procedures, continue to be environmentally friendly. Continuous environmental awareness remains crucial in all projects to ensure that all participants fully contribute towards sustainable development. The environmental training material at all our sites was developed by qualified and registered EAPs.

Furthermore, we ensure that there is compliance monitoring for appointed contractors to meet the environmental statutory obligations by utilising different environmental management tools. This is achieved by ensuring that every project has an approved Environmental File, which is regularly checked for the duration of the contract.

Land ownership disputes in the borrow pits remain a challenge that is addressed by strictly adhering to legal provisions and intensive stakeholder engagement processes with the Social and Institutional Development (S.I.D) Unit at RAL.

Water demand and management issues on projects were addressed through either a Water Use License or a General Authorisation License. The Agency also requested the Environmental Practitioners to develop and implement a Water Resource Management Plan through a Contractor. Given the scarcity of water in the Limpopo province, this initiative has significantly assisted in the conservation and protection of water resources at project sites.

H. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee exercised an oversight and monitoring function, as required in terms of its approved Charter. The Committee held its quarterly sittings for the purpose of considering all statutory submissions to the shareholder and to the Limpopo Provincial Treasury, and for exercising an oversight and monitoring role. The Committee considered the quarterly performance report, financial statements and management accounts, on a quarterly basis.

I. COMPLIANCE WITH LAWS AND REGULATIONS

Crucial pieces of legislation that govern and regulate the Agency's management and operations are, *inter alia:*

- Constitution of the Republic of South Africa Act 98 of 1996
- Public Finance Management Act 1 of 1999
- Companies Act 71 of 2008
- Limpopo Province Roads Agency Proprietary Limited and Provincial Roads Act 7 of 1998, as amended
- Construction Industry Development Board Act 38 of 2000
- Preferential Procurement Policy Framework Act 5 of 2000
- Labour Relations Act 66 of 1995
- Occupational Health and Safety Act 85 of 1993
- Basic Conditions of Employment Act 75 of 1997

The regulatory framework comprises, *inter alia:*

- King IV Report on Corporate Governance for South Africa, 2016
- Treasury Regulations, 2001
- Protocol on Corporate Governance in the Public Sector
- General Conditions of Contract for Construction Works

RAL has the responsibility to comply with all applicable laws and regulations. The Audit and Risk Committee received quarterly compliance reports apprising the Committee of the level of compliance of the Agency.

J. MINIMISING CONFLICT OF INTEREST

In terms of the approved Conflict of Interest Policy, all employees of Roads Agency Limpopo are required to complete the declaration of interest forms, in which financial interest has to be disclosed. All declarations made by employees have to be submitted to the Chief Executive Officer for approval.

K. CODE OF CONDUCT

RAL operates on a solid policy platform that covers all areas of the Agency. The Board pays particular attention to the effectiveness and relevance of policies, considering all policies before implementation, including ensuring that management complies with relevant laws and regulations.

L. COMPANY SECRETARY AND CHIEF LEGAL COUNSEL

Ms T. C. Kekana FCG(CS) is the appointed Company Secretary and Chief Legal Counsel of Roads Agency Limpopo.

M. SOCIAL RESPONSIBILITY

The Agency offers bursaries to disadvantaged students pursuing Civil Engineering and Construction related qualifications and Learnership Programme. Upon completion of their studies, bursary holders are offered an opportunity for experiential training. Where possible the Agency has been able to absorb some graduates, who were part of the learnership programme and who have successfully completed their studies.

N. AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year ended 31 March 2024. The committee has adopted appropriate formal terms of reference as outlined in the Audit and Risk Committee Charter. The Committee has discharged its fiduciary duties in conformity with this charter and has executed all its delegated responsibilities as contained therein namely:

- reviewing the internal control structure, including financial controls and accounting systems, as well as evaluating whether the system of internal control is adequate to manage critical risks;
- reviewing the internal audit function, including its written charter, objectives, goals and staffing plans, as well as evaluating whether the function is performed satisfactorily;
- evaluating whether management demonstrates and stimulates the necessary respect for the internal control structures;
- overseeing and managing the total internal audit function to ensure that:
  - the internal audit performance goals are achieved;
  - risks are identified;
  - specific issues requiring attention are highlighted.

Audit Committee Members

The Audit Committee consisted of the independent members listed hereunder. The Committee convened six (6) meetings during the 2023/2024 financial year. The Audit Charter requires that the committee meets at least twice per annum.

Member	Meetings Attended
Ms M. G. Mokoka* *Independent Chairperson: Audit & Risk Committee*	4/6
Dr N. C. Skeepers *Independent Audit & Risk Committee Member*	6/6
Ms N. B. Mutheiwana *Independent Audit & Risk Committee Member*	6/6

**Ms M. G. Mokoka ceased to be a member of the Audit and Risk Committee on 30th September 2023.*

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports to have adopted appropriate formal terms of reference in our charter in conformity with the provisions of Principle 8, Recommended Practice 51-59 of the King IV Report on Corporate Governance and section 94 of the Companies Act 71 of 2008.

The Committee exercised oversight over the effectiveness of the internal controls, assurance functions, as well as the integrity of the Annual Financial Statements and Annual Performance Report.

Furthermore, the Committee monitored the governance of financial, operational and strategic risks of RAL.

The Audit and Risk Committee ensures that the Internal Audit Unit performs its responsibility by:

- reviewing competence and qualifications of the Internal Audit Function, including reviewing and concurring with appointment and dismissal of the Internal Audit service provider;
- reviewing the plans and budgets of the Internal Audit Function. Ensure that the plan addresses the high-risk areas and that adequate resources are available;
- reviewing audit results and action plans of management;
- reviewing the effectiveness of the Internal Audit Function;
- ensuring that Internal Audit work is coordinated with External Audit to ensure little or no duplication of work and coverage;
- receiving and reviewing quarterly progress reports submitted by the internal audit function;
- reviewing the Annual Risk Assessment process and prioritisation of major risks identified.

Evaluation of Annual Financial Statements

We have:

- reviewed and discussed the annual financial statements to be included in the annual report, with the Auditor-General and the Internal Auditors;
- reviewed the Auditor-General of South Africa’s management letter and management’s response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the International Marketing Council compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

Auditor-General of South Africa

We have met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Mr K. M. Ramukumba CA(SA)
Chairperson of the Audit and Risk Committee
Roads Agency Limpopo (SOC) Ltd

The ongoing upgrades of Roads D5007 and D3436 are expected to provide communities with improved access to Road R567 going east towards Polokwane and west towards the N11.

PART D:
HUMAN RESOURCES REPORT

1. HUMAN RESOURCE MANAGEMENT OVERVIEW

Besides reaffirming RAL's commitment to continuously build its Human Resource (HR) capacity, the report also outlines various measures taken by management to strengthen the overall Human Resource Management (HRM) climate of the Agency. Throughout the financial year, employees remained the backbone of RAL's operations. RAL's ability to discharge its mandate effectively depended upon the combined skills, experiences, competences, and total commitment of its workforce.

HR OBJECTIVES

The Agency's HRM activities were premised on two main objectives, namely:

- To fill the organisational structure,
- To ensure employee development and wellness.

STRATEGIC FOCUS

In pursuit of these objectives, management continued to foster a culture of continuous improvement, in which the Agency's employees were purposely engaged, trained, and systematically motivated. The primary focus remained on building a capable and result-driven workforce that possesses a better understanding of the latest trends in the ever-changing global road infrastructure development and management landscape. In this regard, management fostered a culture of high performance, teamwork and collaboration amongst employees. Throughout the financial year, management ensured that all critical skills needed to drive RAL's strategy were attracted, strengthened and retained.

STAFF SIZE

At the beginning of the financial year 2023/24, RAL had a total staff complement of eighty-nine (89) employees. Of these, four (4) occupied top management positions while eight (8) held senior management positions. The rest of the staff included *inter alia*, thirty-one (31) qualified professionals and twenty (20) skilled personnel, whilst nineteen (19) and seven (7) fell into semi-skilled and unskilled categories, respectively. By the end of the financial year the Agency had 95 employees.

REWARD STRUCTURE

At RAL, employees are rewarded according to their performance and level of contribution to RAL's strategic objectives. RAL's total reward strategy promotes a flexible, balanced, integrated, and cost-effective reward structure, covering fixed pay and recognition benefits, work-life balance, career development, and opportunities. During the same period RAL's wage bill amounted to R118 336 million.

FOSTERING EMPLOYEE ENGAGEMENT

RAL's HRM philosophy is built on the values of labour peace, employee engagement, and total workplace democratisation. Rules of engagement are driven by a strong desire to engage employees in an atmosphere of sincerity, openness, transparency, and honesty. The belief is that engaged, empowered, and involved employees are the hallmark of RAL's long-term success and performance. To this end, management continued to pursue open, honest and transparent communication with its employees. Although in general terms, RAL's overall organisational climate continued to improve, it is also important to highlight that the relationship between management and labour unions has improved as part of measures to further improve the relationship between management and employees, and democratise RAL's workplace.

WORKPLACE DIVERSITY

RAL continued to demonstrate its unequivocal commitment to the ideals of workplace diversity and equity. Management views workplace diversity as an asset that instils a strong sense of social justice, equality and fairness amongst its employees. Guided by the progressive employment equity policy, RAL's employment equity efforts during the financial year aimed to build a sustainable workforce that reflects the demographics of the economically active population in South Africa. RAL's relentless commitment to upholding the ethos of equality, social justice, racial diversity, and gender parity at the workplace remains a key differentiator and source of pride. In this vein, RAL ensured that its approved Employee Equity Plan was adhered to.

TALENT DEVELOPMENT

The considered view of management is that a well-funded and supported employee development programme provides a meaningful pathway for RAL employees to advance their careers. The focus of the programme was to equip employees with the necessary skills and capabilities to execute the Agency's mandate. RAL's training investments and programmes ensure that employees develop the requisite skills needed to perform their duties, advance their careers, and keep abreast of continually changing business operations.

TALENT RETENTION

In today's turbulent labour market system, characterised by low barriers of labour mobility, organisations continue to be vulnerable to the risks of high staff turnover. It is within this context that RAL undertook to strengthen its talent retention environment. One of the initiatives adopted by management during the financial year was to consistently provide a stimulating and rewarding work climate that meets employee expectations in terms of career development and growth, fair employment practices, wellness support, and recognition and reward processes.

EMPLOYEE WELLNESS

The promotion of a healthy lifestyle amongst RAL's employees was one of the top items on RAL management's 2023/24 business agenda. The Agency had successful wellness initiatives during the financial year.

Recognising and prioritising employee wellness helps to create a positive work environment whilst maximising productivity.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel Cost by Programme/Activity/Objective

Programme/Activity/Objective	Personnel Expenditure (R'000)	Personnel exp. as a % of Total exp. (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
Engineering	47 077	40	42	1 095
Corporate Services	30 795	26	35	880
Finance	18 897	16	18	1 050
CEO's Office	21 567	18	19	1 135
Total	**118 336**	**100**	**115**	**1 029**

Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)	% of Personnel exp. to Total Personnel Cost (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
Top Management	17 553	15	7	2 508
Senior Management	18 243	15	12	1 520
Professional Qualified	48 167	41	34	1 417
Skilled	21 140	18	24	881
Semi-skilled	11 701	10	31	377
Unskilled	1 533	1	7	219
Total	**118 336**	**100**	**115**	**6 922**

Performance Bonus

Programme/Activity/Objective	Performance Rewards	Personnel Expenditure (R'000)	% of Performance Rewards to Total Personnel cost (R'000)
Top Management	1 198	17 553	7
Senior Management	998	18 243	5
Professional Qualified	3 191	48 167	7
Skilled	1 198	21 140	6
Semi-skilled	566	11 701	5
Unskilled	122	1 533	8
Total	**7 273**	**118 336**	**6**

Training Costs

Programme/Activity/ Objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of Employees Trained	Average Training Cost per Employee
Training and Courses	118 336	1773	1%	118	15
Programme/Activity/ Objective	**2022/23 No. of Employees**	**2023/24 Approved Posts**	**2023/24 No. of Employees**	**2023/24 Vacancies**	**% of Vacancies**
Employment and Vacancies	114	138	115	38	28

Programme/Activity/ Objective	2022/23 No. of Employees	2023/24 Approved Posts	2023/24 No. of Employees	2023/24 Vacancies	% of Vacancies
Top Management	4	7	7	2	19
Senior Management	8	15	12	1	7
Professional Qualified	31	44	34	18	41
Skilled	20	37	23	13	35
Semi-skilled	19	27	30	4	15
Unskilled	7	7	7	0	0
Total	**89**	**138**	**113**	**38**	**28**

Salary Band	Employment at Beginning of Period	Appointments	Terminations	2023/24 Vacancies	Employment at End of the Period
Top Management	4	4	2	2	6
Senior Management	8	6	2	1	12
Professional Qualified	31	6	6	18	31
Skilled	20	10	7	13	23
Semi-skilled	19	2	5	4	16
Unskilled	7	0	0	0	7
Total	**89**	**28**	**22**	**38**	**95**

Employment Changes

Reason	Number	% of Total no. of Staff Leaving
Death	0	0
Resignation	8	80%
Dismissal	0	0
Retirement	2	20%
Ill Health	0	0
Expiry of Contract	0	0
Other	0	0
Total	**10**	**100%**

The second table on page 66 lists 22 terminations; however, the actual number of terminations is 10. This is because 12 of the terminations reflect employees moving between different occupational categories rather than leaving the Agency.

Disciplinary Action

Nature of Disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written Warning	0
Dismissal	0

3. EMPLOYMENT EQUITY

Equity Targets and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	5	0	0	0	0	0	0	0
Senior Management	8	1	0	0	0	0	0	0
Professional Qualified	12	2	0	1	0	1	1	1
Skilled	8	1	0	1	0	1	0	1
Semi-skilled	11	0	0	1	0	0	0	0
Unskilled	2	0	0	0	0	0	0	0
Total	**46**	**3**	**0**	**3**	**0**	**2**	**1**	**2**

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	4	0	0	0	0	0	0	0
Professional Qualified	18	2	0	1	0	1	0	1
Skilled	14	2	1	1	0	1	0	1
Semi-skilled	15	0	2	0	0	1	0	1
Unskilled	5	0	0	0	0	0	0	0
Total	**57**	**5**	**3**	**2**	**0**	**3**	**0**	**3**

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	0	0	0	0
Skilled	0	1	1	1
Semi-skilled	0	1	1	1
Unskilled	0	0	0	0
Total	**0**	**2**	**2**	**2**

The target for people with disability will be addressed in the 2024/25 as per numerical targets year 3.

PART E:
STAKEHOLDER ENGAGEMENT AND COMMUNICATIONS

1. STAKEHOLDER ENGAGEMENT OVERVIEW

STAKEHOLDER ENGAGEMENT

Stakeholder management remains a crucial component of RAL's value creation process for the Agency's core business. Stakeholder engagement is the Agency's ability to proactively communicate with the public and engage purposefully with stakeholders as one of the critical pillars of its business strategy. RAL relies on a complex matrix of stakeholders to create, capture, and deliver optimal public value.

For the 2023/24 financial year, Roads Agency Limpopo has undertaken and strengthened its stakeholder management initiatives. This has been achieved through several stakeholder engagements aimed at rallying key stakeholders behind a shared provincial road infrastructure development vision and understanding. A *"Stakeholder Wednesdays"* initiative was introduced, aiming to meet stakeholders every Wednesday to resolve their enquiries.

During the year under review, the Agency reaffirmed its commitment to proactively engage employees, especially on matters of mutual concern. The purpose of these engagements was to cement workplace peace, unity of purpose, and organisational cohesion.

In compliance with Part 5, as interpreted considering King IV Report Principle 16, RAL promotes an inclusive stakeholder approach. As a result, this strategy places the onus of balancing the justifiable demands, interests, and expectations of RAL's principal stakeholders on RAL.

The Agency believes that the task of balancing the diverse interests of key stakeholders is a dynamic and ongoing process. During the 2023/24 financial year, RAL, through its shareholder representative, Honourable MEC for Public Works, Roads and Infrastructure, has strengthened its stakeholder engagement initiatives.

The success of the Agency is largely dependent on the contribution made by all stakeholders, including local communities, municipalities, strategic partners, and traditional authorities. In accordance with RAL, genuine engagement with stakeholders entails listening to them, developing connections with them, and responding to their issues in a way that benefits both parties. This has been the focus of the Stakeholder Unit throughout the year under review. Stakeholder partnerships and participation in the context of RAL's operations enable and improve better business performance, planning, and - most importantly - the execution of road infrastructure projects.

Various stakeholders during a project handover in Olifantshoek, within the Collins Chabane Local Municipality, Vhembe District.

COMMUNITY ENGAGEMENT

Communities in Limpopo continue to play a crucial part in the development of RAL. The mission of RAL is impossible to accomplish without the involvement of the communities in Limpopo.

The engagement agenda of RAL is dominated by community needs and concerns. To guarantee targeted and seamless information flow and engagement, the Agency has established a tight partnership with the communities in Limpopo.

In RAL's view, no road construction or maintenance activity can succeed if its planning and implementation efforts are not driven or influenced by community priorities and interests. Communities are always at the centre of RAL's road planning, construction, and maintenance activities. Guided by this thinking, RAL undertook several initiatives to proactively engage various communities to address their legitimate concerns. During the 2023/2024 financial year, many community engagement sessions were conducted. These engagements were through community visits by RAL and communities visiting RAL, led by the Stakeholder Unit, as well as virtual and telephonic meetings.

There has been a significant improvement in the level of trust between communities and RAL. It is imperative that we keep advancing RAL's agenda for community engagement through outreach programmes, which are a common means of communication for RAL.

MUNICIPALITY ENGAGEMENT

Through inter-governmental partnerships, RAL works closely with various Limpopo Municipalities and departments to improve service delivery. RAL's objective is to ensure that all five districts are serviced fairly within the available budget and to address various challenges experienced, while avoiding conflicts with other departments' interests and working together to strengthen service delivery issues.

Municipalities, through their various stakeholder departments led by their Councillors, were furnished with information relating to their municipality's road statuses. This has been done through presentations to them in their Integrated Development Programmes (IDPs) and providing status reports on roads in their jurisdictions, which they shared with their communities.

Over the years, the relationship between RAL and the local municipality sector was said not to be as sound as it should be, and it has now improved beyond reasonable doubt in the past financial year. Consequently, road maintenance and Memoranda of Agreement (MoAs) to maintain roads have gone well and continue to proceed smoothly. This collaboration with local municipalities has created an improved relationship between RAL and local communities. The relationship with government departments continues to be cordial.

RAL entered a formal partnership with several Limpopo Municipalities. Through this partnership, RAL has initiated some intervention relating to municipal road infrastructure. The collaboration between RAL and municipalities through Memoranda of Agreement (MoA) signed between RAL and municipalities, is to see district mayors playing a frontline role in rallying their constituencies behind a shared road development vision and programme for the province. The shared vision of delivering an accessible, safe and reliable network can only be a reality if the municipalities are firmly involved in RAL's road planning and demand forecasting efforts. A synchronised approach to road development and network management remains the only safe pathway to a shared road development trajectory in Limpopo, this is a continuing programme.

STRATEGIC PARTNERSHIPS

The positive impact created by the solid partnership between RAL and various strategic partners has improved much of Limpopo's provincial road infrastructure. Given the persistent challenge of budgetary constraints facing the Agency, forming strategic partnerships was one of the avenues RAL employed to strengthen its funding environment. RAL continues to earn the trust and confidence of its strategic partners. This is evidenced by the level of funding commitments made by our key partners over the years. The Agency continues its efforts to engage several strategic partners to assist in co-funding some of Limpopo's critical road infrastructure. The effective pursuit of strategic partnerships with key role players in the road development sector remains a permanent and critical feature of RAL's business. In the 2022/23 financial year, RAL's strategic partnerships strengthened considerably in the Mining sector, one of the key economic pillars of the province, along with Tourism and Agriculture. These partnerships will see the construction, maintenance and resurfacing of key bridges and landmarks to facilitate business operations and ensure seamless access to essential services for communities.

SMME EMPOWERMENT PROGRAMME

A huge number of Small, Medium and Micro Enterprises (SMMEs) in the success of RAL's core business cannot be overemphasised. In the context of RAL's business, SMMEs are regarded as critical drivers for economic transformation and job creation. RAL continues to use SMMEs during the financial year under review to achieve the National Development Plan (NDP) vision of creating a better South Africa for all by the year 2030. We are fully aware that the NDP anticipates SMMEs to create more jobs and employment opportunities.

The NDP effectively places an obligation on RAL, as an Agency of the Provincial Government, to intensify efforts to build and leverage the SMME sector's job absorption capability. RAL views the promotion of SMMEs as central to the Limpopo Provincial Government's strategy of addressing the imbalances of the past and creating employment and income generation. In this light, RAL runs an SMME Empowerment Programme which consists of three core pillars, which are Emerging Contractor Development Programmes.

LOCAL LABOURER PROGRAMME

RAL's work continues to contribute to the empowerment of a considerable number of local labourers in Limpopo Province. Thirty percent of the total value for all upgrading projects has been set aside for the empowerment of SMMEs and ten percent for local labourers. This government initiative is positively impacting RAL's empowerment agenda. The Agency's Local Labourer Programme is designed in such a way that for upgrading projects, main contractors must ensure that ten percent of their labourers consist of local women, youth, and people with disabilities. For maintenance projects, the percentage for local labourers is five percent .

Through the Agency's collaboration with municipalities to improve road infrastructure service delivery within municipal road jurisdictions, several streets within the Collins Chabane Local Municipality have already been refurbished.

2. COMMUNICATIONS

Part of government's critical responsibilities is to communicate its programmes through all products and platforms to keep the public informed and involved. The clear goals of the 6th administration were to mobilise the nation towards the collective implementation of economic renewal and efforts to stimulate inclusive growth. This required clear goals towards the path of growth and renewal, with the aim of restoring trust and dialogue amongst social partners. This role of communication aims to improve the relationship with the public and contribute to governance and community involvement.

RAL's communications and public relations approach was applied in the year under review to effectively communicate key programmes to Limpopo's diverse public. It continued to use a clear stakeholder matrix to realise the desired effectiveness.

RAL recognises that there are different audiences influenced by varied public relations, marketing, and communication drivers. The Agency, therefore, saw the importance of tailoring messages to resonate with each group of stakeholders. In the 2023/24 financial year, one of the messaging approaches was to communicate the impact RAL makes on society. This will continue to be the messaging posture in the coming years. There was a focus on maintaining and, in other cases, improving the good initiatives that bear good communication results for the Agency.

PUBLICATIONS

Mmileng, the quarterly magazine of the Agency, continues to be one of the leading communication tools of the organisation. It focuses on informing and educating stakeholders about the work done by the Agency and encourages the readers to visit other platforms that carry news about RAL.

The Mmileng magazine prominently featured the last State of the Province Address by Premier Chupu Stanley Mathabatha. This was a special occasion for the province of Limpopo to etch.

The strategy of collaborating with public figures in the entertainment and other popular industries remained a formula that granted the Agency access to their huge followers. This allows RAL to reach a wider audience.

More than educating and informing RAL's stakeholders, the publication positions RAL as the service delivery agent. In this way, it is viewed as a stakeholder-driven publication.

Mmileng is currently distributed through social media platforms such as Facebook, X (formerly Twitter), and Instagram, in addition to physical deliveries to government departments and municipalities. The distribution was extended to online global publishing applications such as PressReader, ISSUU, Magzter, Yumpu and Anyflip.

Combined, these platforms reach a considerable number of stakeholders in the province and beyond. This distribution strategy has greatly helped in enhancing publicity.

Other publications added to Mmileng include the Annual Performance Plan (APP), produced in conjunction with the Monitoring and Evaluation Unit of RAL.

SOCIAL MEDIA

RAL's presence on social media continues to be engaging and a vital space for exchange and feedback from the public. RAL has adopted a social media approach that generates relatively good growth in readership, listenership, and viewership.

In the year under review, the Agency strengthened efforts to communicate the achievements and updates of progress on road constructions. Issues raised by social media users on the Agency's pages were collated, and responses were given as part of frequently asked questions.

These efforts aimed to generate affinity with online users and draw the interest of a wider audience.

PUBLIC IMAGE

The refined logo and brand projection of the Agency has gained momentum over the past two years. The Agency has seen significant improvement on how it is perceived by both the internal and external public. Comments received from the public are a good indication and testimony of appreciation for the value of the work done by RAL. The impact of the new brand is clearly seen and heard through media and social media feedback. RAL is committed to its brand values of competence and sincerity, which inform the messages and engagements.

MEDIA RELATIONS

In the year under review, a significant increase in media interest was observed. The Communications Unit was inundated with media enquiries about roads and concerns raised by communities, especially during the period leading to the national elections. All enquiries were given attention.

In the process of engaging the media and providing responses, an opportunity was seized to strengthen the relationship between the Agency and the reporters. This added to the established approach of building a proactive and strong partnership with carefully selected media outlets. It is through managed relationships with the media that programmes, events, and other newsworthy stories were positively exposed to the public and other stakeholders.

INTERNAL COMMUNICATIONS

The staff is regarded as the lifeblood of the Agency. Concerted efforts flowing from the initiatives of the previous two years are bearing fruit. There is a greater understanding of the RAL brand and how each unit contributes to the overall vision through the employees. These are all tied together through structured internal communication focussing exclusively on keeping staff informed and involved.

Ro Thetshelesa is a monthly internal newsletter that carries news about activities that affect staff and major announcements. It is distributed electronically to all staff members.

The CEO also engages with staff quarterly in a face-to-face meeting. His address reinforces the commitment by RAL and, consequently, its employees to service delivery and high standards of performance.

The centralisation of organisation-wide messaging to employees continues to serve as a safety valve for authentic emails and lowers the risk of unidentified spam. This practice has created a culture of respect for communication channels. These platforms aim to strengthen internal communications by creating informed employee ambassadorship.

RAL has completed the second phase of preventative maintenance on Road D626, from Pienaars Rivier to Rust de Venter. This upgrade makes travelling within Bela-Bela Local Municipality easier for motorists and nearby farms along the route.

BEFORE

AFTER

Roads Agency Limpopo’s exhibition stand at the ***#MiningIndaba24*** which was attended by the Board Chairperson Mr Matome Ralebipi, CEO Mr Gabriel Maluleke, and Executive Manager of Engineering Mr Moshweu Mokgala. Mining companies and support suppliers, whose operations depend on these roads, showed great interest, underscoring the vital role of robust transportation networks in the province.

PART F:
FINANCIAL INFORMATION

1. FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE

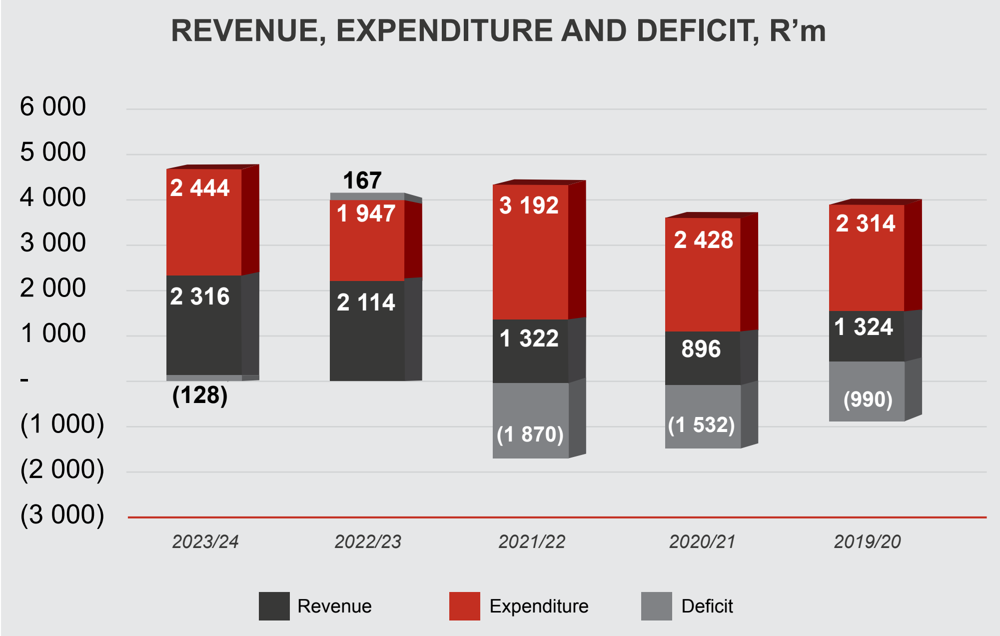
Public sector entities in South Africa, especially those engaged in road construction, operate in a demanding environment. This environment is defined by ongoing socio-economic issues, organised business forums, often referred to as construction mafias, seeking to profit from construction projects, and frequent disruptions at construction sites. The increased demand for roads and other public services during election years further complicates matters. Striking a balance between governance, societal needs, and fiscal responsibility is essential, particularly in addressing infrastructure gaps and managing budget constraints amid the heightened demand for road projects typically seen during election periods.

Despite facing challenges, the Agency received an unqualified audit opinion, with a few findings. This result shows a strong commitment to transparency, accuracy, and adherence to financial standards. The Agency spent over 96% of its allocated budget for the year, maintaining the strong performance from the previous year when the entire budget was expended. Additionally, the entity has continued its efforts by engaging several contractors and consultants for road upgrades, a crucial step in addressing the province's road infrastructure backlog. To compensate for previous delays in upgrade projects due to overcommitments, the entity has appointed multiple consultants for various road upgrades. These new designs will also help ensure that a sufficient number of road projects are ready for execution as funds become available.

PROFITABILITY

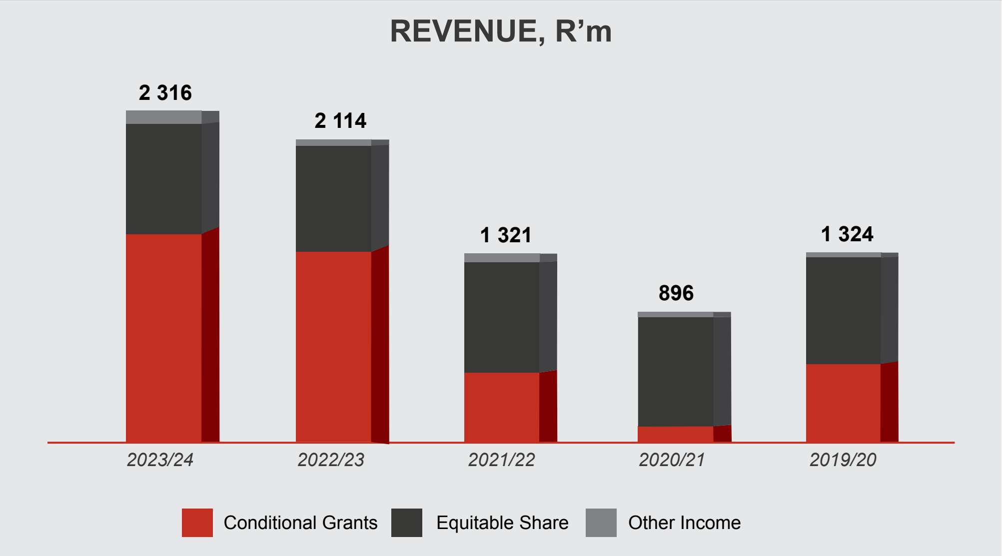
The Agency saw an 8% increase in government grants, rising from R2,092 billion in 2022/23 to R2,255 billion in 2023/24. The original budget allocation was R2,009 billion, which was later augmented by R337 million during the budget adjustment. This increase was driven by the growing demand for road maintenance due to the aging condition of the road network. However, by the end of the year, the entity had an unspent conditional budget allocation of R90 million.

In the 2023/24 financial year, the Agency reported a net deficit of R128 million, compared to a surplus of R167 million in 2022/23. The deficit was mainly due to non-cash expenses, including higher impairment losses and derecognition of roads and bridges totalling R57 million (up from R26 million in 2022/23) and R15 million (up from R10 million in 2022/23). There was also an increase in depreciation, which added to the reported deficit.



Revenue

For the financial year, total revenue reached R2,316 billion, up from R2,114 billion in 2022/23. This increase is mainly due to the additional R337 million in government grants provided by the Treasury during the budget adjustment, though it was partially offset by R90 million in unspent conditional grants.



Historically, most of the Agency's grants came from the equitable share, making up around 55% of total grants. However, conditional grants now account for 60%, reflecting a significant shift. This increase in conditional grants is primarily due to the Agency's efficient use of these funds for road maintenance. The equitable share offers flexibility, with no restrictions, enabling allocation to various functions that align with the Agency's objectives, such as road upgrades and general expenses. In contrast, conditional grants are specifically earmarked for road repairs, maintenance, and rehabilitation. Government grants comprise over 90% of the Agency's total revenue, with the remainder primarily coming from private sector contributions and interest income. Private sector contributions are recognised as revenue under GRAP. The Agency's revenue increased to R61 million, up from R22 million in 2022/23, mainly due to a rise in private sector contributions.

EXPENDITURE

Employee-related costs

Personnel costs rose by 19% to R111 million (2022/23: R93 million), primarily due to filling vacancies and implementing salary increases. Despite the progress made in previous years, the Agency still has several vacancies that are expected to be filled in the coming years. While this will increase employee-related costs, it is anticipated that professional fees will be reduced as the Agency will rely less on consultants.

Depreciation, amortisation and impairments

The substantial depreciation of infrastructure assets is linked to the significant value of assets in use, which stood at R23,591 billion by the year-end (2022/23: R23,778 billion). Total depreciation, amortisation, and impairment for the year amounted to R1,681 billion, up from R1,601 billion in 2022/23. Depreciation and impairment increased by R80 million and R31 million, respectively, when comparing 2023/24 to the previous year. Despite significant spending on road maintenance and rehabilitation, the expenditure has been insufficient to address most of the road network's needs and to mitigate deterioration caused by floods and other factors beyond normal road use, leading to higher impairment costs. The increase in depreciation resulted from changes in accounting estimates related to the remaining useful life of roads, which deteriorated more rapidly as they approached the end of their expected lifespan.

Repair and maintenance

This increase is mainly due to the rise in the Provincial Road Maintenance Grant (PRMG), boosted by an additional allocation during the budget adjustment. It is important to note that while R1,348 billion was spent on road maintenance and rehabilitation, only R500 million was expensed, with the remaining R848 million being capitalised.

General Expense

Overall expenses decreased by 8%, from R89 million in 2022/23 to R80 million in 2023/24. This reduction was mainly driven by the implementation of cost containment measures, which significantly lowered marketing and public relations expenses. However, this decrease was partially offset by higher subsistence and travel costs due to the increasing number of road construction projects. Additionally, legal expenses increased due to a rise in the number of cases the entity is contesting.

FINANCIAL POSITION

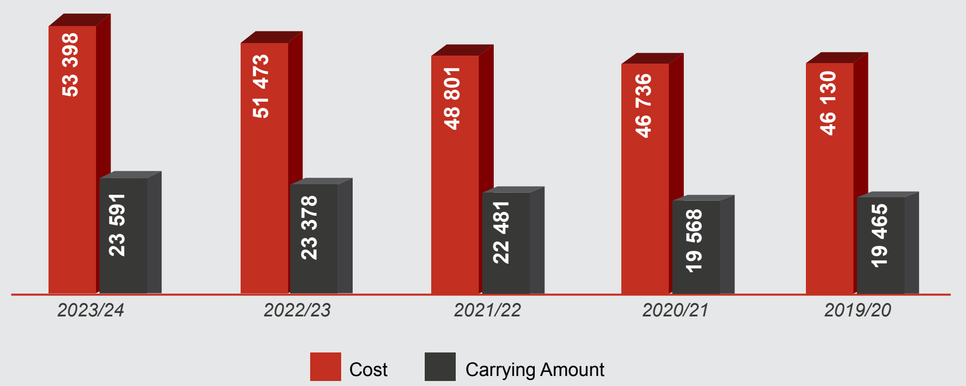
RAL's total assets remained fairly stable at R23,691 billion (2022/23: R23,617 billion), while total liabilities decreased by R209 million, bringing them to R568 million (2022/23: R359 million).

Assets

Although R1,960 billion was invested in property, plant, and equipment, the total assets remained relatively unchanged due to depreciation, impairment, and disposals, which offset the capitalised amount. Furthermore, while the total assets remained consistent between the two financial years, current assets decreased by R140 million, from R377 million in 2022/23 to R237 million in 2023/24. This reduction was mainly due to a decrease in cash and cash equivalents at the end of the current financial year, in contrast to the significant cash balance at the end of the previous year, which was influenced by a substantial amount of unspent budget.

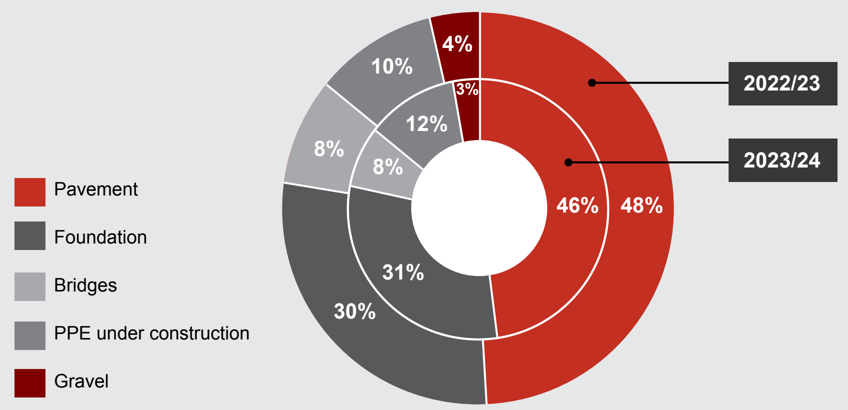
Over a five-year period, from 2019/20 to 2023/24, the net carrying value of RAL's property, plant, and equipment increased by R4,126 billion, moving from R19,465 billion in 2019/20 to R23,591 billion in 2023/24.

PROPERTY, PLANT AND EQUIPMENT, R'm



The value of road infrastructure assets increased from R23,320 billion to R23,534 billion, reflecting a growth of R214 million. However, there was only a slight change in their composition. The carrying amount of paved roads, including road pavement and foundations, remained relatively stable at around 78%. The proportion of gravel roads and PPE (property, plant, and equipment) under construction increased from 10% to 12%, while the proportion of gravel roads decreased from 4% to 3%. The rise in PPE under construction was due to an increase in the number of projects undertaken by the Agency, while the decline in gravel roads is attributed to most of these roads being fully depreciated, given their shorter lifespan compared to paved roads and bridges.

CARRYING AMOUNTS OF INFRASTRUCTURE ASSETS, R'm



Liabilities

The Agency's total liabilities increased by R209 million, rising from R359 million in 2022/23 to R568 million in 2023/24. This increase was mainly due to a R172 million growth in payables. Of this, R81 million was from exchange transactions, and R91 million was from non-exchange transactions. Additionally, there was a R37 million increase in retentions.

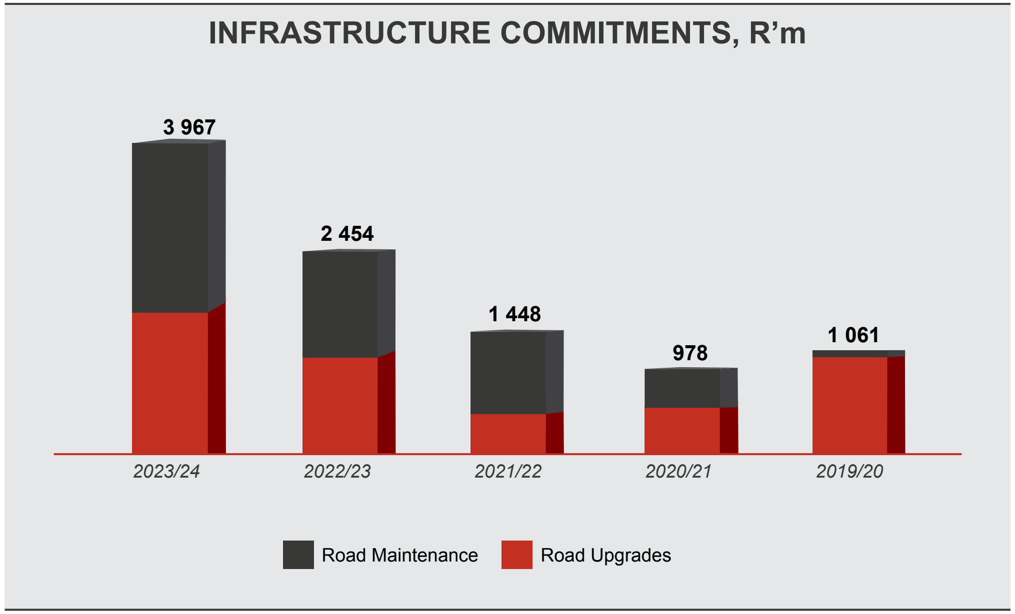
The increase in payables from exchange transactions was primarily related to construction contract creditors. This was driven by a large number of invoices received at year-end that the Agency did not have sufficient cash to settle. On the other hand, the rise in payables from non-exchange transactions was due to underspent conditional grants owed to the Treasury. The increase in retentions was caused by the large number of infrastructure projects currently being undertaken by the Agency.

Solvency

The solvency ratio of the Agency, calculated as total debt divided by net assets, has increased to 2.45% from 1.54% in 2022/23. This rise is attributed to an increase in total liabilities and a decrease in net assets. Furthermore, as a Schedule 3C public entity, RAL is prohibited from borrowing. Because of its substantial infrastructure assets, this restriction has resulted in an unusually low solvency ratio.

Commitments

The total commitment for road infrastructure has increased by R1,513 billion this year, reaching R3,967 billion in 2023/24. This growth is due to a significant rise in road maintenance projects appointed during the current financial year. Commitments to road upgrades increased from R1,328 billion in 2022/23 to R1,649 billion in 2023/24. Additionally, commitments for road maintenance and rehabilitation projects increased by R1,192 billion, from R1,126 billion in 2022/23 to R2,318 billion in 2023/24. The deteriorating condition of the provincial road network necessitated increased efforts and the appointment of service providers for maintenance.



CASH FLOW

Summary of the cash flows for the five years ended 31 March 2024

R'000	2023/24	2022/23	2021/22	2020/21	2019/20
Net cash flows from operating activities	1,599,252	1,232,367	1,104,637	694,535	1,144,453
Net cash flows from investing activities	(1,799,603)	(1,714,066)	(488,936)	(747,802)	(1,166,725)
Net cash flows from financing activities	(24)	(125)	(78)	–	(221)
Net increase/(decrease) in cash and cash equivalents	(200,375)	(481,824)	615,623	(53,267)	(22,493)
Cash and cash equivalents at the beginning of the year	228,112	709,936	94,313	147,580	170,073
Cash and cash equivalents at the end of the year	27,737	228,112	709,936	94,313	147,580

Cash Flow from Operating Activities

Cash flow from operating activities saw a significant rise, increasing from R1,232 billion in the 2022/23 financial year to R1,599 billion in 2023/24. This growth was primarily due to a R337 million increase in government grants and the fact that there were no unspent funds or surrenders this year, unlike the previous year when R534 million had been surrendered. However, this increase was partially offset by a R382 million rise in road maintenance expenditure during the current financial year.

Investing Activities Cash Flow

Cash flow from investing activities increased slightly by R85 million (5%), rising from R1,714 billion in 2022/23 to R1,799 billion in 2023/24. This increase is mainly attributed to a rise in road rehabilitation projects.

Cash and cash equivalents

The bank balance decreased by R200 million, dropping from R228 million in 2022/23 to R28 million in 2023/24. This decline is mainly due to the substantial payment of invoices made at the end of the financial year.

SUPPLY CHAIN MANAGEMENT

Procuring contractors from the established panel has posed significant challenges to the Agency's efforts to reduce irregular expenditure, as these procurements have led to such expenditures. Additionally, inadequate contract management and spending on contracts not listed in Table B5 have further contributed to irregular expenditure. These issues underscore weaknesses in the internal control environment and vulnerabilities within the supply chain management (SCM) process.

Irregular expenditure continues despite efforts to strengthen the supply chain management environment. These efforts have included updating policies to comply with the latest regulations of the Preferential Procurement Policy Framework Act, creating compliance checklists for bid committees, and providing ongoing training for SCM personnel and committee members. This indicates that additional controls are needed to eliminate irregular expenditure. One key measure being implemented is revising the terms of reference when establishing new panels and ensuring strict adherence to these terms when making appointments from the panels.

BALANCE OF FRUITLESS AND WASTEFUL EXPENDITURE AS AT 31 MARCH 2024

Fruitless and Wasteful Expenditure	2023/24 R	2022/23 R
Opening balance	16 035 916	16 035 916
Less: Fruitless and wasteful expenditure recovered	–	–
Add: Fruitless and wasteful expenditure - relating to current year	1 000	–
Less: Amounts condoned by the Board of Directors	–	–
Closing balance	**16 036 916**	**16 035 916**

The fruitless and wasteful expenditure balance increased from R16,036 in 2022/2023 balance to R16,037 in 2023/2024.

IRREGULAR EXPENDITURE REPORT MARCH 2024

Fruitless and Wasteful Expenditure	2023/24 R	2022/23 R
Opening balance	6 849 989 068,19	5 460 230 389,40
Prior period error As restated	–	–
Add:Irregular expenditure - current year	2 150 480 910,67	1 389 758 678,79
Add:Irregular expenditure - prior year	–	–
Less: Condoned or written off by relevant authority	330 038 155,00	–
Less: Prior year adjustments	–	–
Irregular expenditure awaiting condonement	8 670 431 823,86	6 849 989 068,19

Notes:
The entity's irregular expenditure increased from R6,850 billion at the beginning of the financial year to R8,670 billion at the end of March 2024. The increase relates to contracts that were procured during 2021/22 and 2022/23 financial years where there were no criteria for rotation of service providers on the panel as well as for projects that were not budgeted for per Table B5.

The entity received the condonation of R330,038 million from the relevent authority which was deducted from the original balance.

AUDIT OUTCOME

RAL received an unqualified audit opinion from the Auditor-General of South Africa (AGSA) in the 2023/24 financial year, with findings on compliance with laws and regulations. Non-compliance with laws and regulations was mainly caused by irregular expenditure and adjustment of financial statements. Although avoiding new irregular expenditure incidents is the primary goal, the Agency is aware of the importance of obtaining condonement of irregular expenditures and is currently seeking such condonements.

FUTURE PROSPECT

In previous years, the Agency faced difficulties fully utilising the Provincial Road Maintenance Grants (PRMG). Although the Agency has started to allocate its PRMG budget fully, there is a risk of overcommitment resurfacing, a challenge it had previously managed to resolve. Despite improvements in asset management information, AGSA continues to identify issues with the road infrastructure asset register. Irregular expenditure related to projects appointed through the panels remains an ongoing issue for the Agency.

In response, the Finance Unit will prioritise the following areas in the coming years:

- Developing processes, frameworks, and controls to prevent overcommitment and address the associated risks.
- Continuously enhancing the quality of information related to infrastructure assets.
- Establishing new panels of contractors and consultants, and implementing sourcing strategies to prevent irregular expenditure.

The Ga-Seleka/Kitty Road D3109 project is one of the successful strategic partnership initiatives with Exxaro Resources. The collaboration benefitted 13 villages, namely Sefithlogo, Morwe, Botshabelo, Moong, Segale, Botsalanong, Kopanong, Kgobagodimo, Letlora, Kiti, Motsweding, Dipompong and Mokuruanyane.

2. DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Board of Directors is required by the Public Finance Management Act 1 of 1999, as amended (PFMA), to maintain adequate accounting records and is responsible for the preparation and integrity of the audited annual financial statements and related financial information included in this annual report. It is the responsibility of the Board of Directors to ensure that audited annual financial statements fairly represent the state of affairs of Roads Agency Limpopo (SOC) Ltd as at the end of the financial year and the results of its operations and cash flows for the period ended.

These financial statements have been prepared using appropriate accounting policies, supported by reasonable and prudent judgement and estimate, in conformity, in all material respects with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP).

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

The Board of Directors is of the opinion that the financial statements fairly represent the financial position of Roads Agency Limpopo (SOC) Ltd. The Auditor-General South Africa, who are the independent auditors of Roads Agency Limpopo (SOC) Ltd, are engaged to express an opinion on the annual financial statements and were given unrestricted access to all financial records and related data, including minutes of the Board of Directors, the Committees of the Board and the management of the Roads Agency Limpopo (SOC) Ltd. The Board of Directors has no reason to believe that all representations made to the independent auditors during the audit are not valid and appropriate. The Board of Directors further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Board of Directors to suggest that the Roads Agency Limpopo (SOC) Ltd will not remain a going concern for at least the following twelve months.

The Annual Financial Statements of Roads Agency Limpopo (SOC) Ltd which appear on pages 99 to 152 were approved by the Board of Directors and are signed on their behalf by:

Mr G. M. Maluleke CA(SA)
Chief Executive Officer
31 July 2024

Mr M. K. Ramukumba CA(SA)
Chairperson:
Audit & Risk Committee
31 July 2024

Mr M. S. Ralebipi
Chairperson: Board of Directors
31 July 2024

3. REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE ON VOTE NO.09: ROAD AGENCY LIMPOPO (SOC) LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Roads Agency Limpopo set out on pages 99 to 152, which comprise the statement of financial position as at 31 March 2024 the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Roads Agency Limpopo as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (the Companies Act).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the Auditor-General for the audit of the financial statements section of my report.

4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

EMPHASIS OF MATTERS

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

Restatement of corresponding figures

7. As disclosed in note 34 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of errors in the financial statements of the entity at, and for the year ended 31 March 2024.

Significant uncertainties

8. With reference to note 31 to the financial statements, the entity is the defendant in a number of lawsuits. The entity is opposing these claims. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Underspending of the budget

9. As disclosed in note 13, the entity underspent the budget by R90 854 000 on Provincial Road Management Grant.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS, WHICH CONSTITUTES THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

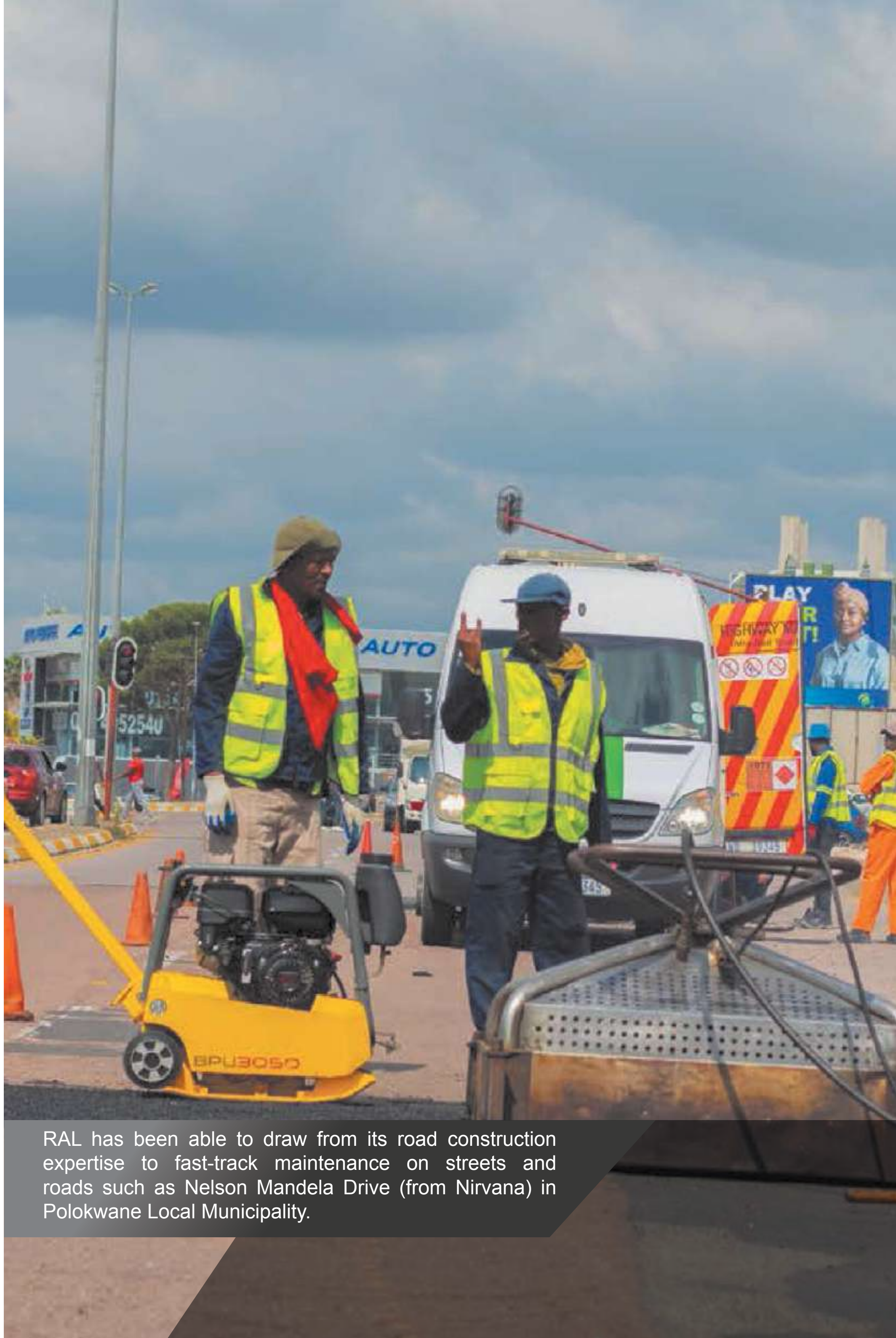
10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP, and the requirements of the PFMA and the Companies Act, and for such internal control as the accounting authority determines is necessary to enable the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

11. In preparing the financial statements, the accounting authority is responsible for assessing the entity'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 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

12. 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.

13. 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 no. 94, forms part of our auditor's report.



RAL has been able to draw from its road construction expertise to fast-track maintenance on streets and roads such as Nelson Mandela Drive (from Nirvana) in Polokwane Local Municipality.

4. REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Report on the audit of the annual performance report

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

15. I selected the following programme presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected a programme that measures the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2: Roads Infrastructure	28 - 34	The purpose of the programme is to promote accessibility and the safe affordable movement of people, goods and services through the delivery and maintenance of Roads infrastructure that is sustainable, integrated and environmentally sensitive, and supports economic growth of the Province.

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

17. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
    - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and 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 what was 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 are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

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

19. I did not identify any material findings on the reported performance information of selected subject matter.

OTHER MATTERS

20. I draw attention to the matter below.

Achievement of planned targets

21. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievement. This information should be considered in the context of the material findings on the reported performance information.

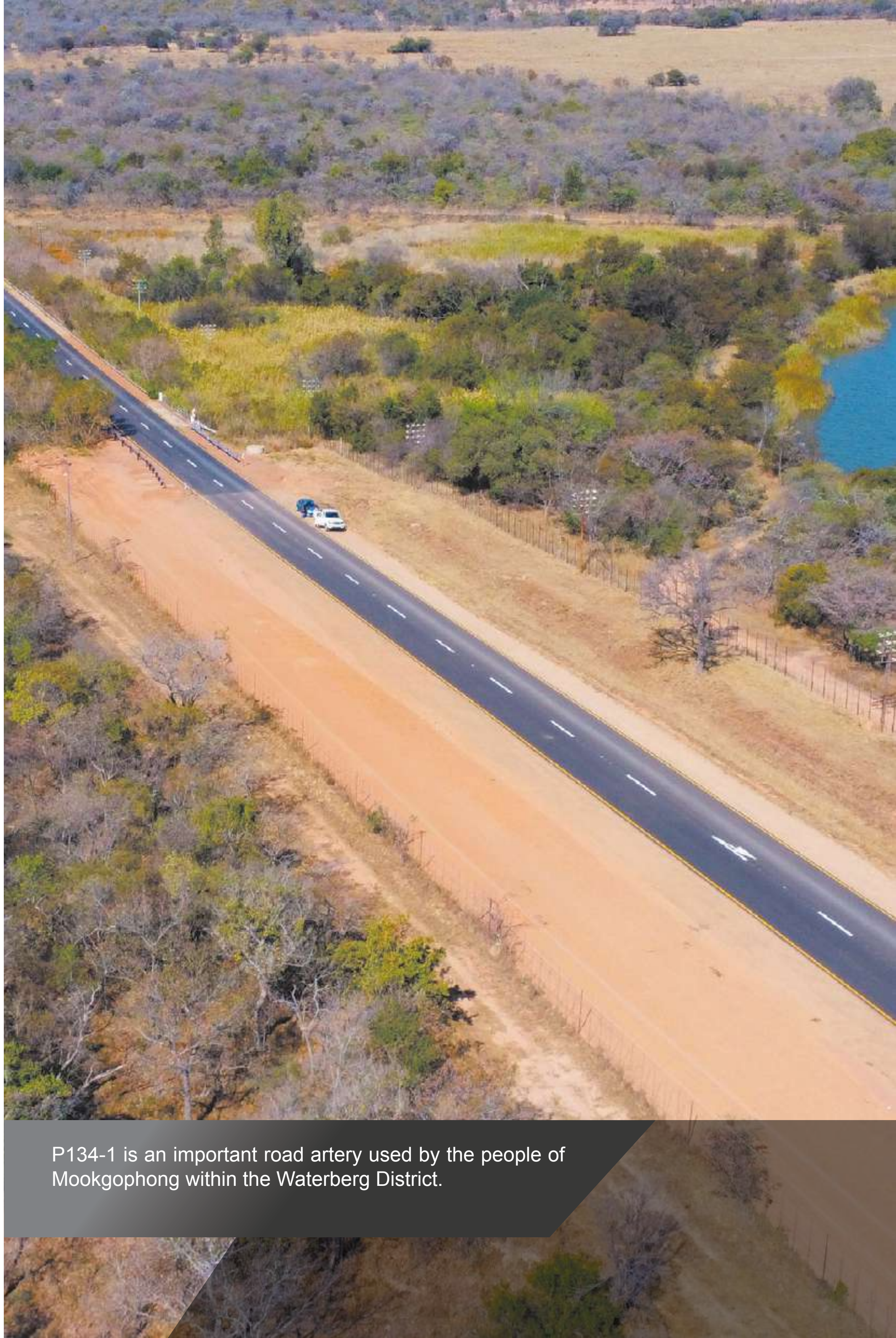
22. The table that follows provides information on the achievement of planned targets and listed the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets/measures taken to improve performance are included in the annual performance report on pages 28 to 34.

Road infrastructure

Targets achieved: [14/15] 93.33% Budget spent: [R2 255 027 000] 100%		
Key indicator not achieved	**Planned target**	**Reported achievement**
Number of kilometres of gravel roads upgraded to surfaced roads	55	33.40

Material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for roads infrastructure. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.



P134-1 is an important road artery used by the people of Mookgophong within the Waterberg District.

5. REPORT ON THE AUDIT OF COMPLIANCE AND LEGISLATION

REPORT ON COMPLIANCE WITH LEGISLATION

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

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

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

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

Annual Financial Statements

28. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55 (1) (b) of the PFMA.

    Material misstatements of property, plant and equipment, depreciation, expenditure, commitments and irregular expenditure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

29. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 38 to the annual financial statements, as required by section 51 (1)(b)(ii) of the PFMA. The irregular expenditure was caused by non-compliance with supply chain regulations in the prior years and current year, irregular appointment of service providers as there was no clear criteria for appointment of service providers from the panel.

30. Resources of the entity were not utilised economically, as required by section 57(b) of the PFMA.

Strategic planning and performance management

31. Procedures for the facilitation of effective performance monitoring, evaluation and corrective action through quarterly reports were not established, as required by Treasury Regulation 30.2.1.

Procurement and contract management

32. Bidders who achieved the minimum qualifying score for functionality criteria were not evaluated further in accordance with 2017 Preferential Procurement Regulation 5(7). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the infrastructure projects.

33. Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the CIDB Act and Construction Industry Development Board Regulations 17 and/or 25(7A). Similar non-compliance was also reported in the prior year.

OTHER INFORMATION IN THE ANNUAL REPORT

34. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act 71 of 2008 (Companies Act). The other information does not include the financial statements, the auditor's report and those selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

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

36. 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 programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

37. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, if I conclude that there is a material misstatement, 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

38. 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.

39. The accounting authority did not adequately review the financial statements before submitting it for auditing as material misstatements were identified by the auditors in the submitted financial statements.

40. Management did not implement adequate internal controls to ensure the preparation of accurate financial statements as numerous material misstatements were identified that required material adjustments.

41. The accounting authority did not adequately review the financial statements and annual performance report supporting before submitting it for auditing.

42. Management did not ensure that reported performance information is supported by accurate and complete documents.

43. The entity developed a plan to address internal and external audit findings, but the appropriate level of management did not timeously monitor adherence to the plan to address internal control deficiencies identified in the prior year, resulting in a repeat of the same matters.

44. Management did not implement proper controls over daily and monthly processing and reconciling of transactions especially around commitments and irregular expenditure.

45. The entity did not adequately review and monitor compliance with applicable procurement legislation and the PFMA resulting in incurrence of irregular expenditure.

46. HR policies were not reviewed, and were also not complied with by management, in addition the organisational structure was not reviewed.

47. Inadequate management of projects and non-implementation of prior year recommendations on delayed projects, resulting in damages on the incomplete sections of the roads and theft of material on site which in turn results in financial losses

OTHER REPORTS

48. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

49. The Special Investigation Unit (SIU) is currently investigating matters pertaining to supply chain management processes as well as project related expenditure that arose from 01 January 2009 to 20 April 2018. The outcome of the investigation was not yet available at the time of the report.

50. Provincial Treasury, through BDO SA, investigated matters pertaining to supply chain management at the entity. The investigation report was issued by BDO SA to Provincial Treasury on 23 May 2023. Provincial Treasury submitted the final report to the executive authority being the MEC of Public Works, Roads and Infrastructure on 23 October 2023 with the request to submit the implementation plan by 31 October 2023. The recommendations contained in the report are not yet implemented.

Auditor-General

Polokwane

31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

RAL has recently completed the 5 km second phase rehabilitation of Road D688 – Bylsteel under the Polokwane Local Municipality, within Capricorn District.

6. ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- the Auditor-General's responsibility for the audit
- the selected legislative requirements for compliance testing.

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the '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 entity'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 to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

I communicate with the accounting authority 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 authority with a statement that I have complied with relevant ethical requirements regarding independence and to 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
Public Finance Management Act 1 of 1999 (PFMA)	• PFMA 51(1)(e)(iii) • PFMA 53(4) • PFMA 55(1)(a) • PFMA 55(1)(b) • PFMA 55(1)(c)(i) • PFMA 57(b) • PFMA 54(2)(c) • PFMA 54(2)(d) • PFMA 66(4)
Preferential Procurement Regulations of 2022 (PPR)	• PPPFA (definition of acceptable tender) • PPPFA section 2(1) (a) • PPFA 2(1)(f) • 2017 Preferential Procurement reg 6(8), 7(8), 10(1)&(2) & 11(1) • 2022 Preferential Procurement reg 4(4) • Preferential Procurement reg {2017} 5(1) & 5(3) • Preferential Procurement reg 2017 5(6) • Preferential Procurement reg 2017 5(7) • Preferential Procurement reg {2017} 4(1) & 4(2) • Preferential Procurement reg {2017} 9(1)
Limpopo Roads Agency Limited and Provincial Roads Act 7 OF 1998	All
Treasury Regulation	• TR 31.1.2(c) • TR 31.2.1 • TR 30.1.1 • TR 16A.7.1 • TR 16A.7.3 • TR 16A.7.6 • TR 16A.7.7 • TR 16A9.1(b)(ii) • TR 33.1.1 • TR 31.2.5 • TR 31.2.7(a) • TR16A8.4

Legislation	Sections or regulations
Construction Industry Development Board Act	• CIDB Act 18(1)
Construction Industry Development Board Regulations	• CIDB reg. 17; • CIDB reg. 25(7A)
SCM Instruction Note	• SCM instruction note 2 of 2021/22 par. 3.2.1 • SCM instruction note 2 of 2021/22 par. 3.2.4 • SCM Instruction Note 02 of 2021-22 par 3.2.1 (bids advertised on or after 1 April 2022) • SCM instruction note 2 of 2021/22 par. 3.2.4 (b) - Only applicable to awards before 16 January 2023.
NT Instruction Note	NT Instruction 07 of 2017/18 par 4.3
PFMA Instruction Note	• FFMA SCM instruction note 03 of 2021/22 par 4.1. • PFMA instruction note no.3 of 2021/22 definition • PFMA instruction note no.3 of 2021/22 par. • 4.2 (b) • PFMA SCM Instruction No. 3 of 2021/22 par. • 7.2 (tenders advertised on or after 1 April 2022) • PFMA SCM instruction note 03 of 2021/22 • par 4.1. • PFMA instruction note no.3 of 2021/22 definition • PFMA instruction note no.3 of 2021/22 par. • 4.2 (b) • PFMA instruction note no.3 of 2021/22 par. 4.3 • PFMA instruction note no.3 of 2021/22 par. • 4.4 (c)
Companies Act	• Co Act 46(1)(a) • Co Act 46(1)(b) • Co Act 46(1)(c)

7. DIRECTORS' REPORT

The Board of Directors of the Roads Agency Limpopo (SOC) Ltd has pleasure in presenting the annual report on the activities of the entity for the financial year ended 31 March 2024.

REVIEW OF ACTIVITIES

1. Main Activities and Operations

The Roads Agency Limpopo (SOC) Ltd was established, in terms of the Limpopo Province Roads Agency Proprietary Limited and Provincial Roads Act 7 of 1998, as amended, for the purpose of constructing, maintaining and rehabilitating the provincial road infrastructure assets, on behalf of the Limpopo Provincial Government. The entity is a State-Owned Company registered as such in terms of the Companies Act 71 of 2008 and is listed as a Provincial Public Entity in schedule 3C of the Public Finance Management Act 1 of 1999, as amended.

Hon. C. N. Rakgoale, the Member of the Executive Council responsible for Public Works, Roads, and Infrastructure, served as the Executive Authority of the Agency. The Roads Agency Limpopo (SOC) Ltd received its revenue from the Department of Public Works, Roads, and Infrastructure.

During the financial year being reported on, RAL managed to raise an amount of R33 282 million in additional funding from strategic partnerships forged with private and public sector partners for the purpose of implementing road infrastructure projects.

2. Going Concern

The audited annual financial statements have been prepared on the basis that the Agency will continue to operate the business as a going concern. The Board of Directors is of the opinion that the Roads Agency Limpopo (SOC) Ltd has adequate resources to continue with operations in the next financial year and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent Events

The Board of Directors is not aware of any matter or circumstance arising since the end of the financial year to the date of this report that requires further disclosure in the annual financial statements.

4. Directors' Interest in Contracts

There were no material contracts in which the directors have an interest that were concluded and entered into during the financial period under review.

5. Governance Compliance

5.1 General

The Board of Directors retains full control of the strategic planning and direction of the Agency and acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management, performance monitoring and evaluation, transparency, and effective communication, both internally and externally. The Board of Directors is a unitary structure currently comprising of seven (7) Board Members, four (4) of whom are independent non-executive Board Members, and three (3) are *ex officio* board members, being the Chief Executive Officer, the Board Member nominated to represent the Limpopo Provincial Treasury and the Board Member nominated to represent the Limpopo Department of Public Works, Roads and Infrastructure in terms of section 12(3)(a) and 12(3)(aB), respectively, of the Limpopo Province Roads Agency Proprietary Limited and Provincial Roads Act 7 of 1998, as amended.

The Board of Directors is committed to applying all codified and customary corporate governance imperatives, as well as mandatory and regulatory provisions of statutes and regulations, in order to ensure its responsible corporate citizenship.

In addition to the establishing statute of RAL, the shareholder concluded, as it does on an annual basis, a Board Performance Agreement with the Board of Directors of the Agency, outlining all the deliverables expected to be achieved by the Agency for the year under review. Furthermore, RAL executed all its pre-determined strategic objectives as enshrined in the Five-Year Strategic Plan and Annual Performance Plan.

5.2 Chairperson and Chief Executive Officer

The Board of Directors held quarterly meetings, as required, for the purpose of considering and approving statutory quarterly submissions and executed its collective fiduciary duties in line with the PFMA, Companies Act and the establishing Act of RAL. The Board of Directors, under the leadership of the Chairperson, created a conducive environment for maintaining and exercising continuous oversight of organisational effectiveness and efficiency, and Board performance and effectiveness. The Chairperson is an independent non-executive director, and the roles of the Chairperson and the Chief Executive Officer are separate. The Board performs its functions collectively, with no single individual Director having absolute and unfettered powers of discretion.

The Chief Executive Officer managed the business operations of the Agency on a day-to-day basis, ensuring optimal execution of the strategy and Annual Performance Plan approved by the Board.

5.3 Audit and Risk Committee

During the financial period under review, the Audit and Risk Committee was constituted by four (4) independent non-executive members. The Committee held six (6) meetings for the purpose of conducting its ordinary business and for any other functions expected to be performed within the scope of the Committee.

6. Internal Control Systems and Procedures

To meet its responsibility with respect to providing reliable financial information, the Roads Agency Limpopo (SOC) Ltd maintains effective and efficient financial and operational internal control systems. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with the prescribed laws and regulations and in conformity with the mandate of the shareholder. The controls also ensure that the assets are adequately safeguarded against material loss, damage or unauthorised acquisition, use, or disposal, and those transactions are properly authorised and recorded. The Audit and Risk Committee and the Board held their scheduled meetings for the year. All documents that were tabled for approval have been so approved by the Board of Directors and implemented by the management team. No material deficiencies in the internal controls over financial reporting were identified by the Internal Audit Unit.

7. Risk Management

The Audit and Risk Committee, on behalf of the Board, ensured that integrated risk management was upheld and that the risk appetite of the Agency is managed by addressing all imminent root causes and implementing effective treatment plans for the mitigation and/or elimination of risks.

8. Commitments, Contingencies, and Legal Proceedings

All commitments of the Roads Agency Limpopo (SOC) Ltd are reflected in the statement of financial position. The Agency had several pending legal proceedings during the year under review that remain *sub judice*.

9. Fruitless and Wasteful and Irregular Expenditure

Details of all transactions resulting in fruitless and wasteful expenditure, as well as those leading to irregular expenditure, are set out in the notes to the Financial Statements.

10. Directors

The directors of the entity during the year and to the date of this report are as follows:

Mr M. S. Ralebipi	Chairperson of the Board of Directors
Dr W. N. G. Moleko	Independent Non-Executive Director
Ms T. M. Ramabulana	Independent Non-Executive Director
Ms S. R. Mushwana	Independent Non-Executive Director
Mr M. J. Phukuntsi	Ex Officio Director representing the Limpopo Provincial Treasury
Ms N. A. Moloisi	Ex Officio Director representing the shareholder Department of RAL, Limpopo Department of Public Works, Roads and Infrastructure
Mr G. M. Maluleke	Ex Officio Director in his capacity as Chief Executive Officer of RAL

11. Company Secretary and Chief Legal Counsel

Ms Tebogo C. Kekana FCG(CS) was the Company Secretary and Chief Legal Counsel of RAL during the year under review.

12. Human Resources

The Roads Agency Limpopo (SOC) Ltd maintains a positive ethical work climate conducive to attracting, retaining, and motivating a diverse group of quality employees at all levels of operations, encouraging team spirit and personal commitment.

PART G:
FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Country of incorporation and domicile
South Africa

Nature of business and principal activities
Roads infrastructure construction

Physical Address:
26 Rabe Street, Polokwane, 0700

Postal Address:
Private Bag X 9554, Polokwane, 0700

Controlling entity
Limpopo Department of Public Works, Roads and Infrastructure

Bankers:
ABSA Bank Limited

Auditors:
AGSA Registered Auditors

Secretary:
Ms Tebogo Kekana

Company registration number:
2001/025832/30

Preparer:
The annual financial statements were internally compiled by:
H. F. Magopa
Chief Financial Officer

Operation #ThibaMekotiDitseleng continues to improve road conditions across the five districts of Limpopo. The ongoing pothole patching efforts on the roads across the province are greatly appreciated by many road users.

2. INDEX

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

The Annual Financial Statements set out on pages 99-152 which have been prepared on the going concern basis, were approved on 31 May 2024 and were signed on its behalf by:

Mr M. S. Ralebipi
Chairperson: Board of Directors

Mr G. M. Maluleke CA(SA)
Chief Executive Officer

3. STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

Figures in Rand thousand	Note(s)	2024	2023 Restated
Assets			
Current Assets			
Inventories	7	350	312
Receivables from exchange transactions	8	69 023	8 384
Cash and cash equivalents	9	27 737	228 112
Total current assets		**97 110**	**236 808**
Non-Current Assets			
Property, plant and equipment	3	23 591 291	23 377 577
Intangible assets	4	446	892
Other financial assets	6	2 340	2 340
Total non-current assets		**23 594 077**	**23 380 809**
Total Assets		**23 691 187**	**23 617 617**
Liabilities			
Current Liabilities			
Retentions	5	46 653	25 775
Finance lease obligation	11	–	157
Payables from exchange transactions	12	349 695	268 708
Payables from non-exchange transactions	13	91 402	599
Total current liabilities		**487 750**	**295 239**
Non-Current Liabilities			
Retentions	5	79 751	63 500
Finance lease obligation	11	–	133
Total non-current liabilities		**79 751**	**63 633**
Total Liabilities		**567 501**	**358 872**
Net Assets		**23 123 686**	**23 258 745**
Share capital/ contributed capital	10	1	1
Accumulated surplus		23 123 685	23 258 744
Total Net Assets		**23 123 686**	**23 258 745**

4. STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand thousand	Note(s)	2024	2023 Restated
Revenue			
Revenue from exchange transactions			
Other income	18	20 609	1 514
Interest income	19	6 426	11 826
Total revenue from exchange transactions		**27 035**	**13 340**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	20	2 255 027	2 092 717
Contributions by other entities	21	34 389	8 245
Total revenue from non-exchange transactions		**2 289 416**	**2 100 962**
Total revenue	**14**	**2 316 451**	**2 114 302**
Expenditure			
Employee related costs	22	(110 554)	(92 710)
Depreciation and amortisation	23	(1 681 318)	(1 601 323)
Impairment loss	24	(56 573)	(26 352)
Contractors expenses	15	–	(10 607)
Interest and penalties	25	(10)	(82)
Repairs and maintenance	17	(500 262)	(116 931)
Provision for bad debts		83	–
Derecognition of roads and bridges	27	(14 935)	(9 971)
Loss on disposal of assets	16	(34)	(20)
General expenses	26	(80 066)	(89 208)
Total expenditure		**(2 443 669)**	**(1 947 204)**
(Deficit) surplus for the year		**(127 218)**	**167 098**

5. STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand thousand	Share capital/ contributed capital	Accumulated surplus	Total net assets
Opening balance as previously reported	1	22 358 050	22 358 051
Adjustments Correction of errors	–	745 829	745 829
Balance at 01 April 2022 as restated*	**–**	**23 104 986**	**23 104 986**
Changes in net assets Transfer of own revenue	–	(13 340)	(13 340)
Net losses recognised directly in net assets	–	(13 340)	(13 340)
Deficit for the year	–	167 098	167 098
Total recognised income and expenses for the year	–	153 758	153 758
Total changes	–	153 758	153 758
Balance at 01 April 2023	**–**	**23 258 743**	**23 258 743**
Changes in net assets Transfer of own revenue	–	(7 840)	(7 840)
Net losses recognised directly in net assets	–	(7 840)	(7 840)
Deficit for the year	–	(127 218)	(127 218)
Total recognised income and expenses for the year	–	(135 058)	(135 058)
Total changes	–	(135 058)	(135 058)
Balance at 31 March 2024	**1**	**23 123 685**	**23 123 686**

Transfer - own revenue, relates to revenue generated during year (transferred and transferable) to LDPWRI.

6. CASH FLOW STATEMENT

Figures in Rand thousand	Note(s)	2024	2023 Restated
Cash flows from operating activities			
Receipts			
Grants		2 345 940	2 092 657
Interest income		6 996	12 294
Other receipts		2 406	1 425
		2 355 342	2 106 376
Payments			
Employee costs		(110 373)	(93 093)
Goods and services		(147 339)	(130 195)
Interest and penalties		(10)	(82)
Repairs and maintenance		(498 368)	(116 238)
Other payments		–	(534 401)
		(756 090)	(874 009)
Net cash flows from operating activities	**29**	**1 599 252**	**1 232 367**
Cash flows from investing activities			
Purchase of other intangible assets	4	–	(231)
Purchase of property, plant and equipment		(1 799 603)	(1 714 045)
Deposit refunded on borrow pit		–	210
Net cash flows from investing activities		**(1 799 603)**	**(1 714 066)**
Cash flows from financing activities			
Finance lease payments		(24)	(125)
Net increase/(decrease) in cash and cash equivalents		**(200 375)**	**(481 824)**
Cash and cash equivalents at the beginning of the year		**228 112**	**709 936**
Cash and cash equivalents at the end of the year	**9**	**27 737**	**228 112**

7. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Accrual Basis						
Figures in Rand thousand	**Approved budget**	**Adjustments**	**Final Budget**	**Actual amounts on comparable basis**	**Difference between final budget and actual**	**Reference**
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income - (rollup)	1 214	(54)	1 160	20 609	19 449	#1
Interest received - investment	2 114	5 417	7 531	6 426	(1 105)	#2
Total revenue from exchange transactions	**3 328**	**5 363**	**8 691**	**27 035**	**18 344**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	2 008 967	336 973	2 345 940	2 255 027	(90 913)	#3
Contributions by other entities	–	–	–	34 389	34 389	#4
Total revenue from non-exchange transactions	**2 008 967**	**336 973**	**2 345 940**	**2 289 416**	**(56 524)**	
Total revenue	**2 012 295**	**342 336**	**2 354 631**	**2 316 451**	**(38 180)**	
Expenditure						
Personnel	(120 805)	–	(120 805)	(110 554)	10 251	
Depreciation	–	–	–	(1 681 318)	(1 681 318)	#4
Impairment loss/ Reversal of impairments	–	–	–	(56 573)	(56 573)	#4
Finance costs and penalties	(12)	(5)	(17)	(10)	7	#5
Repairs and maintenance	(948 914)	(500 637)	(1 449 551)	(500 262)	949 289	#6
Bad debts	–	–	–	83	83	
General expenses	(68 883)	(1 262)	(70 145)	(80 066)	(9 921)	#7
Property, plant and equipment	(844 241)	164 930	(679 311)	(1 958 005)	(1 278 694)	#8
Intangible assets	(26 112)	–	(26 112)	–	26 112	#9
Total expenditure	**(2 008 967)**	**(336 974)**	**(2 345 941)**	**(4 386 705)**	**(2 040 764)**	
Operating deficit	**3 328**	**5 362**	**8 690**	**(2 070 254)**	**(2 078 944)**	
Loss on disposal of assets and liabilities		–	–	(34)	(34)	
Surplus/ (Deficit) for the year	3 328	5 362	8 690	(2 070 288)	(2 078 978)	
	3 328	**5 362**	**8 690**	**(2 070 288)**	**(2 078 978)**	

Budget on Accrual Basis						
Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Comments and variance analysis						

#1. Other Income:
Increase in other income is mainly caused by the volume of applications for access roads and write-off of long standing payables exceeding budgets.

#2. Interest Received:
The entity earned minimal interest due to fast-tracked infrastructure projects that left the entity with a low cash bank balance.

#3. Government grant and subsidies:
The portion of the grant from the Welisizwe earmarked funding was not spent due to delays from the implementation of the project.

#4. Contributions by other entities, depreciation and impairment:
The entity does not budget for non-cash items.

#5. Finance costs and penalties:
Underspending on finance lease of printing machines arises from the termination of the lease.

#6. Repairs and maintenance:
Underspending was caused by the reclassification of rehabilitation costs from repairs and maintenance to Property, Plant and Equipment.

#7. General expenses:
Professional fees, travelling cost and computer expenses were higher than anticipated.

#8. Property, Plant and Equipment:
Overspending was caused by the reclassification of rehabilitation costs from repairs and maintenance to Property, Plant and Equipment.

#9. Intangible assets:
The entity did not spend due to delays in procuring the Enterprise Resource Planning business system.

The initial budget of R2.009 billion was increased to R2.345 billion during the first and second MTEF budget adjustment due to increased demands of roads maintenance.

8. ACCOUNTING POLICIES

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 91(1) of the Public Finance Management Act (Act 1 of 1999).

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.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 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:

Trade receivables

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

The calculation in respect of the impairment of consumer debtors is based on an assessment of the extent to which debtors have defaulted on payments already due and an assessment of their ability to make payments. This was performed per service categories across all debtor classes. Accordingly, no further credit provisions are required in excess of the present allowance for doubtful debts.

Impairment of non-cash-generating assets

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. The main impairment indicator for the road infrastructure assets is the results of the visual condition assessment. If any such indication exists, the entity then estimates the recoverable service amount of the non-cash-generating asset. The recoverable service amount of non-cash-generating assets has been determined as the higher of value-in-use and fair value less cost to sell. These calculations require the use of estimates and assumptions. The excess of the carrying amounts over the recoverable service amount is recognised as impairment loss in the statement of financial performance.

RAL is providing services to the public of Limpopo and receives transfer payments from the Limpopo Provincial Government to fund its operations. RAL therefore classifies all of its non-current tangible assets as non-cash generating assets.

Provisions and contingencies

Provisions are raised based on the information available to management, and past knowledge. A provision is recognised when the entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date.

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 calculation in respect of the impairment of consumer debtors is based on an assessment of the extent to which debtors have defaulted on payments already due and an assessment of their ability to make payments. This was performed per service categories across all debtor classes. Accordingly, no further credit provisions are required in excess of the present allowance for doubtful debts.

Useful lives of property, plant and equipment

The entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on industry norms. The industry norm is adjusted for entity-specific considerations. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

The entity assesses residual values of road infrastructure assets at zero as there is no market for the road infrastructure. Residual values for non infrastructure assets are also assessed at zero as the entity intends to utilise assets until the end of their useful lives.

Budget information

The entity deems a 10% deviation on operational revenue and expenditure and a 5% or more for capital expenditure between budget and actual amounts to be material. These percentages are based on management's estimate and are considered to be appropriate. All material differences are explained in the notes to the annual financial statements.

1.4 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 entity; and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average use fullife
Land	Straight line	Infinite
Buildings	Straight line	50 years
Furniture and fixtures	Straight line	12 years
Motor vehicles	Straight line	10 years
Office equipment	Straight line	8 years
IT equipment	Straight line	5 to 6 years
Roads beds	Straight line	40 years
Pavement layers	Straight line	20 years
Bridges	Straight line	50 years
Unpaved layers	Straight line	8 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 entity. 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 entity assesses at each reporting date whether there is any indication that the entity 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 entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

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

1.5 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 entity or from other rights and obligations.

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

An intangible asset is recognised when:

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

The entity 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.

- 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.

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

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

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

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

Item	Useful life
Computer software	3 years
Website design	3 years

1.6 Financial instruments

Classification

Financial instruments are recognised on the statement of financial position when the entity becomes party to the contractual provisions of the instrument. Financial instruments include cash and bank balances, receivables and trade payables. These financial instruments are generally carried at their estimated fair value, which is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

Financial assets

The entity's main financial instruments are cash at bank and cash on hand, trade receivables and other receivables.

Financial liabilities

The entity's main financial liabilities are trade and other payables and retentions.

Initial recognition and measurement

Financial instruments are initially recognised using the trade date accounting method. The entity classifies the financial instruments on their component parts on initial recognition in accordance with the substance of the contractual arrangement.

Financial instruments are initially measured at fair value costs when the entity is a party to contractual arrangement. Subsequent to initial recognition these instruments are measured as set out below.

Retentions

Retentions are stated at amortised cost.

Trade and other payables

Trade and other payables are stated at amortised cost. The carrying amount of these payables approximates fair value due to the short period to maturity of these instruments.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost. The carrying amount approximates fair value due to the short period to maturity. Cash and cash equivalents comprise cash at bank.

Trade and other receivables

Trade and other receivables are stated at the nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying amount of these receivables approximate fair value due to the short period to maturity of these instruments. Trade and other receivables from exchange transactions are disclosed separately from trade and other receivables from non-exchange transactions. Trade and other receivables in exchange for which the entity gives approximately equal value to another entity are recognised as trade and other receivables from exchange transactions.

Trade and receivables received without directly giving approximately equal value in exchange are recognised as trade and other receivables from non-exchange transactions.

Impairment of financial assets

At the end of the reporting period the entity assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

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

Reversals of impairment losses are recognised in the surplus.

Derecognition of financial instruments

A financial asset is derecognised when:

- the right to receive cash flows from the asset has expired;
- the entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without delay to a third party under a "pass through" arrangement; or
- the entity has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control thereof.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same customer on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, and the difference in the respective carrying amounts is derecognised in the Statement of Financial Performance.

Financial risk management

In running its operations the organisation is exposed to interest rate, liquidity, credit and market risks. RAL has developed a comprehensive risk management process which monitors and controls the impact of such risks on the organisation's daily operations. The risk management process relating to each of these risks is discussed under the headings below.

Credit risk and market risk

Credit risk consists mainly of accounts receivable and cash and cash equivalents. This is the risk of the entity being exposed to counter party failures. Although this risk is unlikely to occur in the short term, it is mitigated as follows:

- Cash and short-term deposits are placed with well established financial institutions of high quality and credit standing and also approved by National Treasury;
- Transactions are entered into with reputable financial institutions which are approved by National Treasury;
- Funds are invested in short-term facilities; and
- The organisation does not raise debtors in its ordinary course of business.

Credit risk with respect to accounts receivable is limited due to the nature of the entity's business and its reliance on government grant as the main source of funding.

Market risk is the risk that the value of an investment will decrease due to changes in market factors. The above stated mitigating factors apply to market risk as well.

Interest rate risk management

This is the risk that adverse changes in interest rates will have a negative impact on the net income of the entity. The inherent interest rate risk is concentrated in short term investments and deposits which are highly liquid. This risk is managed by:

- transacting with well established financial institutions of high quality credit standing and the accounts bearing;
- interest at prevailing market rates; and
- the entity does not hold significant finance leases with fluctuating interest rates.

Liquidity risk

This is the risk that the entity may encounter difficulties in raising funds to meet its statutory commitments. This is managed by cash flow planning and management.

Fair value

The entity's financial instruments consist mainly of cash and cash equivalents, receivables and trade payables. No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets. The carrying amounts of financial assets and liabilities approximate their fair values due to their short-term maturity period.

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.

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. Government grant receivable is classified as a statutory receivable.

Recognition

The entity recognises statutory receivables using the policy on Revenue from exchange transactions.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity 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.

Derecognition

The entity 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 entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, 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.

1.7 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.

Finance leases-lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

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.

1.8 Inventories

RAL's inventories comprise of consumables.

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.

Inventories are valued using the weighted average method.

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.

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.

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.

1.9 Impairment of cash-generating assets

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

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

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

- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

1.10 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets. RAL is providing services to the public of Limpopo and receives transfer payments from the Limpopo Provincial Government to fund its operations. RAL therefore classifies all of its non-current tangible assets as non-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.

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

Value in use of a non-cash generating asset is the present value of the asset's remaining service potential. The entity uses the depreciated replacement cost approach to determine value in use.

1.11 Share capital/contributed capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

1.12 Employee benefits

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

A constructive obligation is an obligation that derives from an entity's actions whereby 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.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled

within twelve months after the end of the reporting period in which the employees render the related employee service;

- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones for current employees.

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

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events, and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.13 Provisions and contingencies

Provisions are recognised when:

- the entity 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 of the obligation can be made.

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.

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.

Contingent assets and contingent liabilities are not recognised.

1.14 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.15 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 entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or the 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.

RAL's revenue is from rental of advertising billboards and application fees for road access.

Measurement

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

Interest

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

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

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

1.16 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

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.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.17 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 statement of financial performance in the period incurred.

1.18 Comparative figures

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.19 Fruitless and wasteful expenditure

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

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

1.20 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) this Act; or

(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury instruction note no. 4 of 2022/2023 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 3 January 2023):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year-end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.

Immediate steps must thereafter be taken to recover the amount from the person concerned.

If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.21 Budget information

The entity is subject to budgetary limits in the form of appropriations or budget authorisations, which is given effect through appropriation.

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

The approved budget is prepared on an accrual basis and presented by economic classification.

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

The Statement of Comparative and Actual Information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.22 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity 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 entity 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 entity is exempt from the disclosures in accordance with the above, the entity 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.

1.23 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 entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity 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.

The rehabilitation of road P51/3 in Stofberg, was made possible through the adoption of an intensified approach to preventative maintenance by Roads Agency Limpopo (RAL) in recent years.

9. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ interpretation:	Effective date Years beginning on or after	Expected impact
GRAP 104 - Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. PROPERTY, PLANT AND EQUIPMENT

Figures in Rand Thousand	2024			2023 Restated		
	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	3 700	–	3 700	3 700	–	3 700
Buildings	81 065	(36 677)	44 388	81 065	(35 142)	45 923
Furniture and fixtures	6 217	(4 067)	2 150	5 900	(3 753)	2 147
Motor vehicles	1 378	(744)	634	1 378	(631)	747
Office equipment	3 364	(1 950)	1 414	3 493	(1 867)	1 626
IT equipment	11 263	(7 061)	4 202	9 682	(5 991)	3 691
Roads and bridges	50 493 455	(29 756 549)	20 736 906	49 007 530	(28 048 503)	20 959 027
Roads and bridges under construction	2 797 897	–	2 797 897	2 360 716	–	2 360 716
Total	**53 398 339**	**(29 807 048)**	**23 591 291**	**51 473 464**	**(28 095 887)**	**23 377 577**

Figures in Rand thousand	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Reconciliation of property, plant and equipment - 2024							
Land	3 700	–	–	–	–	–	3 700
Buildings	45 923	–	–	–	(1 535)	–	44 388
Furniture and fixtures	2 147	244	–	–	(241)	–	2 150
Motor vehicles	747	–	–	–	(113)	–	634
Office equipment	1 626	336	(217)	–	(331)	–	1 414
IT equipment	3 691	1 696	(13)	–	(1 172)	–	4 202
Roads and bridges	20 959 027	–	(8 883)	1 512 092	(1 677 489)	(47 841)	20 736 906
Roads and bridges under construction	2 360 716	1 958 005	–	(1 512 092)	–	(8 732)	2 797 897
	23 377 577	**1 960 281**	**(9 113)**	**–**	**(1 680 872)**	**(56 573)**	**23 591 291**

Reconciliation of property, plant and equipment - 2023 Restated							
	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	3 700	–	–	–	–	–	3 700
Buildings	47 458	–	–	–	(1 535)	–	45 923
Furniture and fixtures	1 901	534	–	–	(288)	–	2 147
Motor vehicles	860	–	–	–	(113)	–	747
Office equipment	1 339	693	(2)	–	(404)	–	1 626
IT equipment	2 708	2 055	(18)	–	(1 054)	–	3 691
Roads and bridges	21 167 901	–	(9 972)	1 424 934	(1 597 484)	(26 352)	20 959 027
Roads and bridges under construction	2 000 731	1 784 919	–	(1 424 934)	–	–	2 360 716
	23 226 598	**1 788 201**	**(9 992)**	**–**	**(1 600 878)**	**(26 352)**	**23 377 577**

Figures in Rand thousand	2024	2023
Assets subject to finance lease (Net carrying amount)		
Office equipment	–	254
Property, plant and equipment derecognised		
Property, plant and equipment derecognised		
Roads and bridges (unpaved roads upgraded to paved roads and material loss)	14 934	9 971

Details of properties: The derecognition of unpaved roads which were improved to paved roads with a carrying amount of R8 883 000, cost of R20 583 000 and accumulated depreciation of R11 700 000. In addition the entity wrote off R6 051 038 in relation to missing material on project T866 and T634.

There are various municipalities that are undertaking upgrades to roads managed by the Roads Agency Limpopo (RAL) without informing RAL. Consequently, these activities cannot be accounted for in the RAL financial statements due to the absence of progress reports and supporting documentation. RAL will initiate a thorough investigation to gather comprehensive information on the ongoing road projects, establish clear communication channels with the involved municipalities, and ensure that all future upgrades are documented and reported in a timely manner. This investigation aims to enhance transparency, improve project management, and ensure that all road infrastructure developments are accurately reflected in RAL's financial statements.

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		
Repairs and maintenance	500 262	116 931
Re-gravelling of roads	(95 384)	–
Municipal interventions	(243 067)	–
	161 811	**116 931**

Property, plant and equipment pledged as security	No property, plant and equipment has been pledged as security for any liability in the current and previous financial years.
Restrictions on disposal of assets	Roads and bridges may only be disposed in line with the RAL Act.
Roads and bridges under construction	Included in the Roads and bridges under construction is a total of 4 (2023: 4) projects with a carrying amount of R689 million (2023: R995.811 million) that are taking a significantly longer period of time to complete than expected. The delays were caused by over-commitment by the entity which resulted in late payments of the service providers, prolonging the duration of projects. No projects were halted during the year. In 2023, 1 project with a carrying amount of R226.634 million was halted during the construction. However, none of the projects were found to be impaired.

4. INTANGIBLE ASSETS

Figures in Rand Thousand	2024			2023 Restated		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 045	(1 968)	77	2 045	(1 891)	154
Website design	1 661	(1 292)	369	1 661	(923)	738
Total	**3 706**	**(3 260)**	**446**	**3 706**	**(2 814)**	**892**

Reconciliation of intangible assets - 2024			
	Opening balance	Amortisation	Total
Computer software	154	(77)	77
Website design	738	(369)	369
	892	**(446)**	**446**

Reconciliation of intangible assets - 2023 Restated				
	Opening balance	Additions	Amortisation	Total
Computer software	–	231	(77)	154
Website design	1 107	–	(369)	738
	1 107	**231**	**(446)**	**892**

5. RETENTIONS

Figures in Rand Thousand	2024	2023
Infrastructure projects		
Retentions	126 403	89 275
Non-current liabilities	79 751	63 500
Current liabilities	46 653	25 775
	126 404	**89 275**

6. OTHER FINANCIAL ASSETS

Residual interest at cost		
Returnable Rehabilitation deposit Other financial assets relates to refundable deposits made to the Department of Minerals Resources for rehabilitation of borrow pits used for entity's projects	2 340	2 340
Non-current assets	2 340	2 340
Current assets	–	–

7. INVENTORIES

Consumable stores	350	312

Details of Inventory

Inventory consists of consumables such as office stationery, cleaning materials and grocery items. Inventory recognised as an expense and included in general expenses amounted to R509 000 (2023: R415 000)

8. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Figures in Rand Thousand	2024	2023
Trade debtors	1 386	1 637
Prepayments	811	388
Students and staff bursaries	2 701	2 767
Advance payments	64 721	3 183
Provision for doubtful debts	(1 305)	(1 389)
Other debtors	500	1 019
Accrual interest	209	779
	69 023	**8 384**

Trade and other receivables past due but not impaired		
Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2024, R57 287 (2023: R425 000) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
>3 months past due	57	425

Trade and other receivables impaired		
The ageing of the receivables impaired is as follows:		
Over 6 months	1 305	1 389

Reconciliation of provision for impairment of trade and other receivables		
Opening balance	1 389	1 389
Reversal of provision for bad debts	(84)	–
	1 305	**1 389**

9. CASH AND CASH EQUIVALENTS

Figures in Rand Thousand	2024	2023
Cash and cash equivalents consist of:		
Bank balances (ABSA current account)	27 737	228 112

10. SHARE CAPITAL/CONTRIBUTED CAPITAL

Authorised		
100 Ordinary shares of 1 each	1	1

The rehabilitation of Road D21 provided much relief to the community of Ga-Sekororo within the Maruleng Local Municipality, from enduring the previously dilapidated stretch of road towards R36 that links the village to Tzaneen and Hoedspruit.

11. FINANCE LEASE OBLIGATION

Figures in Rand Thousand	2024	2023
Minimum lease payments due		
- within one year	–	208
- in second to fifth year inclusive	–	145
less: future finance charges	–	(63)
Present value of minimum lease payments	**–**	**290**

Present value of minimum lease payments due		
- within one year	–	157
- in second to fifth year inclusive	–	133
	–	**290**

Non-current liabilities	–	133
Current liabilities	–	157
	–	**290**

The average lease term was 3 years starting from 1 December 2021 to 30 November 2024 and the average effective borrowing rate was 22.79% (2023: 22.79%). The lease was terminated on 30 June 2023.

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets.

12. PAYABLES FROM EXCHANGE TRANSACTIONS

Figures in Rand Thousand	2024	2023
Trade payables	341 295	241 377
Payments received in advance - Debtors with credit balances	82	25
Payables - Partnerships	–	19 038
13th Cheque	1 258	1 126
Leave accrual	5 025	4 984
Accrued expense	989	1 271
3rd Party	1 046	870
Other payables	–	17
	349 695	**268 708**

Other payables in 2023 relates to directors fees payable

Aging of trade payables		
0 - 30 days	332 208	241 377
Over 90 days	9 084	–
	341 292	**241 377**

13. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Government grants received but not spent	90 854	(59)
Other payables own revenue - LDPWRI	548	658
	91 402	**599**

RAL receives provincial maintenance grants and equitable share. Provincial maintenance grant can only be used for the road repair and maintenance. Equitable share can be used for all activities of the entity. Government grants received but not spent by the end of the financial year are surrendered to LDPWRI. In addition, revenue generated and collected by RAL is payable to LDPW.

14. REVENUE

Figures in Rand Thousand	2024	2023
Other income	20 609	1 514
Interest received	6 426	11 826
Government grants & subsidies	2 255 027	2 092 717
Contributions by other entities	34 389	8 245
	2 316 451	**2 114 302**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other income	20 609	1 514
Interest received	6 426	11 826
	27 035	**13 340**
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	2 255 027	2 092 717
Contributions by other entities	34 389	8 245
	2 289 416	**2 100 962**

15. CONTRACTORS EXPENSES

Contractors expenses	–	10 607

Contractors expenses relates to amounts claimed by the contractors for standing time caused by the COVID 19 pandemic.

16. GAIN/LOSS ON DISPOSAL OF ASSETS

Figures in Rand Thousand	2024	2023
Gain/(loss) on disposal of assets	(34)	(20)

The entity disposed assets with a carrying amount of R287 555 (2023: R20 000) and realised a loss of R33 581 (2023:R20 000).

17. REPAIRS AND MAINTENANCE

Land and building		
Repairs and maintenance	1 878	620
Motor vehicles		
Repairs and maintenance	3	17
Equipment		
Repairs and maintenance	13	56
Roads and bridges		
Repairs and maintenance	498 368	116 238
	500 262	**116 931**

A portion of repairs and maintenance budget was used for municipal interventions, whereby RAL was required to maintain roads that belonged to the municipality and not to RAL.

18. OTHER INCOME

Application fees	914	782
Rental billboards	353	424
Sundry income	19 228	197
Rental of Aerial Space	114	111
	20 609	**1 514**

19. INTEREST INCOME

Figures in Rand Thousand	2024	2023
Interest income		
Bank	6 379	11 773
Interest charged on trade and other receivables	47	53
	6 426	**11 826**

20. GOVERNMENT GRANTS AND SUBSIDIES

Operating grants		
Administration - Equitable share grant	200 068	186 015
Infrastructure projects - Equitable share grant	706 806	934 536
Infrastructure projects - Conditional grants	1 348 153	972 166
	2 255 027	**2 092 717**

21. CONTRIBUTIONS BY OTHER ENTITIES

Private sector contributions	34 389	8 245

22. EMPLOYEE RELATED COSTS

Figures in Rand Thousand	2024	2023
Basic	69 041	58 280
Bonus	7 265	6 173
Medical aid - company contributions	861	778
UIF	229	200
Leave pay provision charge	603	381
Travel and housing allowances	23 796	19 684
Other allowances	711	475
Post retirement benefit plan - defined contribution	8 048	6 739
	110 554	**92 710**

23. DEPRECIATION AND AMORTISATION

Property, plant and equipment	1 680 872	1 600 877
Intangible assets	446	446
	1 681 318	**1 601 323**

24. IMPAIRMENT LOSS

Impairments		
Property, plant and equipment	56 573	26 352
	56 573	**26 352**

25. INTEREST AND PENALTIES

Finance leases	10	82

26. GENERAL EXPENSES

Figures in Rand Thousand	2024	2023
Internal audit fees	443	1 784
Marketing and public relations	9 101	12 361
Assessment rates and municipal charges	1 569	1 648
Auditors fees and expenses	5 906	6 603
Bank charges	65	64
Cleaning	22	144
Computer expenses	29	5
Consulting and professional fees	21 513	20 935
Consumables	509	415
Insurance	608	594
Conferences and seminars	1 202	1 324
Magazines, books and periodicals	–	20
Motor vehicle expenses	20	20
Accommodation	1 722	1 054
Fuel and oil	288	297
Postage and courier	6	6
Printing and stationery	547	342
Security	1 928	1 478
Subscriptions and membership fees	227	262
Telephone and fax	2 670	1 804
Training	657	949
Subsistence and travel	8 219	6 094
Uniforms	31	43
Licenses	1 647	1 543
Catering expenses	109	182

Figures in Rand Thousand	2024	2023
Rentals	645	1 287
Legal expenses	17 420	16 316
Bursaries	1 098	841
Court settlements	348	8 820
Directors remunerations	667	966
Recruitment costs	850	1 007
	80 066	**89 208**

Court settlement mainly relates to claims for car damages on our roads due to potholes.

27. DERECOGNITION OF ROADS AND BRIDGES

Derecognition of roads and bridges	14 934	9 971

28. AUDITORS' FEES AND EXPENSES

Fees and expenses	5 906	6 603

29. CASH GENERATED FROM OPERATIONS

Figures in Rand Thousand	2024	2023
(Deficit) surplus	(127 218)	167 098
Adjustments for: Depreciation and amortisation	1 681 318	1 601 323
Gain/loss on sale/write off of assets	34	20
Impairment loss	56 573	26 352
Debt impairment	(83)	–
Transfer of own revenue	–	(17 153)
Road and bridges constructed by other entities	(34 389)	(8 245)
Derecognition of roads and bridges	8 884	9 971
Changes in working capital: Inventories	(38)	41
Receivables from exchange transactions	(59 708)	(2 715)
Payables from exchange transactions	(16 925)	(27 078)
Payables from non-exchange transactions	90 804	(517 247)
	1 599 252	**1 232 367**

30. COMMITMENTS

Figures in Rand Thousand	2024	2023
Authorised capital expenditure		
Already contracted for but not provided for		
- Roads construction	1 649 126	1 327 749
- Roads maintenance and rehabilitation	2 282 397	1 069 348
- Roads Asset Management System	35 964	57 109
	3 967 487	**2 454 206**
Total capital commitments		
Already contracted for but not provided for	3 967 487	2 454 206
Authorised operational expenditure		
Already contracted for but not provided for		
- Property, plant and equipment	–	571
- Other commitments	7 556	8 308
	7 556	**8 879**
Total operational commitments		
Already contracted for but not provided for	7 556	8 879
Total commitments		
Total commitments		
Authorised capital expenditure	3 967 487	2 454 206
Authorised operational expenditure	7 556	8 879
	3 975 043	**2 463 085**

The commitment expenditure relates to road construction and maintenance as well as administration related assets and expenditure and will be financed through available bank balance and government grant.

Figures in Rand Thousand	2024	2023
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	132	–
- in second to fifth year inclusive	254	–
	386	**–**

RAL leases its printing equipment in terms of operating leases. The Agency does not have the option to acquire the assets at the termination of the lease. There are no escalation or renewal terms, clauses or restrictions imposed by the leases. RAL is charged contingent rent based on consumption per month.

Rental expenses relating to operating leases		
Rental	15	–

The construction of the Bosehla Bridge on Road D3278 will ensure year-round access for road users, making it possible to cross throughout any season. This bridge stands as a true symbol of connecting the people of Limpopo.

31. (A) CONTINGENT LIABILITIES

Figures in Rand Thousand	

The entity is currently engaged in litigation which could result in damages/costs being awarded against it if claimants are successful in their actions. The following are the description of the claims, amounts claimed and estimated settlement amounts:

Motor vehicle accidents
Various motor vehicle owners claim to have sustained injuries and their vehicles damaged due to the condition of the road, failure to put road sign in place or collapsed road structures on the roads belonging to the entity. The total value of these claims and the estimated settlement amounts as at 31 March 2024 is R44.945 million (2023: R53.905 million) and R44.711 million (2023: R53.320 million) respectively.

Employment contracts
Two former employees of the entity have instituted a lawsuit against the entity for defamation of character which threatens his future employability and repudiation of employment contract respectively. The value of the claims and the estimated settlement amount at 31 March 2024 is R46.486 million (2023: R46.486 million) and R14.486 million (2023: R14.486 million) respectively. An amount of R0.879 million has been paid into the attorney's trust account as security for the amount claimed.

Property infringement
The entity received total claims of R26.470 million (2023: R26.970 million) for excavation of land on the private property, for the construction of road, and for construction of road over a property owned by the claimant. The total estimated settlement amount at 31 March 2024 is R25.470 million (2023: R25.970 million).

Construction contracts
Legal claims for non-payment of invoices for road construction work performed and compensation for the contract alleged unlawfully termination of the contract by the entity. The claims amount to R198.469 million (2023: R94.198 million) while total settlements at 31 March 2024 are estimated at R196.836 million (2023: R92.565 million).

Other contingent liabilities
Two firms of attorneys initiated claims against the entity for the work they have alleged to have rendered to the entity. The entity is disputing the payments for the invoices due to the exorbitance of the amount and lack of proof of instruction to render the legal services to the entity. The total value of these claims and the estimated settlement amounts at 31 March 2024 is R2.092 million (2023: R2.292 million) and R2.092 million (2023: R2.292million) respectively.

31. (B) CONTINGENT ASSETS

Figures in Rand Thousand	
Construction contracts	
The entity has instituted legal proceedings against the contractor and engineers responsible for the project RAL/C547/2014 after it was noted that there were flaws in the design and construction of the road. RAL claims an amount of R64.907 million (2023: R64.907 million) from contractors and engineers in order to correct the defects.	

32. RELATED PARTIES

Relationships	
Members	Refer to note on Director's emoluments
Ultimate controlling entity	Limpopo Department of Public Works, Roads and Infrastructure
Controlling entity	Limpopo Department of Public Works, Roads and Infrastructure
Shareholder with significant influence	MEC: Limpopo Department of Public Works, Roads and Infrastructure
Members of key management	Refer to note on Executive Management Remuneration

Figures in Rand Thousand	2024	2023
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties Limpopo Department of Public Works, Roads and Infrastructure	(91 402)	(599)
Overpayment of director's fees RAL directors	31	77

Figures in Rand Thousand	2024	2023
Related party transactions		
Own revenue paid to (received from) related parties Limpopo Department of Public Works, Roads and Infrastructure	7 840	13 340
Government grant recognised Limpopo Department of Public Works, Roads and Infrastructure	2 255 027	2 092 717

Figures in Rand thousand	Basic salary	Travel and housing	Bonuses and performance related payments	Medical and pension contributions	Acting allowance	Total
Remuneration of Directors and Management						
Executive management						
2024						
G. Maluleke (Chief Executive Officer)	3 585	–	340	–	–	3 925
K. Tulsi (GM: Planning) (Resigned: 30 June 2023)	474	162	–	47	–	683
M. Ramaboea (Executive: Monitoring and Evaluation)	1 498	723	226	226	–	2 673
H. Magopa (CFO)	1 443	693	216	217	–	2 569
M. Mokgala (Executive: Engineering)	1 604	660	–	210	–	2 474
M. Manyathela (Executive: Corporate Services)	1 486	563	154	214	12	2 429
K. Nkoana (Acting GM: Planning & Design - Acting from 1 August 2023 – March 2024)	439	198	79	66	331	1 113
N. Mudau (Acting Executive: Monitoring - Acting from 1 January to 30 September 2023)	543	274	–	87	–	904
K. Maphutha (Snr Manager: Risk and Compliance)	1 021	375	145	146	–	1 687
T. Kekana (Company Secretary)	1 407	601	262	203	–	2 473
M. Mankga (Acting GM: Operations – Acting from 1 October 2023)	616	209	135	81	110	1 151
	14 116	**4 458**	**1 557**	**1 497**	**453**	**22 081**

Figures in Rand thousand	Basic salary	Travel and housing	Bonuses and performance related payments	Medical and pension contributions	Acting allowance	Total
2023						
G. Maluleke (Chief Executive Officer)	2 052	1 368	–	–	–	3 420
K. Tulsi (GM: Planning)	1 293	633	194	184	–	2 304
M. Ramaboea (GM: Operations)	1 398	675	220	212	–	2 505
H. Magopa (CFO)	1 343	637	206	201	–	2 387
J. Boshielo (Executive: Corporate Services - Contract expired 31 December 2022)	1 123	391	–	148	–	1 662
M. Manyathela (Acting Executive: Corporate Services - 1 January to 31 March 2023)	255	97	147	38	66	603
S. Gamakulu (Executive: Monitoring - Contract expired 31 December 2022)	958	442	–	140	–	1 540
N. Mudau (Acting Executive: Monitoring - Appointed 1 August 2022 and Acting from 1 January 2023)	92	46	–	15	–	153
K. Maphutha (Snr Manager: Risk and Compliance)	978	354	139	139	–	1 610
T. Kekana (Company Secretary)	1 177	430	167	165	–	1 939
	10 669	**5 073**	**1 073**	**1 242**	**66**	**18 123**

33. DIRECTORS' EMOLUMENTS

Figures in Rand Thousand	2024	2023
Non-Executive Directors		
2024		
	Emoluments	**Total**
M. S. Ralebipi (Chairperson)	112	112
W. N. G. Moleko (Chairperson: Planning and Contracts)	77	77
M. Mokoka (Chairperson: Audit and Risk - Resigned 30 September 2023)	44	44
T. M. Ramabulana (Chairperson: Remuneration)	82	82
K. B. Morota (Board Member - Terminated 7 June 2023)	6	6
S. R. Mushwana (Board Member)	69	69
M. J. Phukuntsi (Board Member)	–	–
N. A. Moloisi (Board Member)	–	–
	390	**390**
2023		
M. S. Ralebipi (Chairperson)	189	189
W. N. G. Moleko (Chairperson: Planning and Contracts)	124	124
M. Mokoka (Chairperson: Audit and Risk)	105	105
T. M. Ramabulana (Chairperson: Remuneration)	120	120
K. B. Morota (Board Member)	86	86
S. R. Mushwana (Board Member)	88	88
M. J. Phukuntsi (Board Member)	–	–
N. A. Moloisi (Board Member)	–	–
	712	**712**

Figures in Rand Thousand	2024	2023
Audit and Risk Committee Members		
2024		
	Emoluments	**Total**
B. Mutheiwana (Member)	69	69
N. Skeepers (Member)	64	64
	133	**133**
2023		
Z. Samsam (Member - Resigned 1 August 2022)	25	25
B. Mutheiwana (Member)	75	75
N. Skeepers (Member)	64	64
	164	**164**

34. PRIOR PERIOD ERRORS

Comparative figures have been restated to correct the prior period errors set out below:

The entity adjusted payables from exchange transactions on the risk management disclosure of prior year to exclude employee benefit plan from the liquidity risk table.

The entity has proclaimed certain roads and bridges that were omitted in the past. Despite the Gazette being issued in October 2023 to proclaim the infrastructure, this has an impact on prior year as it was an omission.

During the road inspection, RAL discovered new road links, roads that do not belong to RAL that were incorrectly capitalised and roads that were incorrectly classified. The errors were corrected by adding the new road links, derecognising roads that do not belong to RAL and reclassifying roads into paved and unpaved.

During the current financial year, RAL has identified major rehabilitation and reseal construction work that improves the condition of the assets. These projects have since been reclassified from repairs and maintenance to capital expenditure.

Figures in Rand Thousand			
The effects of the correction of the prior year errors are as follows:			
Statement of financial position - extract			
	Comparative figures previously reported	**Effect of the error**	**After correction**
Property, plant and equipment	21 367 708	2 009 869	23 377 577
Accumulated surplus	(21 248 138)	(2 010 607)	(23 258 745)
Intangible assets	154	738	892
	119 724	**–**	**119 724**

Figures in Rand Thousand			
Statement of financial performance - extract			
	Comparative figures previously reported	**Effect of the error**	**After correction**
Depreciation	(1 566 674)	(34 649)	(1 601 323)
Impairment loss	(26 257)	(95)	(26 352)
Repairs and maintenance	(1 413 540)	1 296 609	(116 931)
Contribution by other entities	6 440	1 805	8 245
Total	**(3 000 031)**	**1 263 670**	**(1 736 361)**

Reclassifications

Comparative figures have been restated to correct the prior error on disclosure set out below:

The entity adjusted payables from exchange transactions on the risk management disclosure of prior year to exclude employee benefit plan from the liquidity risk table.

The following reclassifications adjustment occurred:

Figures in Rand Thousand			
Liquidity risk table			
Financial instruments	**Comparative figures previously reported**	**Effect of the reclassification**	**After correction**
Payables from exchange transactions	268 708	6 979	261 729

35. RISK MANAGEMENT

Financial Risk Management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and through the compilation and monitoring of cash flow forecasts, as well as ensuring that a satisfactory level of cash and cash equivalents are maintained.

Cash flow forecasts are prepared and commitments monitored.

The table below analyses the entity's financial liabilities and 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.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. The entity's cash and cash equivalents are held with ABSA bank. According to Standard and Poor's, the bank had a national short-term and long-term credit ratings of zaA-1+ and zaAA respectively, as at 08 March 2023.

Trade receivables comprise contracts for advertising on billboards built alongside the roads. Management evaluates credit risk relating to customers at the beginning of the contract. The assessment of the credit quality of the customer, takes the customer's financial position, past experience and other relevant factors into account.

Financial assets exposed to credit risk at year-end were as follows:

Figures in Rand Thousand	2024	2023
Financial instrument		
Receivables from exchange transactions	69 023	8 384
Non-current receivables - Rehabilitation deposit	2 340	2 340
Cash and cash equivalents - ABSA Bank	27 737	228 112

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price.

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Financial assets exposed to interest rate risk at year-end were as follows:

Figures in Rand Thousand	2024	2023
Financial instrument		
Receivables from exchange transactions	69 023	8 384
Cash and cash equivalents	27 737	228 112

Liquidity risk table

Figures in Rand thousand	Not later than one month	Later than one month	Due in one to two years	Due in two to three years	Due in three to four years	Total
2024						
Payables from exchange transactions	342 339	25	–	–	–	342 364
Payables from non-exchange transactions	91 402	–	–	–	–	91 402
Retentions	–	–	46 653	79 751	–	126 403
Financial instrument	**Not later than one month**	**Later than one month**	**Due in one to two years**	**Due in two to three years**	**Due in three to four years**	**Total**
2023						
Payables from exchange transactions	236 581	25 148	–	–	–	261 729
Payables from non-exchange transactions	599	–	–	–	–	599
Retentions	–	–	25 775	63 500	–	89 275

36. GOING CONCERN

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the entity continues to receive grants from LDPWRI. The entity has already received preliminary allocation for MTEF and the allocation will enable the entity to continue as a going concern.

37. EVENTS AFTER THE REPORTING DATE

37.1 Appointment of the Board of Directors

The Executive Authority has appointed a new board of directors for a three-year term effective from 1 April 2024.

The following are the newly appointed members:

- Mr K. M. Ramakumba — Independent Non-Executive Director
- Mr R. P. Ragimana — Independent Non-Executive Director
- Adv. R. T. Ramashia — Audit and Risk Committee member
- Ms P. Makukule — Audit and Risk Committee member
- Ms N. B. Mutheiwana — Audit and Risk Committee member

37.2 Resignation of the Board of Directors

The Board of Directors tendered their resignations on the 30th of July 2024. The Executive Authority is in the process of appointing an interim Board of Directors to ensure the smooth operation of the entity. This transition seeks to uphold operational continuity and stability during the interim period.

38. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

Figures in Rand Thousand	2024	2023
Irregular expenditure	2 150 481	1 379 026
Fruitless and wasteful expenditure	1	8 043
Total	**2 150 482**	**1 387 069**

No criminal or disciplinary steps were taken as a result of losses, irregular and fruitless and wasteful expenditure in the current financial year.

39. ACCOUNTING BY PRINCIPALS AND AGENTS

The entity is a party to a principal-agent arrangement(s).

Details of the arrangements are as follows:

The Limpopo Department of Public Works, Roads and Infrastructure (LDPWRI) and National Department of Public Works in conjunction with Department of Defence (DoD) signed an implementation protocol on 04 May 2022 for the construction of rural bridges structure in rural provinces in South Africa.

LDPWRI implements its road infrastructure through RAL. RAL is therefore a principal and National Department of Public Works in conjunction with the Department of Defence are the implementing agents.

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

The resources have not been recognised by the agent in its financial statements.

	Amount
Amount transferred	(92 714)
Amount spent	29 968
Amount payable by the agent	**(62 746)**

The amount of R29 968 disclosed above is included in roads and bridges under construction under note 3 on PPE.

NOTES

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