RAYMOND MHLABA LOCAL MUNICIPALITY

FINAL

AUDITED ANNUAL REPORT

2023/2024

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MAYOR'S FOREWORD

It is vital to primarily outline that history is naturally full of defining moments that continues to change the physical outlook of the world. Throughout history, we have changed the manner we view the world outlook including formulating varying approaches to respond to changes in each historical context. Thus, change, demands and require us to break from our regular routines and compels us to rethink our approaches and thought processes. In context, it has become more evident for the world in general, and Raymond Mhlaba Local Municipality in particular that change has become the order of the day given the ever changing material realities confronting our society.

Consequently, the 2023/204 financial year and beyond brought about changes that required that we stay true to the mandate received from our communities. At the heart of the mandate attained from our own communities has been to constantly strive to better the material living realities of the people we serve. The resolute commitment to serve and service our communities with utmost rigour and zeal has to be alive with the unfavourable financial constraints confronting our institution. These unprecedented circumstances necessitated for a changed behavioural pattern from the municipal leadership to safeguard the provision of basic services to our communities.

To this end, as torch bearers to our communities, we must continue to remain vigilant when managing their affairs including safeguarding the public purse in a transparent, accountable and respectful manner. We continue to remain accountable to our principals who have bestowed on us the responsibility to be the custodians for effective service delivery. Subsequently, at this juncture, an opportunity arises for us to take responsibility and give an account to our communities and stakeholders on the progress made thus far on the state of affairs of the municipality for the period commencing from the 1st July 2023 to June 2024. Importantly, I take great pride, honour and a sense of responsibility to present the 2023/2024 Annual Report of the Raymond Mhlaba Local Municipality.

Thus, this Annual Report is not just a summary of our activities over the past year; it is a vital tool for transparency and accountability. In furtherance, this report is a barometer to which we measure our performance, achievements including improving on our none-successes on all our priority areas and mandate as an institution. Therefore, the above-mentioned strategic deliverables are achieved through our Integrated Development Plans and the Service Delivery and Budget Implementation Plans.

Overtly, this Annual Report offers insights into the municipality's financial, operational, social, and environmental performance from 01 July 2023 to 30 June 2024. It also reflects our progress towards the objectives outlined in the Integrated Development Plan (IDP) Furthermore, it does demonstrate that the Raymond Mhlaba Local Municipality continues to maintain a robust position with stringent financial controls and a commitment to good governance. The content of this report is aligned with key deliverables in the municipality's IDP and sector plans. Equally, it reflects our commitment as it relates to addressing challenges within our strategic focus areas and our vision.

In hindsight, the 2023/2024 financial year has been a year of continued growth and development for our council with many a lesson learnt. This financial year began at a time wherein the country was faced by the economic downturn and as the result, we experienced slow economic growth and high level of unemployment particularly to young people and black communities in general. In our quest to accelerate our commitment to improve the quality of life for all our residents including the provision of quality services, we implemented various developmental initiatives.

Despite the economic intricacy encountered during the 2023/2024 financial year, we made a remarkable progress in advancing our vision of becoming a service excellence driven municipality. We continue to make advances towards our commitment on being an institution that delivers quality services, contribute towards the creation of safer communities, fosters cooperation towards sustainable socio-economic growth and to arrest the triangular challenges in the form of poverty, unemployment and social inequality. We augmented through making significant strides in various streams such as financial viability, infrastructural development and basic services

Notwithstanding the financial intricacies compounded by the sluggish economic downturn, the municipality considerable attained the following milestones:

- The municipality improved from being a dysfunctional into a stable institution
- The municipality approved a funded budget for the first time since the establishment of the Raymond Mhlaba Municipality in 2016
- COGTA continued to accord the municipality's IDP as being credible
- The municipality's EPWP programme continues to be the best performing within the Amathole District Municipality
- The compilation of Annual Financial Statement was done internally
- The municipality successfully submitted an application for the ESKOM Debt Relief for debt reduction as encouraged by the National Treasury

- Largely due to high municipal performance on projects, as at January 2023 the municipality received an additional MIG funding of 9.5m
- The municipality constructed and completed the Alice and Fort Beaufort vehicle testing centers for operations
- The municipality signed a MoU with the University of Fort Hare anchoring on registered students for leaners and driver's license programme.
- The development and adoption of the LED Strategy as a viable instrument to ameliorate the socio-economic conditions of the residents of Raymond Mhlaba Municipality

Key Policy Developments

In line with our continuous commitment to improving the quality of life for all residents, the municipality deliberately focused on two core functions which is financial viability and basic service delivery. These areas are essential for fostering sustainable development and ensuring the well-being of our community. The municipality continues to enforce its policies aimed at repositioning its financial distress including reducing wastages. At the heart of the enforcement of financial recovery policies is to improve the financial health of the institution.

Our commitment to sustainable waste management has origins from our requisite to understand that the effective waste management is crucial for maintaining a clean and healthy environment. Our policies focus on improving waste collection services, promoting recycling and waste reduction initiatives, and ensuring the proper disposal of hazardous materials, minimizes environmental impact and encourages community participation in keeping our municipality clean.

Furthermore, the development and maintenance of internal roads are vital for enhancing connectivity and supporting economic growth. Our policies prioritize the construction and rehabilitation of internal roads within the municipality, ensuring they are safe, well-maintained, and capable of meeting the needs of our residents. By improving our road infrastructure, we aim to facilitate smoother transportation, reduce travel times, and boost local commerce.

These key policy developments reflect our dedication to addressing the fundamental needs of our community and building a sustainable future for all. We will continue to work diligently to implement our service delivery commitments effectively and ensure that our municipality thrives.

KEY APEX PRIORITY AREAS

1.Good Governance and Public Participation

The municipality has a comprehensive and effective governance structures with functional political as well as administrative systems, with municipal council and its committees seating as per the council calendar. The oversight bodies such as MPAC and Audit Committee are functional with audit assignments and recommendations as well as the oversights mandates of the Executive followed up and reported to Council. There is a commendable progress in relation to the impact of the public participation and social media imprint in the public domain with the introduction of civic education, conducting of IDP Roadshows, Annual Report Roadshows and stakeholders engagement sessions

2. Basic Service Delivery and Infrastructure Development

The municipality is fully committed to improving the quality and standard of living for all the people that resides within the Raymond Mhlaba Municipality. We aim to achieve this through the establishment and construction of durable, long- lasting infrastructure, particularly for our rural communities, to inspire a healthy and environmentally friendly social setup, to fight crime by creating safer communities. There is a continuous provision of free basic services to indigent with the sustainable implementation of the waste management wherein refuse collection is done weekly. The institution successfully implemented infrastructural developmental projects inter alia:

- Construction of Educare Centres
- Construction of Community Halls
- Paving of internal streets
- Regravelling of access roads and internal streets
- Official handover of infrastructural projects from the 9-23 May 2024

At the heart of the institution's commitment has been to continues to be the acceleration of the provision of basic services and infrastructural development projects

3. Financial Viability

The municipality continues to experience an unhealthy balance sheet as this was compounded by the thin revenue base and the huge debt book. Despite these glaring financial deficiencies, the institution has been able to meet its financial obligations. There have been remarkable strides aimed at improving the revenue collection rate through the enforcement of the credit policy. As part of the commitment to improve the financial status of the institution, strides are afoot to garner cash reserves as a long term goal in order to amplify financial viability of the institution.

4. LED

Our municipality is committed to aligning our strategic initiatives with the broader provincial growth and development strategy. This alignment ensures that our local efforts contribute to the overall economic and social development goals of the province, fostering a cohesive and integrated approach to rural development. It is against this background that we are focused on stimulating local economic growth by supporting small businesses, encouraging investment in key sectors. Therefore, our alignment with the provincial and national governments is aiming at creating job opportunities, enhance local entrepreneurship and improve the economic resilience of our communities.

In line with our 5 years enterprise development framework in terms of supporting SMME's and Cooperatives, a tangible progress has been made as 80% of local SMME' benefited from the economic activity created by the municipality. We have solidified strategic and collaborative partnerships with various state and non-state entities wherein support sought for SMME's, Cooperative and the general population to improve the socio-economic conditions.

It is pivotal to affirm that we are a municipality that has developed a culture which embodies a commitment to the implementation of a clean administration championed by good governance, and this commitment continues to be our driving force.

Accordingly, our political and administrative stability continues to be our core strength as we strive to cement a stable governance imprint. We will continue to mobilize both human and financial resources in bettering the material living conditions of our communities. We are alive to the reality that the most important ingredient of sustainable service delivery is political stability within the municipality. It is important that we affirm that we continue to preside over a stable political environment and the sustenance of unity of purpose is our apex priority.

It suffices that I present to you the 2023/2024 Annual Report covering the reporting period from 01 July 2023 to 30 June 2024. Consequently, let me extend gratitude to the Speaker, Chief Whip, and Members of the Executive Committee, Councillors, Municipal Manager, Directors, all Municipal employees and people of Raymond Mhlaba Municipality in general.

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MAYOR: CLLR NOMHLE SANGO

DATE: 28/03/2025

CHAPTER 1: EXECUTIVE SUMMARY

1.1 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION

The Annual Report is one of the key instruments of transparent governance and accountability. It is a post financial year document which provides an overview of the process of financial and non-financial performance in respect of the previous financial year. In accordance with MFMA every year municipality is mandated to prepare an Annual Report. The purpose of the annual report is;

a) To provide a record of the activities of the municipality during the financial year to which the report relates;
b) To provide a report on performance against the budget of the municipality for the financial year; and
c) To promote accountability to the local community for the decisions made throughout the year by the municipality.
d)

This Chapter will provide an overview of the Municipality with specific focus on the demographics , functions of the municipality and service delivery overview.

1.1.1. ABOUT THE MUNICIPALITY

The Raymond Municipality was formally established in 2016, through the merger of the Nkonkobe and Nxuba Local Councils following the local government elections in that year. Alice town is a legislative seat and KwaMaqomais the administrative head of the municipality. The municipal area covers approximately 6 474 km^2, with major towns being Alice, Adelaide, Bedford, KwaMaqomaand Middledrift. Smaller settlements include Hogsback, Seymour, Balfour, Blinkwater and Debenek. The Raymond Mhlaba municipality is situated along the southern slopes of the Winterberg Mountain range escarpment in the hinterland of the Eastern Cape, and is under the jurisdiction of the Amathole District municipality.

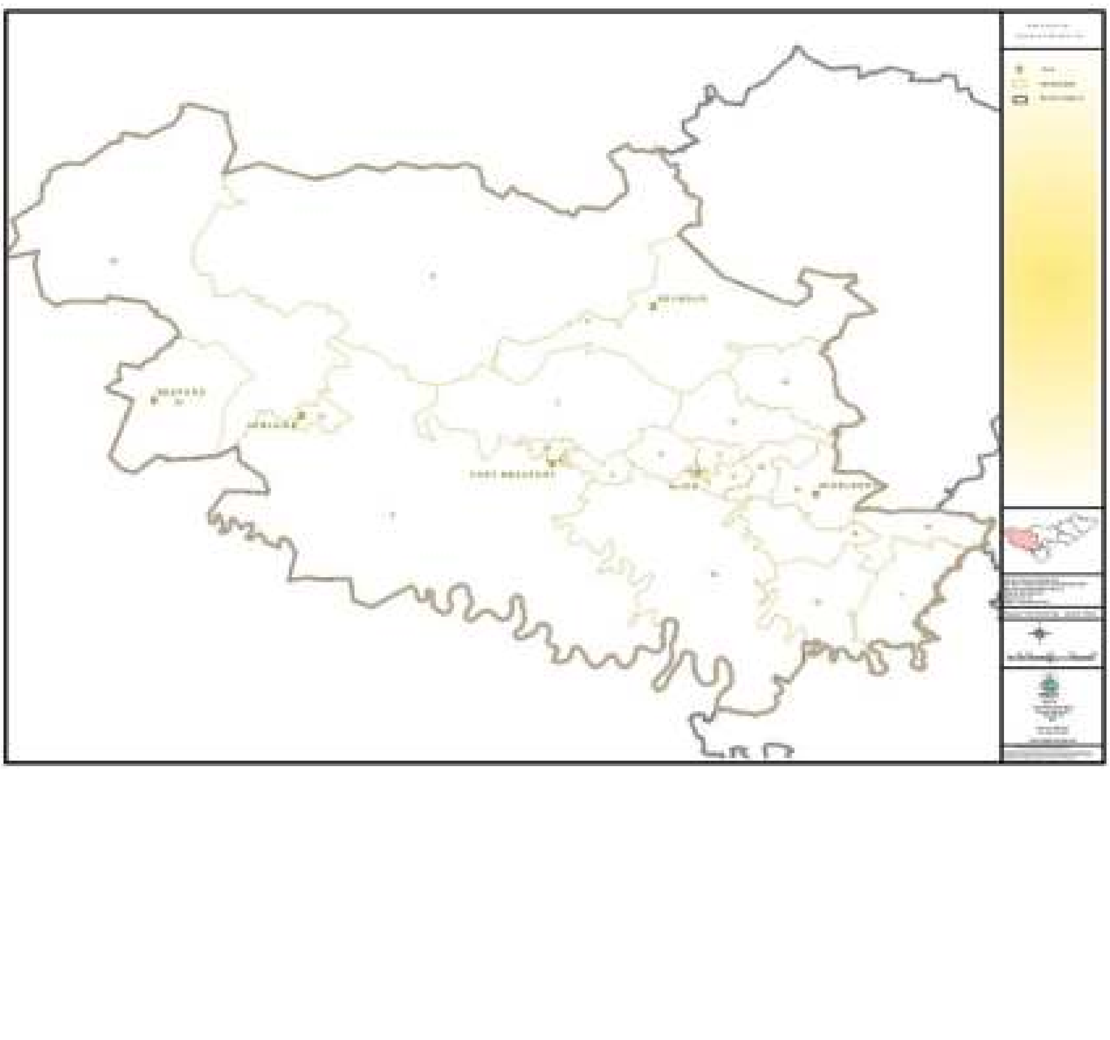
Main access corridors are the R63 from King Williams Town through Alice and KwaMaqomatowards Adelaide and Bedford and the R67 from Grahamstown through Fort Beaufort, Blinkwater, Seymour towards Queenstown. Raymond Local Municipality is comprised of 23 wards with a total population of approximately 178 594 of which the majority about 72% resides in rural villages and farms. Urbanization is concentrated in Alice, Adelaide, Bedford and Fort Beaufort.

Raymond Mhlaba is a rural municipality, and the economy is largely driven by the agricultural sector, which includes citrus, forestry, livestock and crop production. Raymond Mhlaba Local

Municipality is well-known for its rich heritage and culture. The historic education institutions of Healdtown, Lovedale College and the University of Fort Hare – are important heritage sites in Raymond Mhlaba but as yet are underutilized as tourism or cultural sites. Some of the major challenges facing Raymond Mhlaba LM include infrastructure challenges and high levels of unemployment and poverty.

The municipality is the second largest local municipality within the Amathole District Municipality covering 6 474 km2, of the surface area of the Amatole District Municipality. The municipality has the following satellite offices – Middledrift, Hogsback, Alice, Seymour, Adelaide and Bedford. The Raymond Mhlaba area is neighboured by the boundaries of Makana Local Municipality, Blue Crane Local Municipality, Amahlathi Local Municipality, Ngqushwa Local Municipality, Enoch Mgijima Local Municipality and the Buffalo City Metropolitan Municipality.

The following map represents the geographic location of Raymond Mhlaba Local Municipality



1.1.2 DEMOGRAPHIC INDICATORS

1.1.2.1 TOTAL POPULATION

The 2022 Census indicates that the total population in Raymond Mhlaba Municipality is 178 594. The municipality has 23 wards; and it is dominated by large populace which is indigent. The majority of the population of Raymond Mhlaba resides in both villages and farms, and minorities are located in urban dwellings. Urbanisation is mainly concentrated in Alice, KwaMaqoma, Adelaide and Bedford.

WARD INFORMATION

The table below provides areas or villages per ward.

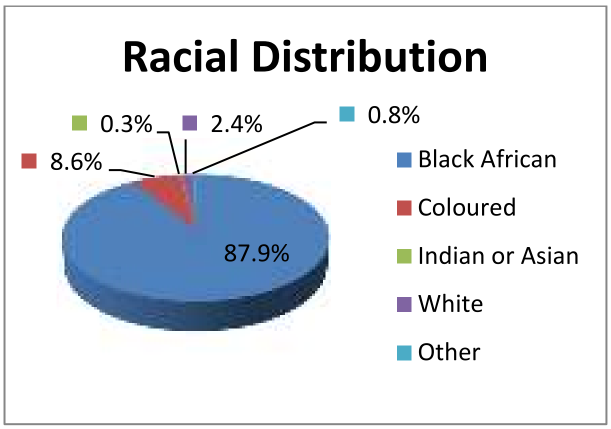
Ward	Area/Villages
1	Qamdobowa, Zigodlo, Ndindwa, Mgxotyeni, Kulile, Mnqaba, Xhukwane, Sxekwen, Koloni
2	Township, Ntsela, Upper & Lower Gqumashe, Skhutshwane
3	Takalani, Kanana, Mpolo 1-2-3, Nkukwini, Tyoks Valley, Ntlekisa , Tambo Square
4	Seymour, Katkat Valley, Lushington, Lundini/Elukhanysweni, Hogsbag, Hertzog/Tambuksvlei, Platform
5	Ngobe, Ngwabeni, Gaga Sikolweni; Kwameva, Mgquba, Lenge, Nkobonkobo, Mavuso, Roxeni, Nomaqamba, Sgingqini, Lalini, Skolweni, Memela
6	Tukulu Farm, Guburha, Golf Course, Happy Rest, Town Central, Hillcrest
7	Rwantsane, Nobhanda, Mabheleni, Lamyeni, Ngwevu, Tyatyora, Luzini, Sikolweni, Mdeni, Cimezile,Tebha, Gontsana,Oakdene, Mankazana, Pikat, Ntilini
8	KwaMaqomaTown, Newtown, Rietsfontein, Sparkington, Smithkraal, Wagondrift,Kluklu Farm
9	Balfour, Buxton, Upper Blinkwater, Glenthon, Winterberg country club, Post Retief, Ekuphumleni, Massdor, Jurieshoek, Katberg,

	Readsdale, Blackwood, Philipton, Fairbain, Kolomani (Marais, Grafton, Ngqikane, Votyiwe, Phathikala, Edika, Dunedin, Cains, Diphala)
10	Gomoro, Machibi, Mpundu, Gilton, Guquka, Sompondo, Khayalethu, Hala, Nothemba, Hopefield, Benfield, Gato, Mathole, Komkhulu, Ngwangwane, Mkhuthuleni, Mdeni, Esphingweni, Machibini, Mqayise, Ndlovurha, Zixinene, Chamama, Mdlankomo
11	University of Fort Hare
12	Msobomvu, Magala, Ngcothoyi, Bergplaas, Melani, Krwakrwa, Upper Ncera, Majwareni; Khwezana, Mazotweni, Macfalani, Wordon, Dish, Mkhobeni, Taylor
13	Zalaze, Quthubeni, Fama, Ngcabasa, Ngqolowa, Qhomfo, Didikana, Phewuleni, Qhibira, Ndulwini
14	Saki, Ngwenya, Njwaxa, Mbizana, Gxadushe, Debe Marele, Faki, Mxumbu
15	Lower Ncera, Tyhali, Zibi, Mabheleni, Tyutyuza, Ngqele 1, Ngqele 2, Ncera Skweyiya, Dyamala
16	Annshaw, Town/Gugulethu, Lower Regu, Mfiki, Cwaru, Qawukeni, Cilidara, Ngele, Nothenga, Gudwini
17	Qanda, Trust 1&2, Koloni, Farm Bill, Thafeni, Nonaliti, Debenek, Zihlahleni, Mayiphase, Ntonga
18	Joji, Loyd, Phumlani, Khayamnandi,Thembisa, Xolani, Gxwedera, Balura, Lalini, Eskolweni, Kwali, Mpozisa, Lower Sheshegu, Nofingxana, Nomtayi, Lokhwe, Jowu, Jimi, Korks Farm, Krwanyini, Kwezana West
19	Gontsi, Dudu, Gommagomma, Zwelitsha, Nkukwini, Mike Valley, Kuwait, Group 5,Zwide, Daweti 1&2
20	Hillside, Golf Course, Ndaba, Kwepile, Ntoleni, Mlalandle
21	Red Location, Lingelethu, Adelaide Town, Mount Pleasant, Molweni Game Reserve,Mount Pleasant
22	Bezville, New Area, Gelvandale, Springgrove, Elandsdrift, Red Location,

23	Goodwin Park, Nonzwakazi, Bhongweni, Bedford Town, Phola Park, New Brighton, Khayelitsha, Ndlovini, Sizakhele and Tyoksville

1.1.2.2 RACIAL DISTRIBUTION

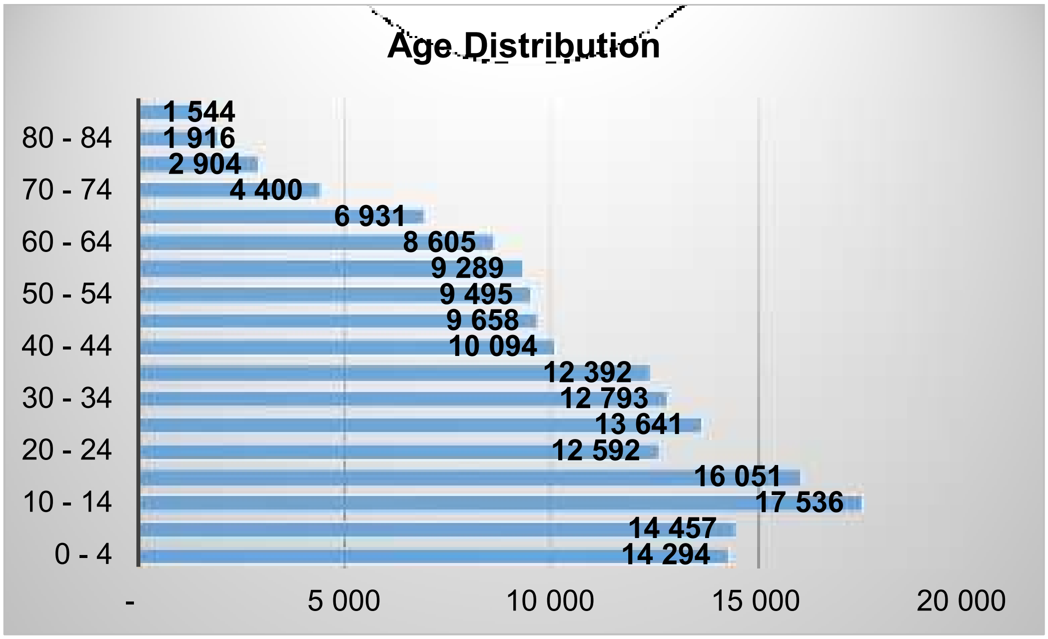
The results from the pie chart foreshadowed (below) indicate that Black Africans form majority of the total population in Raymond Mhlaba Local Municipality, whereas there is small Coloured population sporadically populated around the municipal area and Indians/ Asians and Whites being the least represented population group. The pie chart below depicts the racial distribution of the Municipality.



Source: Census, 2022

1.1.2.3 POPULATION GROWTH RATE

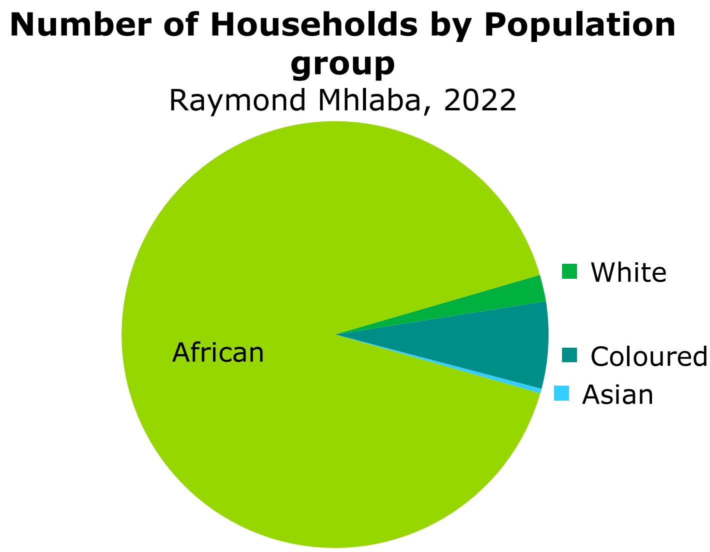
In 2022, population consisted of 87.9% African, 2.4% White 9% Coloured, 8.6 %, Indian 0.3% and other 0.8%. The largest share of population is within the age category of 15-34 years with a total number of 55 077. The age category with the second largest number is the older working age category between (35-59) years with a total of 50 928 , followed by babies and kids (0-14 years) with 46 288. The age category with the least number of people is the retired / old age (60+ years and older) with only 26 300 people. It is notable, that in comparison to the 2011 census and 2016 community survey, there is an increase in the growth of coloureds, decrease in other racial groups being black and white. The diagram below shows the population growth of Raymond Mhlaba Municipality.



The population pyramid above, indicates that the population of Raymond Mhlaba Local Municipality is dominated by youth and women, ages from 25-44.

1.1.2.4 NUMBER OF HOUSEHOLDS

For the year under review, the Municipality had a total of 53 048 households . The composition of the households by population group consists of 91.4% which is ascribed to the African population group with the largest number of households by population group. The Coloured population group had a total composition of 6.2% (ranking second). The White population group had a total composition of 2.0% of the total households. The smallest population group by households is the Asian population group with only 0.4%. The growth in the number of African headed households between 2010 and 2020 was on average of 0.47% per annum, which translates in the number of households increasing by 1 820 in the period. The average annual growth rate in the number of households for all the other population groups has increased by 0.44%. The pie chart below illustrates the number of households by population group.



1.2 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

Raymond Mhlaba Local Municipality performs the following functions as embedded in the Constitution:

- Road Traffic Regulations;
- Vehicle Licensing;
- Municipal planning;
- Local tourism;
- Stormwater management systems;
- Cemeteries;
- Cleansing;
- Municipal Roads;
- Electricity;
- Municipal Parks and Recreations;
- Street Lighting;
- Public Spaces; and
- Refuse removal, refuse dumps and solid waste etc.

Basic service delivery and infrastructure development is one of the cornerstones for development and service delivery, as such; the municipality has invested in infrastructural development and to ensure that basic services are accessible by everyone within the municipal area.

The Amathole District Municipality is the Water Services Authority (WSA) and the Water Service Provider for the entire Raymond Mhlaba area. Water reticulation is provided by the WSP in the urban areas.

1.3 FINANCIAL OVERVIEW

The Budget and Treasury Office is responsible for the management of the corporate financial services of the municipality in order to ensure maximum utilisation of the available financial resources. All figures used included are from the Audited Statement of Financial Performance in the annual financial statements.

Financial Overview Year 2023/2024			
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income:			
Grants	276 064 000	376 029 000	290 406 380
Taxes, Levies and tariffs	113 533 000	122 033 000	106 130 471
Other	179 270 000	179 270 000	280 378 580
Sub Total	**568 867 000**	**677 322 000**	**676 915 431**
Less: Expenditure	(514 347 000)	(583 294 000)	(800 312 026)
Net Total*	- **54 520 000**	**94 038 000**	**(123 396 595)**

Operating Ratios	
Detail	**%**
Employee Cost	29,7%
Repairs & Maintenance	6%
Finance Charges & Impairment	14,7%

1.4 ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Municipality takes a holistic approach to human resource management and capacity development. Priority is given to skills and capacity development initiatives, change management, development and implementation of policies that support individual development while also striving to create an exciting workplace for full realization of everyone's potential in order to improve competencies and efficiencies.

In demonstrating a commitment "**To provide effective and efficient workforce by aligning institutional arrangements to the overall strategy in order to deliver quality services**" the following activities took place;

Human Resources

Recruitment and Selection

- For 2023/ 2024 Financial year the Municipality has appointed six (6) females against the planned annual target of 4.

Policy Reviewal

- Policy workshop was held on the 11 to 12 April 2024.
- The workshop was attended by Councillors, Top Management, Labour Unions and officials .

Capacity Building

- Providing training to Councillors and employees based on skills and capacity demands as captured in the Workplace Skills Plan.
- Conducted Councillor & Employee assistance programmes through the office of the EAP Practitioner.
- Developed and submitted a Workplace Skills Plan to the Local Government SETA by April 2024.

Employee Assistance Programmes (EAP) and Occupational Health & Safety conducted as of June 2024.

1. Workplace Inspection (all satellites offices)
2. Functional OHS Committee
3. EAP Interventions for troubled Employees -one on one session in all Satellite Offices.
4. Financial Wellness
5. Exit Interviews for retired officials

6. Management of trauma debriefing sessions, internal counselling and external referrals to rehabilitation centers.
7. National Condom Week, Pregnancy awareness, STI and Prostate Cancer Awareness
8. TB Screening for vulnerable employees (all satellite offices)
9. Bereavement debriefing sessions
10. Ill health employees on-going active cases

1.5 AUDITOR GENERAL REPORT FOR 2023/2024

ATTACHED AS AN ANNEXURE.

1.6 STATUTORY ANNUAL REPORT PROCESS

In terms of the Local Government Municipal Finance Management Act (MFMA) No 56 of 2003, Section 121, the Council of a Municipality must within nine months after the end of the financial year deal with Annual Report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with Section 129 of the MFMA. The table below demonstrates the process the municipality followed in the preparation of the Annual Report for Adoption by Council.

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft 2023/2024 Annual Report to Internal Audit and Audit Committee	August
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities	
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	September – December
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	
12	Municipalities receive and start to address the Auditor General's comments	
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	

1.7 COMMENTS ON THE ANNUAL REPORT PROCESS:

The 2023/2024 Annual Report reflects the performance of the Raymond Mhlaba Local Municipality as well as the achievement obtained and challenges encountered by the municipality during the year under review. This Annual Report provides a full reporting version as required by National Treasury's MFMA Annual Report Circular 63 and is structured as follows:

Chapter 1: Mayor's Foreword and Executive Summary

Chapter 2: Governance

Chapter 3: Service delivery performance

Chapter 4: Organizational development performance

Chapter 5: Financial performance

Chapter 6: Auditor-General Audit Findings

APPENDICES

CHAPTER 2 – GOVERNANCE

2.1 INTRODUCTION TO GOVERNANCE

This chapter integrates the municipality's overarching governance structures and decision-making processes. There are several role players for corporate governance in the municipality. Good governance in the municipality embodies processes, structures and systems by the municipality is directed and held to account for. It is characterized by a dynamic interface between political office bearers, administration, public participation and corporate governance.

Raymond Municipality Local Municipality strives towards achieving the following characteristics of efficient government in both legs of governance (political and administrative):

- Participation;
- Transparency;
- Responsiveness;
- Consensus orientation;
- Equity;
- Effectiveness and efficiency;
- Accountability; and
- Strategic vision.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.2 INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Raymond Mhlaba Local Municipality has comprehensive, effective governance structures, both political and administrative, systems, policies and procedures underpinned by a sound set of values and ethics to support the municipality's growth and development. Furthermore, it has a fully representative and highly structured Council, compliant with legislative requirements. Council is led by the Mayor working collectively with the Executive committee (EXCO) and Councillors. Raymond Mhlaba Municipality has established committees to enhance its all-governance structures. These committees' function with clearly defined roles and responsibilities. For an example, the section 79 and 80 committees are set up to deal with oversight roles, and to provide advisory role to Raymond Mhlaba Municipality Council.

Raymond Mhlaba Municipality has a highly competitive and capable administrative leadership led by the Municipal Manager. The administrative arm of governance consists of the Municipal Manager and 5 Directors.

RMM has an active Inter-Governmental Relations function, which is shared across the entire institution. There are on-going engagements with all intra and inter-stakeholders, with a purpose to gather information and updates and to communicate such on continuous basis. External stakeholders include all spheres of government.

The Municipality has established committees to encourage compliance with all legislations and enhance ethical consideration by all its employees and Councillors. The Risk Management Committee guides to identify all risk and oversee processes to managing such. All Supply Chain Management Bid Committees have been established and are operational, i.e. Specification Committee, Evaluation Committee and Adjudication Committee. An Audit Committee is operational and holds its meetings quarterly, and as and when the situation warrant. This committee of Council deals with all audits of the municipality, performance issues, risk management, and provide advice to and reports to RMM Council.

2.3 POLITICAL GOVERNANCE

2.3.1 INTRODUCTION TO POLITICAL GOVERNANCE

The political arm is comprised of 45 Public elected representatives (Councillors). Twenty-three of that fourth five are ward Councillors and the remaining twenty-two are proportional representatives.

The elected public representatives represent the views of their political parties in Council. The Legislative Arm in Council is led by the Speaker of Council who presides as the Chair in Council Sittings. The Executive Arm in Council is led by the Mayor who presides as the Chair in the Executive Committee. Members of the Executive Committee are appointed by Council amongst Councillors elected to serve in the Raymond Mhlaba Municipal Council

MAYOR: NOMHLE SANGO

Councillor Nomhle Sango is the Mayor of Raymond Mhlaba Municipality and is discharged for presiding at meetings of the executive committee and performs the duties including any ceremonial functions, and exercise the powers delegated to the Mayor by the municipal council or the executive committee. In addition, the Mayor recommends to the Municipal Council strategies, programmes and services to address priorities needs through the IDP, and the estimates of revenue and expenditure, taking into account any applicable national and provincial development plans.

SPEAKER OF COUNCIL: COUNCILLOR THOZAMA NGAYE

Councillor Ngaye is the Speaker of Council. The Speaker of Council is the Chairperson of Council, presiding over council meetings in accordance with council's Standing Rules and Orders of Raymond Mhlaba Municipal Council. The Speaker also advice on major legislative compliance matters. The Speaker also has a responsibility for Section 79 oversight committees and Councillor affairs to develop political governance capacity among Councillors. Over and above the Speaker is also the driving force of public participation, petitions and ward committees.

CHIEF WHIP OF COUNCIL: COUNCILLOR NONKAZIMLO MLAMLA-KLAAS

Councillor Mlamla is the Chief Whip of Council. The Chief Whip is an official office bearer, who is also the Chief Whip of the Majority Party. The Chief Whip ensures proportional distribution of Councillors to various Committees of Council. The Chief Whip maintains sound relations among the various political parties by attending to disputes among political parties.

<u>POLITICAL STRUCTURE</u>

MAYOR

CLLR NOMHLE SANGO

SPEAKER
Cllr Thozama Ngaye

CHIEF WHIP
Councillor Nonkazimlo Mlamla-Klaas

EXECUTIVE COMMITTEE:

Cllr Nomhle Sango (Mayor)
Cllr Bukelwa Tyali
Cllr Zingiswa Rasmeni
Cllr Portia Sabane
Cllr Elton Bantam
Cllr Sinethemba Mjakuca
Cllr Sithembela Zuka
Cllr Mhlangabezi Nombombo
Cllr Ernst Lombard

2.3.2 COUNCILLORS

The Raymond Mhlaba Council is composed of 45 councillors of which 23 are Ward Councillors and the remaining Councillors are Proportional Representatives Councillors (PR). Councillors of Raymond Mhlaba Municipality contribute to the strategic direction of the municipality through their participation in the development in the development and review of the Integrated Development Plan. Furthermore, Council received a Government Gazette appointing 2 traditional leaders to participate in the municipality in line with the provisions of section 83 of the Local Government Municipal Structures Act, 1998 as amended, read with Traditional Leadership and Governance Framework Act 2003. The traditional leaders participate in all council committees except the Executive Committee. Council adopted a schedule of meetings that provides for the meetings of Council to be convened at least 4 times a year, except where circumstances require the convening of a special meeting of Council.

2.3.3 COMMITTEES OF COUNCIL

The Municipality has functional section 79 and 80 committees of which section 80 committees are as follows; Engineering, Finance, Strategic Planning and Local Economic Development, Corporate Services, Community Services, Sport and Recreation Committee headed by Members of the Executive Committee. These Committees are set up to deal with oversight roles, support and performs an advisory role to the Mayor and Council.

The following Councillors are chairpersons of the above-mentioned committees:

NO.	NAME	COMMITTEE
1.	Cllr B. Tyali	Corporate Services Committee
2.	Cllr S.Zuka	Engineering Services

3.	Cllr S. Mjakuca	Finance Committee
4.	Cllr E.Bantam	Community Services Committee
5.	Cllr Z.Rasmeni	Strategic Planning and LED Committee
6.	Cllr P.Sabane	Sports and recreation Committee

2.3.3.1 BELOW IS THE LIST OF SECTION 79/OVERSIGHT COMMITTEES:

1. Municipal Public Accounts Committee (MPAC)

The Municipal Public Accounts Committee is functional and exercise oversight responsibilities over the executive responsibilities of Council. It also assists Council to hold the executive and municipal entities to account, and to ensure the economic, efficient and effective use of municipal resources. By doing so the Committee helps to enhance the public awareness on financial and performance matters of Council and its entities, where applicable.

2. Petitions committee

The committee regularly or at intervals not exceeding six months submits to Council a report indicating all the petitions received, referred, resolved and a summary of the response to the petitioners or community.

3. Ethics Committee

The committee as mandated by Council in terms of delegated powers must ensure that issues of Councilor's ethical conduct and discipline become key fundamental values that will shape the future of the Council.

4. Rules Committee

The committee exists to create a clear road map in as far as the implementation of rules within the Raymond Mhlaba Municipality. To enforce compliance in all stings and official gatherings of the Council and also to put into place systems that will enhance the development of members of the council in terms of conducting fruitful gathering within council.

5. Women Caucus

The committee oversee/review the alignment, efficiency and effectiveness of gender policy, mainstreaming strategy to implementation, it also oversees and ensure that civic education/awareness programmes, gender analysis and impact assessment are activated within the municipality.

2.3.3.2 Performance and Audit Committee

The Performance and Audit Committee is a Committee of Council and performs the statutory responsibilities assigned to it in terms of sections 165 and 166 of the MFMA. It is an independent advisory body that advises Council and is responsible for oversight over the following functions:

- Internal audits
- External audits
- Financial reporting
- Risk management
- Internal controls
- Information technology governance
- Performance management

COMPOSITION OF THE AUDIT & PERFORMANCE COMMITTEE AND ATTENDANCE OF MEETINGS

List of Members and meetings held during as end June 2024:

NO	*Name of members*	*Meeting dates and Description of meeting*	*Attendance*
1.	Mr Wayne Manthe (Chair): ***Chairperson of the Audit and Performance Committee***	18/08/2023 = Special Meeting 25/08/2023= Special Meeting 19/01/2024=Ordinary Meeting 03/04/2024 = Ordinary Meeting 27/06/2024 = Ordinary Meeting	All members
2.	Mr Samkelo Mxunyelwa		
3.	Dr Ngwadi Mzamo		

2.3.4 POLITICAL DECISION-TAKING

Standing Committees sit monthly to discuss issues pertaining to their respective departments and make recommendations to Executive Committee. Executive Committee meeting is then convened to discuss reports and recommendations submitted by Portfolio Heads and agree on the matters to be referred to Council.

Troika, which consists of Speaker, Chief Whip and Mayor, convenes a meeting prior to the sitting of each Council meeting to discuss all issues to be tabled in the Council. The Municipal Manager also attends the Troika meetings to provide guidance and advice. Council sits quarterly and makes decisions on all matters pertaining to community development and service delivery. Council resolutions are taken on the basis of reports and recommendations made by the Committees.

2.4 ADMINISTRATIVE GOVERNANCE
INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

2.4.1 INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Administrative Arm of the municipality is driven by the Municipal Manager: Ms U.T Malinzi as the Accounting Officer. The Municipal Manager is supported by a team of five (4) Directors. The municipal administration has the overall responsibility for management and strategic direction of the municipal business affairs. Other duties of the Municipal Administration include planning, reporting and accountability, enforcing internal controls revenue enhancement etc.

TOP ADMINISTRATIVE STRUCTURE

MUNICIPAL MANAGER

Ms Unathi Malinzi

DIRECTORS:

Acting Director Corporate Services
Dr. Lulamile Donacious Hanabe

Director Engineering Services
Mr Daluxolo Mlenzana

Director Community Services
Ms Nosimphiwe Speelman

Chief Financial Officer
Mr Mveleli Ngxowa

Director Strategic Planning & LED
Dr. Lulamile Donacious Hanabe

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.5 INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Raymond Mhlaba Local Municipality has fostered Intergovernmental Relations (IGR) to ensure the coordinated delivery of services to citizens. This aligns with the Intergovernmental Relations Framework Act, Act No 13 of 2005, which requires all spheres of Government to coordinate, communicate, align and integrate service delivery to ensure effective access to services. During the financial year under review, the municipality has made significant strides in as far as operationalising the IGR Forum. To this effect, during the year under review , the municipality has manged to convene all the planned IGR Structure with maximum participation of relevant stakeholders. As such 34 action issues were taken during the said IGR Forums , and of that 35 , 21 actions have been implemented or actioned and the remaining actions that were not actioned were taken during the last seating which was in June 2024 and their progress will reported during the first sitting of 2024/25.

Furthermore, the municipality has been actively involved in all National and Provincial IGR programmes. Key amongst these is the maximum attendance of the municipality in Provincial IGR structures such as the Premiers Coordinating Forum (PCF), the MuniMec as well as the Technical MuniMec. The Raymond Mhlaba IGR Forum is chaired by the Mayor, and includes Portfolio Heads, Senior Managers from sector departments within Raymond Mhlaba Municipality as well as the Municipal Manager and Senior managers from the municipality. Government departments in this forum present their programmes within the municipal space for the year as well as programmes they want the municipality to be involved in.

2.5.1 PROVINCIAL INTERGOVERNMENTAL STRUCTURES

The municipality is participating in the Eastern Cape Provincial Political and Technical MUNIMEC. This is where all MECs, Municipal Managers, Mayors and Heads of Departments sit. In terms of the value obtained from the meetings; it is challenging to quantify it. There are thorny issues that the municipality has over the years raised in the local structures, and these have been escalated to both the DIMAFO (Mayor's forum) and the provincial IGR structure (MuNIMEC).

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.6 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Municipality has a long-standing culture of community and stakeholder engagement, which promotes transparency and accountability. These values are an integral part of any truly democratic society, and are enshrined in the Constitution.

The following consultations were facilitated, among others:

- Stakeholder engagement session in Bedford
- Demarcation Meetings
- IDP and Medium-term Revenue and Expenditure Framework (MTREF)
- Annual Report Roadshows

Chapter 4 of the Local Government Municipal Systems Act, 32 of 2000 encourages municipalities to create conditions for the local community to participate in the affairs of the municipality. In terms of strengthening public participation, a wide range of communication tools are used to communicate with the community and also to disseminate information. These include;

- Newspapers: Times Media, Umhlali newsletter
- Imbizo's / Road shows,
- Loud hailing,
- Library;
- Notice boards
- Social Media Pages (Facebook, Twitter)
- Municipal Website
- Intergovernmental Relations (IGR)
- Meetings of ward committees
- Forte FM, Tru FM, Algoa FM, Umhlobo wenene FM

2.6.1 CUSTOMER CARE

Raymond Mhlaba Municipality has an electronic customer care system in place. The system is accessed through the emails, Facebook, website and walk in. The Customer Care System aims to improve on the customer care loyalty and customer care satisfaction within our municipality by placing all people at the centre of development. The customer care system is one of the strategic indicators that seeks to assist the municipality in achieving its vision of being a service excellence driven municipality. In this way we are displaying our commitment to our values and main principle of putting people first and ensuring that service excellence is an integral part of the planning and delivering of all municipal services to the people. Complaints/ queries are received through a dedicated email (customercare@raymondmhlaba.gov.za) and Customer Care Office landline (046 645 7478).

2.7 WARD COMMITTEE MEMBERS

Municipal Structures Act provides forward committee members to be established with primary function to be a formal communication channel between the community and the municipal council. There are 23 wards that constitute Raymond Mhlaba Municipality and for each ward, ten (10) ward committee members were elected. Ward Committees are a true reflection of a geographical spread, as well as sectoral composition of each ward (where applicable). Ward Committees are playing a huge role in the municipality's IDP and budget processes including Community Based Plans. Ward committees support the ward councillor by providing reports on development, participate in development planning processes and facilitate wider community participation.

2.8 IDP PARTICIPATION AND ALIGNMENT

The Municipality's commitment regarding the promotion of public participation and consultation are based on constitutional and legal obligations including the governance model. Therefore, the Municipality continues to promote participatory engagements with communities in all its processes, including the development of the IDP. Public participation is a critical part of democracy, as it affords members of the community and stakeholders an opportunity to inform the Municipality about their developmental needs. The process also gives community members a clear understanding of how the Municipality arranges for public participation.

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

COMPONENT D: CORPORATE GOVERNANCE

2.9 RISK MANAGEMENT

The purpose of risk management is to identify potential problems before the occur that may affect the municipality, manage risks to be within its risk tolerance and to provide reasonable assurance regarding the achievement of municipality's objectives. Section 62 of the Municipal Finance Management Act 56 of 2003 states that:

- The accounting officer of municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps.
- That the resources of the municipality are used effectively, efficiently and economically.
- That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.
- That the municipality has effective, efficient, and transparent systems.
- Of financial and risk management and internal control; and
- Of internal audit operating in accordance with any prescribed norms and standards

Risk Management Policy and Risk Management Strategy were developed and approved by the Council and a workshop on strategic risks and policy was conducted to Councilors and employees to promote a positive risk culture.

The strategic risk profile for 2023/24 had 16 risks which were monitored and managed on an ongoing basis through various risk governance structures. Operational risk profiles were also developed and monitored for all departments. **The table below reflects the top 7 high strategic risks identified in 2023/24 FY,**

No					RESIDUAL RISK ASSESSMENT		
	Priority area	**STRETEGIC OBJECTIVE**	**RISK DESCRIPTI ON**	**CURRENT CONTROLS**	**Impact Value (1-5)**	**Likelihood Value (1-5)**	**Residual Risk Value**
1	**Engineering (electricity)**	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	1. Interruption of electricity supply.	1. Funding of Infrastructure. 2. Training and upskilling of personnel. 3. Apply for funding to upgrade the current infrastructure. 4. Conduct Awareness Complains and Civic Education, Work with SAPS 5. Revision and updating of Electricity Maintenance Plan.	4	4	**16**
2	**Engineering (PMU)**	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	1. Delay in community development project through infrastructur e.	1.Have grant allocations as per Dora. 2. Implementation of capital projects using available grant 3. PMU Manager and technicians monitor service providers 4. Performance of service providers is monitored and reported on monthly basis to contract management. 5.	4	4	**16**

3	**Engineering (civil works)**	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	1.Roads might fail road worthy compliance 2. Poor quality of road network	1. Make use employee assistance wellness programme 2. On job training 3. Roads are maintained in place 4. Upgrading of aging roads. 5. RAMS (road asset management system) has been conducted.	4	5	**20**
4	**Corporate services**	To ensure effective and efficient workforce by aligning institutional arrangements to the overall strategy to deliver quality services by 2027	Increased employee cost in comparison to current budget	1. Review Organogram and Job Evaluation.	5	5	**25**
5	**ICT**	To provide an effective and efficient workforce by aligning our institutional arrangements to our overall strategy in order to deliver quality services	Lack of daily backups and offsite storage.	Cibecs user data backup in place for backing up data in user machines (desktop/laptop) SAGE system back-ups. Daily, monthly & annual back-ups on-site.	4	4	**16**

6	**Community services**	To ensure the provision and standardization of fire services by 2027	Inability to provide Fire and Disaster Management services.	1. Implementation of Disaster management plan. 2. Fire & awareness campaigns. 3.medium pumper and 1 RRV .4 Trained personnel. 4. Quarterly meeting with relevant stakeholders	4	4	**16**
7	**Strat & LED**	To ensure sustainable Local Economic Development by 2027.	1.Inability to attract investors)	1. Development Agency. 2.Tourism master plan.	4	4	**16**

2.10 SUPPLY CHAIN MANAGEMENT

Raymond Mhlaba implements a Supply Chain Management Policy that is aligned with MFMA and SCM regulations which includes all the elements of Supply Chain Management namely:

- Demand management,
- Acquisition management,
- Logistics management,
- Disposal management,
- Risk management and
- Performance management.

SCM policy has allocated 30% of procurement above R200 000 to be prioritized to local SMME's and 70 % of procurement below R200 000 to be awarded to local SMME's and vulnerable groups. As such , for the year under review the municipality has awarded 87% of tenders below R200 000 to local SMME's and vulnerable groups and 42 % of tenders above R200 000 to local SMME's and vulnerable groups.

There are three committees established in the bidding process namely:-

- Bid Specification Committee
- Bid Evaluation Committee
- Bid Adjudication Committee

2.11 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information Communication Technology section oversee the stability of business systems and network infrastructure within the organization, which require constant performance monitoring. Set institution-wide standards for software configurations and implementation guidelines in line with Policies and Procedure Manuals. Ensure maximized uptime, performance optimization, and full utilization of ICT resources and implementation of security measures & electronic data operations. Co-ordinates tasks/activities associated with the provision of End User support and analyses, diagnoses and resolves software/ hardware related problems ensuring optimum and uninterrupted functionality of operating systems and applications across the Municipality. Use system analysis techniques and procedures, including consulting with users, to determine hardware, software, or system specifications. Managing LAN\WAN infrastructure, making sure it's up, and running.

In ensuring that the above comes to realization, the ICT unit has installed a cloud-based backup system to ensure that all user files are kept safe and in an event of a disaster there will be business continuity. Daily user support is provided to ensure that the institution and its workforce can perform their duties. ICT Policies have been developed and approved for proper ICT Governance. Internet and Telephone system upgrades have been implemented for effective communication, transfer of data and seamless access to systems. The table below reflects the ICT projects implemented during 2023/2024.

Capital Expenditure Year 2023/2024: ICT Services		
Capital Projects	Year 2023/2024	
	Budget	Actual Expenditure
Purchase of Microsoft Licences	R1,3 Million	R1,3 Million
Telephone and Internet system	R616 892.80	R616 892.80
Photocopy Machines	R576 573.76	R576 573.76

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

Information Communication Technology Unit has ensured that stability of business systems and network infrastructure within the organization is maintained, which required constant performance monitoring. The municipality has a fully-fledged ICT unit. Internet connection is installed and accessible to all municipal offices. The Municipal website was upgraded with continuous maintenance.

To improve corporate governance of ICT, new policies (Change Management, ICT Strategy and Business Continuity Policy) were developed and submitted to Council for approval and are reviewed continuously. Telephone system upgrade has been performed in all municipal offices including the previously disadvantaged sites i.e. Hogsback and Seymour. Continuous upgrade of wireless network Infrastructure in a phased approach is implemented. A functional ICT Steering Committee was established to enhance ICT monitoring and performance. This committee sits regularly. One vacant position has been filled.

2.12 CUSTOMER CARE

The institution receives complaints/ queries through a dedicate email (customercare@raymondmhlaba.gov.za) and communications Office landline. Once a complaint/ query has been received, officials from customer care acknowledge receipt of the query to the resident / rate payer, then its forwarded to departmental personnel, who investigates and resolves the query and forward update/ action to Customer Care Unit. The Customer Care contacts the resident/ rate payer and provides feedback and once the resident/ rate payer is satisfied with feedback and the query is resolved.

2.13 BY-LAWS

By the legislative powers vested in the Raymond Mhlaba Municipal council, the following By-laws have been developed and gazetted in 2019/2020 financial year. The Law Enforcement is responsible for the implementation of these by-laws.

a) Cemeteries by-law
b) Credit Control and Debt Collection by -law
c) Customer Care and Revenue Management by-law
d) Dilapidated building and unsightly objects by-law
e) Fire Brigade by-law
f) Impounding of animals by-law
g) Liqour trading hours by-law
h) Nuisance and animals by-law
i) Public amenities by-law
j) Rates by-law
k) Roads and Streets by-law
l) Solid waste disposal by-law
m) Street Trading by-law
n) Traffic by-law

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1 INTRODUCTION

This chapter presents the performance of the Municipality over the 2023/2024 financial year. In the main, the focus is on performance against predetermined objectives as presented in the SDBIP scorecard approved by Council. The Municipality identified the following strategic pillars to anchor its development objectives and guide the implementation of programmes for effective service delivery:

- To ensure a safe, friendly and sustainable environment by 2027.
- To ensure adequate, efficient, sustainable energy supply and infrastructure by 2022

Over the financial year under review, the Municipality committed to improve effectiveness in the provision of basic services. The provision of roads and storm water networks, waste management, electricity, housing, disaster management, emergency services such as firefighting, social programmes for the elderly and other vulnerable groups were all identified as priority focus areas.

The Amathole District Municipality is the Water Service Authority (WSA) and the Water Service Provider for the entire Raymond Mhlaba area.

COMPONENT A: BASIC SERVICES

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

3.2 INTRODUCTION TO BASIC SERVICES

This key performance area (kpa) deals with the core functions of the Municipality by providing the provision of electricity, roads and stormwater, community facilities, and town planning services. The departments responsible for this KPA are Engineering and Community Services and they are entrusted with ensuring that services are delivered to the communities *i.e.* construction of community halls, day care facilities; construction or development or maintenance of gravel roads, paving of roads, installation of electricity, maintenance of municipal buildings and consideration of plans (building plans), zoning *etc.* Land and Human Settlements is also located in this department, registration for houses, rectification is referred to this department and channeled to the Provincial Department.

3.3 INTRODUCTION TO ELECTRICITY

The supply of electricity in Raymond Mhlaba Municipality is provided for by two suppliers, i.e. Eskom and the Local Municipality. The municipality has a NERSA license to provide electricity in Adelaide, Bedford and KwaMaqomaand the surrounding townships. Electricity in the other administrative areas namely; Alice, Middledrift, Hogsback, Seymour, farm areas and all rural villages is supplied by Eskom.. The department executes the maintenance of the electrical infrastructure within the municipality area of supply, this includes maintenance of streetlights and highmast lights .

The following electricity were implemented during the 2023/24 financial year using the INEP grant .

1. Electrification of KwaMaqomaInfills through Turnkey Solutions
2. Electrification of Households in Fairview , Eskom , Tyoks and Mpolweni (Adelaide)
3. Electrification of Households in Nonzwakazi, Sizakhele and Ndlovini

The electricity section has been encountering recurring number of theft and vandalism and as a result that has impacted maintaining continuity of supply. A number of interventions have been put in place like installation of cable sleeves and replacing underground cables with overhead lines.

The table below shows progress made against planned target for 2023/2024;

INDICATOR	TARGET	ACTUAL
Percentage of INEP projects implemented	100%	***Achieved***; 100 % INEP project implemented
Number of illegal connection audits conducted	4	***Achieved***; 4 illegal audits conducted
Percentage of new connections within 21 days of application	100%	***Achieved***; 100%
Percentage of reconnections completed within 7 days after settlement of municipal account	100%	***Achieved***; 100%
Percentage of unplanned outages restored within 4 hours	70%	***Achieved***; 79,16%
Number of maintenance 'jobs conducted' for planned or preventative maintenance	2	***Achieved***; 3 maintenance 'jobs' for planned or preventative maintenance

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The electricity section deals with day-to-day maintenance and repairs of the electrical infrastructure in Fort Beaufort, Adelaide and Bedford. These include, but not limited to, maintenance of highmast and streetlights, providing supply for new customers, maintaining/replacing faulty meters, attending to cable/line faults etc. Some parts of the electrical network are vulnerable and requires upgrade to mitigate power outages.

The electricity section implemented the electrification of infills and households through INEP funding in Fairview, Eskom Tyoks , Mpolweni (Adelaide), Nonzwakazi, Sizakhele and Ndlovini.

The Municipality has also bought new meters to ensure new customers are supplied with electricity and the consumption is monitored. Quarterly meter audits are also conducted in Fort Beaufort, Adelaide and Bedford towns.

Some of the challenges hindering the continuity of electrical supply was the recurring theft of cables and vandalism of electrical assets. The ageing infrastructure also adds to the vulnerability of the network.

3.4 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

Waste Management is the primary function of the municipality as enshrined in the Constitution of RSA, 1996, Part B Schedule 5. The municipality collects refuse on a weekly basis in the following areas: Fort Beaufort, Alice, Middledrift, Hogsback, Seymour, Adelaide and Bedford. The service is rendered only in urban areas. Refuse in businesses and households is collected as per the municipal refuse schedule which is based on the volume of waste generated. Only a few number of business premises have proper refuse storage facilities and there have been campaigns made to encourage them to construct the said storage facilities. Businesses are also encouraged to call the municipality when they have consumed large volume of waste to avoid refuse being put in front of their shops, but that is still a challenge as some of the are still doing it. The waste that is collected is disposed off to the waste disposal sites namely; Alice, Middledrift and Bedford. All these disposal sites are permitted but need to be reconstructed in order to comply with the National Environmental Waste Act (NEMWA). However, there are strides that are done by the municipality. The municipality also conducts environmental awareness campaigns quarterly and as when necessary. These campaigns are conducted in collaboration with Higher Institutions of Learning, schools, sector departments, CWP, EPWP, ADM, etc. During the year under Peace Officers have been able to enforce by-laws on problem areas identified within the central business and urban areas. The municipality has appointed a panel of service providers to assist with yellow plant to maintain the landfill sites.

The Department of Environmental has introduced 2 Municipal Cleaning and Greening Programmes, wherein 164 participants were employed for a period of 6 and 12 months. The aim of the programme was to create job opportunities, environmental management practice, street cleaning, litter picking, clearing of illegal dumps, and strengthening support for small medium and micro enterprise. Also, the Department of Forestry, Fisheries and the Environment (DFFE) has introduced a Greening Project at Raymond Mhlaba LM towards planting 1500 trees in the RDP houses. All these programmes have yielded good results especially on awareness campaigns on waste management.

3.5 SPATIAL PLANNING

Spatial Planning is responsible for ensuring the management of the overall planning activities (Town planning and building control) which is associated with the planning, building of physically, socially and economically sustainable communities through spatial planning and development frameworks, service standards and acquisition management of municipal property, planning and plans for approval in order to ensure priorities in the Integrated Development Plan are afforded the necessary attention. Main objectives of the unit involve:

- Ensuring efficient and effective Spatial Planning and Land Use Management
- Managing Spatial Planning (SDFs and other development frameworks)
- Land Use Management (Development Applications: rezoning, subdivision etc.)
- Support Unit to Revenue, LED, Technical Services and IDP
- Ensuring building control and Management (Endorsing Building Plans and Inspections)
- Land Administration and land related issues.

In the municipalities efforts to ensure compliance with the Spatial Planning and Land Use Management Act 16 of 2013 it has since appointed an Authorized Official to approve all Category 2 land development applications as well as a registered Town Planner in terms of the Planning Professions Act 36 of 2002. The municipality currently has adopted a Wall-to-Wall Land Use Scheme and it is currently in the process of being Gazetted. Furthermore, Council has approved and Gazetted SPLUMA By-laws that have been customized by Raymond Mhlaba Local Municipality.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Raymond Mhlaba LM has a free basic services unit which is discharged at ensuring that all indigent households within the jurisdiction of the municipality receive free basic services. The municipality has an indigent policy in place, which was adopted in May 2024. The policy regulates the indigent beneficiary programme. A register of qualifying beneficiaries is updated monthly and only person(s) in the register gets the subsidy. As of June 2024 all qualifying indigent households who registered in the database of the municipality have received the indigent support. The services rendered under this programme are as follows;

1. Subsidised electricity
2. Subsidised refuse removal
3. Alternative energy i.e. paraffin (27 customers)
4. Subsidised property rates

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

Raymond Mhlaba LM has a free basic services unit which is dedicated at ensuring that all indigent households within the jurisdiction of the municipality receive free basic services. There is an indigent policy in place which regulates the whole indigent beneficiary programme.

COMPONENT B: ROADS AND STORMWATER

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

3.7 INTRODUCTION TO ROADS

The role of the Municipality is to provide appropriate, cost effective and affordable roads, storm-water drainage, transport infrastructure and public services in-order to improve the quality of life of the communities. The main role players are the Municipality, Department of Roads and Public works, as well as SANRAL. The Department of Roads and Public Works and SANRAL are responsible for the construction and maintenance of National, Provincial Road networks whereas the Municipality is responsible for the access roads leading to villages and those in urban areas.

All the households have the access to gravel or surfaced roads. The gravel roads are maintained according to the work schedule of the Engineering Department and also immediately after rainstorms. The surfaced roads are maintained from the operating maintenance budget. The table below illustrates the targets planned against achieved for 2023/24.

Stormwater drainage: 2023/2024		
Outcome Based Indicator	**TARGET**	**ACTUAL PERFORMANCE**
Number of streets where stormwater system has been maintained	160	522
Number of km maintained (gravel roads)	300	306
Number of road markings maintained	24	14

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

All the roads that fall under the jurisdiction of the Municipality are being attended by the Civil Works Unit according to their work schedule. The surface roads are repaired and cleaned after heavy rainfalls including storm-water channels

The storm-water management system is provided for the towns of Adelaide, Alice, Bedford, Fort Beaufort, Middledrift, and Seymour. The municipality has prioritised storm-water and storm-water management needs.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

3.8 INTRODUCTION TO PLANNING AND DEVELOPMENT

Spatial Planning is responsible for ensuring the management of the overall planning activities (Town planning and building control). These include planning, building of physically, socially and economically sustainable communities through spatial planning and development frameworks, service standards and acquisition management of municipal property, planning and plans for approval in order to ensure priorities in the Integrated Development Plan are afforded the necessary attention.

Main objectives of the unit involve:

- Ensuring efficient and effective Spatial Planning and Land Use Management

- Managing Spatial Planning (SDFs and other development frameworks)
- Land Use Management (Development Applications: rezoning, subdivision etc.)
- Support Unit to Revenue, LED, Technical Services and IDP
- Ensuring building control and Management (Endorsing Building Plans and Inspections)
- Land Administration and land related issues.

In the municipalities efforts to ensure compliance with the Spatial Planning and Land Use Management Act 16 of 2013 it has since appointed an Authorised Official to approve all Category 2 land development applications as well as a registered Town Planner in terms of the Planning Professions Act 36 of 2002. The municipality has adopted a Wall-to-Wall Land Use Scheme and currently in the process of being Gazetted. Furthermore, council has approved and Gazetted SPLUMA By-laws that have been customized by Raymond Mhlaba Local Municipality.

3.9 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

3.9.1 INTRODUCTION TO ECONOMIC DEVELOPMENT

Local economic development is designed to improve the socio-economic status of the local communities. At the heart of the local economic development is to encourage collective and inclusive partnership amongst the local communities in order to achieve the desired outcomes. It is for this reason that the Raymond Mhlaba Local Municipality regards LED as a cardinal strategy explored in order to address socio-economic problems such as poverty and unemployment facing local communities. In short, LED is a bottom-up socio-economic instrument, within a broader IDP, New Growth Path (NGP) to create conducive business environments to improve community's livelihood

The LED Unit continues to conduct outreach programs to encourage young people to form cooperatives and be part of cooperative movement. Most cooperatives and group enterprises are started with unemployed people, often with low technical skill capacity levels and no prior business experience in economically marginal areas; hence their chances of success is reduced to the absolute minimum. The Cooperative Act No.14 of 2005 spells out how cooperatives should operate and as such the Municipality has assisted local cooperatives in the form of training and legal registration. However there is new amendment Act No. 6 of 2013 which seeks to address the strengthening of Cooperative governess, adhering to cooperative regulations as per cooperative constitution and also to ensure the effective directorship, leadership and management of the cooperative.

The Municipality has started the process of developing a Local Economic Development strategy in order to prioritize the allocation of resources, promote local ownership; community involvement and joint decision making, to date, the Municipality have a draft LED strategy and the said draft was table Council.

Raymond Mhlaba Municipality has identified Tourism as one of the catalyst to drive economic growth and development. Tourism alone cannot be exclusively looked at without considering heritage given the historic endowment of the municipal area. The Tourism sector within Raymond Mhlaba Municipal area is clustered according to accommodation, game reserves, heritage and history, education, outdoor activities, cultural villages, craft and tour guiding. Many studies that have been undertaken in the Raymond Municipal area reveals that the Tourism sector is one of the sectors that seems to possess a strong potential to regenerate the economy of the Raymond Mhlaba Municipal area.

LOCAL ECONOMIC DEVELOPMENT						
REF	**PRIORITY AREA**	**STRATEGIC OBJECTIVE**	**Outcome Based Indicator**	**Baseline**	**2023 - 2024 Annual Target**	**2023/ 2024 Actual performance**
LED 1	Unemployment	To ensure sustainable Local Economic Development by 2027	Number of jobs created through Capital Projects	700	100	243
LED 2		To ensure sustainable Local Economic Development by 2027	Number of jobs created through EPWP	251	100	483
LED 3		To ensure sustainable Local Economic Development by 2027	Number of jobs created through LED initiatives	92	50	80
LED 4		To ensure sustainable Local Economic Development by 2027	Number of economic activities supported	10	6	6
LED 5	SMMEs	To ensure sustainable Local Economic Development by 2027	Number of SMMEs supported by the Municipality	23	10	154

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.10 INTRODUCTION TO COMMUNITY

A wide range of social services and amenities are provided to promote sustainable communities and ensure that the dignity of the people is restored. The aim is to achieve social empowerment and cohesion by promoting social development and strengthening communities, with a dedicated focus on poor, vulnerable and marginalized residents. The municipality's interventions include establishing and maintaining inclusive community amenities such as municipal halls, parks/ recreational facilities, sport grounds, markets and libraries. These play a critical role in the development of society and in enhancing social cohesion.

3.10.1 Cemeteries

Raymond Mhlaba Municipality has a total of eleven (11) cemeteries that are located in urban areas. All of the cemeteries are almost full to capacity as such the municipality has identified new sites through the assistance of the town planning section in all our towns and as such the Environmental Impact Assessment needs to be conducted in ensuring that the identified sites meets the required standards. The municipality continues to roll out the fencing of rural cemeteries. This is done in consultation with ward councillors. Their responsibility is to identify which cemetery to be fenced. The fence is procured and later erected per identified space making use of local youth.This is to ensure that the project is owned by the communities while the same youth receives income. The municipality continues to roll out the fencing of rural cemeteries, however during the year in question no rural fencing was done that due to financial constraints. Four urban cemeteries were maintained; Bedford, Adelaide, KwaMaqomaand Alice.

1.10.2 Community facilities

The municipality has 19 halls and 5 municipal parks under its jurisdiction which are rented out to communities as per approved municipal tariffs. All the municipal halls need major renovations and as such the office has been receiving numerous complaints about the conditions of such properties. For the year under review , no hall was renovated due to the financial position of the institution.

3.10.3 Libraries

Raymond Mhlaba Municipality has eight public libraries in the following areas; Bedford x 1, Adelaide x 2, Alice x 1, KwaMaqomax 3 and Seymour which the municipality is rendering the service on behalf of the Department of Sport, Recreation, and Arts & Culture (DSRAC). On a yearly basis the municipality is requested to submit a business plan which outlines the activities that will be carried out within these libraries for DSRAC to fund those.

3.12 INTRODUCTION TO CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

The Department of Social Development is well positioned to empower the poor, as a crucial component of ensuring a sustainable solution to poverty and hunger in the long term. The Department's targeted interventions focus on poverty reduction, food security and developmental initiatives that enable self-sustainability and social inclusivity. These interventions further respond to the conditions of both individual and household poverty by providing a broad variety of programmes and support services. A critical enabling milestone in addressing the inter-generational poverty confronting many poor households is food and nutrition security. To this end the municipality supports small scale farmers so that they can contribute to the municipality food trade surplus.

COMPONENT E: HEALTH

This component includes: clinics and hospitals.

3.13 INTRODUCTION TO HEALTH

Department of Health is mandated to develop a high quality, efficient, equitable health system that is accessible to all Raymond Mhlaba Municipality's residents. The Department is responsible for the provision of primary health care services in the Raymond Mhlaba through its 38 clinics network. The municipality's clinics operate in conjunction with the six hospitals managed by the Eastern Cape Provincial Department of Health.

COMPONENT F: DISASTER AND SAFETY

This component includes: fire & disaster management services, Traffic, registration and licencing and control of animals.

3.14 FIRE SERVICES
INTRODUCTION TO FIRE SERVICES

The Municipality is rendering the firefighting service full time and the main fire base is located in Fort Beaufort. The building does not have all necessary technological equipment / resources as to enable fire fighters to operate effectively and efficiently, however since December 2022, the section operates 24/7 (24hours) . Satellite bases have been established in Adelaide and Alice and Hogsback. All these fire bases operational.

PERFORMANCE IMPROVEMENT:

1) Fully fledges unit
2) One Rapid Response Vehicle to attend to rescue related incidents,
3) One medium pumper with the capacity of 6 000 L of water
4) One skid unit with minimum equipment.
5) In a process to procure fire truck in 2024/2025 FY.
6) Main Fire base in KwaMaqomaoperational
7) Adelaide satellite base opened and operational between 08h00 and 17h00 Monday to Saturday
8) Alice satellite base operational.
9) Bedford satellite base established.
10) Hogsback satellite fire base established and operational.

The table below illustrates the performance of fire services and turn-around time during the year under review.

Fire Service Data					
	Details	**2021 / 2022**	**2023/ 2024**		**2024/2025**
		Actual No.	**Estimate No.**	**Actual No.**	**Estimate No.**
1	Total fires *attended* in the year	80	120	127	181
2	Total of other incidents attended in the year	50	30	48	279
3	Average turnout time - urban areas	30 minutes	30 minutes	30 minutes	30 Minutes
4	Average turnout time - rural areas	60 minutes	60 minutes	60 minutes	60 Minutes
5	Fire fighters in post at year end	8		12	17
6	Total fire appliances at year end	2	2	2	3
7	Average number of appliances off the road during the year	2		1	1

3.15 INTRODUCTION TO TRAFFIC SERVICE

Traffic services unit is responsible to carry the following functions;

- Deliver satisfied service to all citizens.
- Making appointments for learners licence.
- Renewal of driving licence.
- Conducting eye tests
- Renewal of professional driving permits.

- Conducting learners licence class.
- Testing for driving licence.
- Serving residents with queries on certain transactions.
- Registration and licensing of motor vehicles.
- To regulate and control traffic upon any public road within our area of jurisdiction.
- To attend to accidents.
- To do escorts.
- To serve warrants of arrest.
- To conduct external training at schools.
- To visit scholar patrols and conduct traffic safety talks

COMPONENT G: SPORT AND RECREATION

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

3.16 INTRODUCTION TO SPORT AND RECREATION

Raymond Mhlaba Local Municipality provides access to facilities and encourages recreational activities and other healthy lifestyle activities. It strives for sporting excellence, encouraging the transformation of sporting codes and facilitates various initiatives that reinforce the national sport plan initiatives. The municipality has a total of 7 sports facilities in the following urban areas, Bedford x 3, Adelaide x 1, KwaMaqomax 2, Alice x1 and Middledrift x1.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

INTRODUCTION

The organization is the key transformation agent dealing with the structure of the Municipality to ensure that it remains aligned to its strategy, job evaluation process and change management philosophy. Organizational Development as a function is placed under Corporate service Department. The core functions of the department are as follows.

i. Organizational design
ii. Job analysis and evaluations
iii. Employee assistance programme

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 Employee totals, Vacancies and Turnover rate

Raymond Mhlaba Municipality currently employs 544 (full time =445, part time =95; Section 56 & 57=4) officials, who individually and collectively contribute to the achievement of municipality's objectives. The primary objective of the Human Resources Management is to render an innovative HR service that addresses both skills development and an administrative function. The Municipality is guided by policy and procedures of HR.

4.1.1 EMPLOYEE TOTALS

Description	2023/2024	2022/2023			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Municipal Manager Office	2	2	2	0	100%
Communications	3	4	3	1	25%
Internal Audit	3	4	3	1	25%
Office of the Speaker	7	9	7	2	22%
Office of the Mayor	4	4	4	4	0%
Strategic Planning and Local Economic Development	18	26	18	6	23%
Local Economic Development	15	20	15	5	25%
IDP & PMS	3	4	3	1	25%

Finance	2	2	2	0	0%
Budget	3	3	4	0	0%
Asset	3	3	3	0	0%
Revenue	29	34	29	5	11%
Expenditure	5	5	5	0	0%
Supply Chain	8	10	10	0	0%
Corporate Services Director & Secretary	0	2	0	2	100%
Council Support and Records Management	18	19	18	1	5.3%
ICT	4	5	4	1	20%
Administration	39	50	40	8	16%
Human Resources	13	14	13	1	7.6%
Fleet	18	36	21	18	20%
Community Services	1	2	2	2	0%
Waste and Social Needs	59	75	96	8	7.7%
Fire and Disaster Management	8	33	8	25	76%
Law Enforcement Manager	1	1	1	1	0%
Peace Officer	10	14	10	4	40%
Traffic & Admin	16	38	18	18	32%
Rangers	12	12	12	0	0%
Pound Master	4	4	4	4	0%
Security	39	43	39	5	11%
Engineering	1	2	2	2	0%
Housing and Land-use	21	38	22	16	42%
PMU	4	6	5	1	20%
Civil Works	31	37	37	6	16%
Roads and Storm water	39	55	53	2	3.6%
Electricity Services	25	40	25	15	32%

4.1.2 VACANCY RATE

The table below illustrates the vacancy rate as at end June 2024.

Vacancy Rate: Year 2023/24			
Designations	***Total Approved Posts No.**	***Vacancies (Total time that vacancies exist using fulltime equivalents) No.**	***Vacancies (as a proportion of total posts in each category) %**
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	3	1	25%
Other S57 Managers (Finance posts)	0	0	0%
Police officers (Security Officers)	44	5	9%
Fire fighters	18	11	16%
Senior management: Levels 13-15 (excluding Finance Posts)	16	5	31%
Senior management: Levels 13-15 (Finance posts)	6	0	0%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	35	8	22%
Highly skilled supervision: levels 9-12 (Finance posts)	18	3	16%
Total	**142**	**33**	2324%

4.1.3 TURN-OVER RATE

Turn-over Rate			
Details	**Total Appointments as of beginning of Financial Year No.**	**Terminations during the Financial Year No.**	**Turn-over Rate***
Year 2022/23	**9**	**11**	
Year 2023/24	**5**	**8**	

COMMENT ON VACANCIES AND TURNOVER:

During 2023/2024 critical positions were filled within the prescribed time as prescribed in the Municipal HR policies.

Officials who have reached their retirement age are terminated from the system and all other service termination types are implemented on the system guided by the processes and procedures.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	**Completed %**	**Reviewed %**	**Date adopted by council or comment on failure to adopt**
1	Whistle Blowing	x	100%	22 May 2022
2	Internal Sport & Recreation	x	100%	22 May 2022
3	Housing& Rental for Staff	x	100%	22 May 2022
4	Imprisonment	x	100%	22 May 2022
5	Councillor Employee Assistant Programs	x	100%	22 May 2022
6	Records Management	x	100%	22 May 2022
7	S & T	x	100%	30 August 2021
8	Employee Assistance / Wellness	x	100%	30 August 2021
9	Employment Equity Plan	x	100%	30 August 2021
10	Exit Management	x	100%	30 August 2021
11	Grievance Procedures	x	100%	30 August 2021
11	HIV/Aids	x	100%	30 August 2021
12	Human Resource and Development	x	100%	30 August 2021
13	Information Technology	x	100%	30 August 2021
14	Job Evaluation	x	100%	30 August 2021
15	Leave	x	100%	30 August 2021
16	Occupational Health and Safety	x	100%	30 August 2021
17	Smoke	x	100%	30 August 2021
18	Substance Abuse	x	100%	30 August 2021

19	Attendance & Punctuality	x	100%	30 August 2021
20	ICT users access Management	x	100%	30 August 2021
21	ICT Security Management	x	100%	30 August 2021
22	ICT Email	x	100%	30 August 2021
23	Telephone	x	100%	30 August 2021
24	Recruitment & Selection	x	100%	30 August 2021
25	Dress code	x	100%	30 August 2021
26	Bursary	x	100%	30 August 2021
27	Sexual Harassment	x	100%	30 August 2021
28	Skills Development	x	100%	30 August 2021
29	Insurance	x	100%	30 August 2021
30	Succession	x	100%	30 August 2021
31	Exit Management	x	100%	30 August 2021
32	Danger Allowance	x	100%	30 August 2021
33	Performance Management and Development	x	100%	30 August 2021

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	**Injury Leave Taken Days**	**Employees using injury leave No.**	**Proportion employees using sick leave %**	**Average Injury Leave per employee Days**	**Total Estimated Cost R'000**
Required basic medical attention only	0	0	0%	0	00.00
Temporary total disablement	0	0	0%	0	
Permanent disablement	0	0	0%	0	
Fatal					
Total	**0**	**0**	**0**	**0**	**00.00**

The table reflects the number of sick days taken during 2023/24

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	**Total sick leave**	**Proportion of sick leave without medical certification**	**Employees using sick leave**	**Total employees in post***	***Average sick leave per Employees**	**Esti mat ed cost**

	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)						
Skilled (Levels 3-5)	80	20%	45	173	2	
Highly skilled production (levels 6-8)	10	10%	25	198	1	
Highly skilled supervision (levels 9-12)	12	15%	5	99	1	
Senior management (Levels 13-15)	5	5%	0	21	0	
MM and S57	10	10%	1	4	1	
Total	**117**	**60%**	**76**	**495**	5	

The tables below reflect number suspensions and disciplinary actions taken as at end June 2024.

Number and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**
Contract worker: Fire Fighter	Insulting a fellow employee	01/08/2023	Suspension of Salary increment for eight months	May-24
Electrical Assistant	Cable Theft	15 /08/2023	Dismissal	Jan-24

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	**Nature of Alleged Misconduct and Rand value of any loss to the municipality**	**Disciplinary action taken**	**Date Finalised**
Secretary to Director	Breach of Supply Chain Policies +-R100 000,00	Dismissal	30-Nov-23

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

All the above suspensions are above four months as the cases are continuing and the extensions were done appropriately.

4.4 PERFORMANCE REWARDS

No performance rewards were paid under the period under review.

4.5 DISCLOSURES OF FINANCIAL INTERESTS

Councillors, Senior Management and all employees including those sitting in Bid committees have signed the declaration of interest forms.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The MSA states that a municipality must develop its workforce to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable manner. For this purpose, the HR Capacity of a municipality must comply with the Skills Development Act and Skills Development Levies Act.

Skills development programmes were implemented for both Councillors and Employees through the Institution of Higher Learning. Unemployed learners were taken through Learnership programmes

Skills Matrix														
Management level	**Gender**	**Employees in post as at 30 June Year 0**	**Number of skilled employees required and actual as at 30 June Year 0**											
			Learnerships			**Skills programmes & other short courses**			**Other forms of training**			**Total**		
		No.	**Actual: End of Year -1**	**Actual: End of Year 0**	**Year 0 Target**	**Actual: End of Year -1**	**Actual: End of Year 0**	**Year 0 Target**	**Actual: End of Year -1**	**Actual: End of Year 0**	**Year 0 Target**	**Actual: End of Year -1**	**Actual: End of Year 0**	**Year 0 Target**
MM and s57	Female	2	1			1				0	1	2	2	2
	Male	3	1							1	1	1	1	1
Councillors, senior officials and managers	Female	34	2							8	3	8	8	3
	Male	38	1							7	4	6	7	4
Technicians and associate professionals*	Female	18								2	2	2	2	2
	Male	21								8	9	8	8	9
Professionals	Female	22								6	6	6	6	6
	Male	15								2	2	2	2	2
Sub total	Female	76								16	12		18	13
	Male	77								18	16		18	16
Total		306	5	0	0	1	0	0	0	68	56	35	72	58

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	1	1	1
Chief financial officer	1	0	1	1	1	0
Senior managers	3	0	3	3	3	0
Any other financial officials	13	0	13	0	0	13
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	0	0	1
Supply chain management senior managers	0	0	0	1	1	1
TOTAL	**19**	**0**	**19**	**6**	**6**	**16**

Skills Development Expenditure R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	1	50000	46000					50000	46000
	Male	3								
Legislators, senior officials and managers	Female	25								
	Male	40								
Professionals	Female	34	300000	252170					300000	252170
	Male	29	350000	717232					350000	717232
Technicians and associate professionals	Female	68								
	Male	38								
Clerks	Female	38								
	Male	32								
Service and sales workers	Female	17								
	Male	12								
Plant and machine operators and assemblers	Female	0								
	Male	18								

Elementary occupations	Female	41	100000	42888					100000	42888
	Male	11	100000						100000	
Sub total	Female	224	350000	298170					350000	298170
	Male	183	350000	717232					350000	717232
Total		**407**	**700000**	**1015402**	**0**	**0**	**0**	**0**	**700000**	**1015402**

Skills Development Expenditure										
										R'000
Management level	**Gender**	**Employees as at the beginning of the financial year**	**Original Budget and Actual Expenditure on skills development Year 1**							
			Learnerships		**Skills programmes & other short courses**		**Other forms of training**		**Total**	
		No.	**Original Budget**	**Actual**	**Original Budget**	**Actual**	**Original Budget**	**Actual**	**Original Budget**	**Actual**
MM and S57	Female	3	50000	46000					50000	46000
	Male	3								
Legislators, senior officials and managers	Female	23								
	Male	52								
Professionals	Female	2	300000	252170					300000	252170
	Male	2	350000	717232					350000	717232
Technicians and associate professionals	Female	33								
	Male	83								

Clerks	Female	43								
	Male	34								
Service and sales workers	Female	38								
	Male	67								
Plant and machine operators and assemblers	Female	38								
	Male	75								
Elementary occupations	Female	96	100000	42888					100000	42888
	Male	116	100000						100000	
Sub total	Female	142	350000	298170					350000	298170
	Male	241	350000	717232					350000	717232
Total		**383**	**700000**	**1015402**	**0**	**0**	**0**	**0**	**700000**	**1015402**

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

Councillors and employees who registered or progressing with their studies were given the financial support. The municipality has ensured that the budget for training was put within affordability and prevented over commitment. This was done through ensuring that a plan is in place .

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

The municipality tried to ensure that the workforce expenditure is kept within the accepted proportion of the equitable share. This was affected by the absorption of more than 100 contract employees in the middle of the financial year. Nevertheless, the municipality did not tap into Grants meant for service delivery. Instead, it enhanced its human capital expenditure through own revenue source.

4.6 DISCLOSURES OF FINANCIAL INTERESTS

Councillors, Senior Management and employees including those sitting in Bid Committees have signed the declaration of interest forms for the year under review.

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments.

The chapter comprises of three components:

• Component A: Statement of Financial Performance

• Component B: Spending Against Capital Budget

• Component C: Other Financial Matter

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

Note: Statements of Revenue Collection Performance by vote and by source are included at

Appendix K.

Eastern Cape: [illegible] – Reconciliation of Budget Summary for [illegible]

Description	[illegible]						[illegible]
[illegible]	Original Budget	Adjusted Budget	Audited Outcome	[illegible]	[illegible]	[illegible]	Audited Outcome
Financial Performance							
Property rates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Service charges	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Investment revenue	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transfers recognised - Operational	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other own revenue	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Revenue (excluding capital transfers and contributions)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Employee costs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Remuneration of councillors	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Depreciation & asset impairment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance charges	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Materials and bulk purchases	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transfers and grants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other expenditure	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Expenditure	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Surplus/(Deficit)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transfers and subsidies - capital (monetary allocations)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Capital expenditure & funds sources							
Capital expenditure	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transfers recognised - capital	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Borrowing	-	-	-	-	-	-	-
Internally generated funds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-
Total sources of capital funds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financial position							
Total current assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total non current assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total current liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total non current liabilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Community wealth/Equity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cash flows							
Net cash from (used) operating	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net cash from (used) investing	[illegible]	[illegible]	-	[illegible]	-	-	-
Net cash from (used) financing	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Eastern Cape: Raymond Mhlaba (EC129) - Reconciliation of Budgeted Financial Performance for 2024

Description	Ref	2023/24						2022/23
R thousands		Original Budget	Adjusted Budget	Audited Outcome	Variance of Audited Outcome vs Adj Budget	Audited Outcome as % of Adj Budget	Audited Outcome as % of Orig Budget	Audited Outcome
Revenue								
Exchange Revenue								
Service charges - Electricity		99 066	99 066	79 264	(19 802)	80,01	80,01	70 957
Service charges - Water								
Service charges - Waste Water Management								
Service charges - Waste Management		29 250	29 250	37 500	8 250	128,21	128,21	37 981
Sale of Goods and Rendering of Services		526	526	731	206	139,12	139,12	5 912
Agency services								
Interest								
Interest earned from Receivables		14 095	14 095	26 112	12 017	185,26	185,26	16 262
Interest earned from Current and Non Current Assets		2 300	2 300	4 067	1 767	176,81	176,81	2 466
Dividends								
Rent on Land								
Rental from Fixed Assets		852	852	1 458	606	171,15	171,15	807
Licence and permits		7 200	7 200	1 606	(5 594)	22,31	22,31	710
Special rating levies								
Operational Revenue		10 781	10 781	35 641	24 860	330,5850109	330,5850109	16 799
Non-Exchange Revenue								
Property rates		113 533	122 033	106 130	(15 903)	86,97	93,48	107 715
Surcharges and Taxes								
Fines, penalties and forfeits		200	200	71	(129)	35,34	35,34	25
Licences or permits								
Transfer and subsidies - Operational		226 164	290 309	208 227	(82 082)	71,73	92,07	217 855
Interest		15 000	15 000	37 457	22 457	249,71	249,71	20 815
Fuel Levy								
Operational Revenue								
Gains on disposal of Assets				(13 746)	(13 746)			(2 585)
Other Gains				(1 294)	(1 294)			1 062
Discontinued Operations								
Total Revenue (excluding capital transfers and contributions)		**518 967**	**591 612**	**523 225**	**(68 387)**	**88,44**	**100,82**	**496 780**
Expenditure								
Employee related costs	-	210 366	211 515	215 816	4 301	102,03	102,59	207 191
Remuneration of councillors		20 240	20 240	20 267	27	100,13	100,13	18 842
Bulk purchases - electricity		98 521	98 521	90 081	(8 440)	91,43	91,43	78 212
Inventory consumed			1 000	637	(363)	63,75		253
Debt impairment		63 612	63 612	43 121	(20 491)	67,79	67,79	
Depreciation and amortisation		30 337	30 337	203 012	172 675	6,69	669,20	23 526
Interest		19 350	15 000	16 881	1 881	112,54	87,24	28 006
Contracted services		30 347	39 911	40 435	523	101,31	133,24	16 267
Transfers and subsidies		2 500	65 145	10 186	(54 959)	15,64	407,44	11 186
Irrecoverable debts written off				100 842	100 842			(9 363)
Operational costs		39 074	38 011	52 745	14 734	138,76	134,99	46 660
Losses on disposal of Assets								
Other Losses				(12 488)	(12 488)			(2 888)
Total Expenditure		**514 346**	**583 292**	**781 535**	**198 242**	**133,99**	**151,95**	**417 892**
Surplus/(Deficit)		**4 621**	**8 320**	**(258 309)**	**(266 629)**	**(3 104,73)**	**(5 589,56)**	**78 888**
Transfers and subsidies - capital (monetary allocations)		49 900	85 720	82 179	(3 541)	95,87	164,69	53 765
Transfers and subsidies - capital (in-kind)								
Surplus/(Deficit) after capital transfers and contributions		**54 522**	**94 040**	**(176 130)**	**(270 170)**	**(187,29)**	**(323,05)**	**132 654**
Income Tax								
Surplus/(Deficit) after income tax		**54 522**	**94 040**	**(176 130)**	**(270 170)**	**(187,29)**	**(323,05)**	**132 654**
Share of Surplus/Deficit attributable to Joint Venture								
Share of Surplus/Deficit attributable to Minorities								
Surplus/(Deficit) attributable to municipality		**54 522**	**94 040**	**(176 130)**	**(270 170)**	**(187,29)**	**(323,05)**	**132 654**
Share of Surplus/Deficit attributable to Associate								
Intercompany/Parent subsidiary transactions								
Surplus/(Deficit) for the year		**54 522**	**94 040**	**(176 130)**	**(270 170)**	**(187,29)**	**(323,05)**	**132 654**

	2024	2023
Maintenance of Equipment	4 993 072	135 821
Maintenance of Unspecified Assets	6 637 969	5 571 087
Maintenance of Building	577 675	170 775
Total repairs and maintenace	**12 208 716**	**5 877 683**
Total expenditure	793 389 043	434 874 883
% of R&M to Total Expenditure (including depreciation cost)	***2%***	***1%***

Repairs and maintenance cost for the past 2 years have been below the Treasury norm of 8%

5.2 GRANTS

[illegible]

	UN-AUDITED OPENING BALANCE	APPROVED ROLL-OVER	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	NATIONAL STOPPING	CLOSING BALANCE
	R		R	R	R		R
NATIONAL GOVERNMENT							
Equitable Share			[illegible]	[illegible]		[illegible]	
Municipal Finance Management Grant	-		2 050 000,00	[illegible]			-
Municipal Infrastructure Grant	-		43 [illegible]	[illegible]	41 [illegible]		-
Expanded Public Works Program	-		[illegible]	[illegible]			-
[illegible]			[illegible]	[illegible]			[illegible]
[illegible]							
[illegible]	-		[illegible]	[illegible]			
[illegible]	-		-				
Total National Government Grants	-	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PROVINCIAL GOVERNMENT							
Housing Disaster Grant	9 474,00		-	-			9 474,00
Library Grant			[illegible]	[illegible]			
[illegible]	[illegible]						[illegible]
[illegible] - Mining Projects	[illegible]		-				[illegible]
[illegible]	757 654,00		-				757 654,00
[illegible]	147 302,00		-				147 302,00
[illegible]	[illegible]		[illegible]	[illegible]			[illegible]
[illegible]	[illegible]						[illegible]
[illegible]			[illegible]	[illegible]			[illegible]
DEDEAT - Mining Projects			200 000,00	-			200 000,00
Total Provincial Government Grants	1 108 813		[illegible]	[illegible]			[illegible]
ALL SPHERES OF GOVERNMENT	1 108 813		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

The majority of the grants unspent are long outstanding savings from old projects that were not requested to be sent back to the Province.

Disaster project had an unspent amount of R1,2 million which was subsequently spent in July

INEP also had a balance of R 233k which was also disbursed in full by end of July

The DEDEAT R 200k grant is for the maintenance of the Blinkwater MiniGrid which due to skewed reporting remained unspent but the error will be corrected in the current year as the maintenance done in Blinkwater far exceeds the grant provided.

5.3 ASSET MANAGEMENT

INTRODUCTION

Property, plant, and equipment are tangible assets that:

• Are held by a municipality for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and

• Are expected to be used during more than one period.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant, and equipment. Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced more than the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance and is expensed.

The enhancement of an existing asset so that its use is expanded or the further development of an asset so that its original life is extended are examples of subsequent expenditure which should be capitalised.

5.4 FINANCIAL RATIO'S

[illegible]			
FR type	Audited	Financial Year	2023/2024
Status:	Submitted	Assigned to:	Official
	Ratio	Norm/Range	Results
1. FINANCIAL POSITION			
A. Asset Management/Utilisation			
1	Capital Expenditure to Total Expenditure	10% - 20%	5 %
1	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	0%	1 %
1	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	8%	3 %
B. Debtors Management			
1	Collection Rate	95%	40 %
1	Bad Debts Written-off as % of Provision for Bad Debt	100%	40 %
1	Net Debtors Days	30 days	1002 Days
A. Liability Management			
1	Capital Cost(Interest Paid and Redemption) as a % of Total Operating Expenditure	6% - 8%	1 %
1	Debt (Total Borrowings) / Revenue	45%	114 %
A. Liquidity Management			
1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	1 - 3 Months	0,1 Months
1	Current Ratio	1.5 - 2:1	1,4

2. FINANCIAL PERFORMANCE			
A. Distribution Losses			
1	Electricity Distribution Losses (Percentage)	7% - 10%	21 %
1	Water Distribution Losses (Percentage)	15% - 30%	N/A
A. Efficiency			
1	Net Operating Surplus Margin	= or > 0%	0 %
1	Net Surplus /Deficit Electricity	0% - 15%	-56 %
1	Net Surplus /Deficit Water	= or > 0%	N/A
1	Net Surplus /Deficit Refuse	= or > 0%	-130 %
1	Net Surplus /Deficit Sanitation and Waste Water	= or > 0%	N/A
A. Expenditure Management			
1	Creditors Payment Period (Trade Creditors)	30 Days	127 Days
1	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	0%	3 %
1	Remuneration as % of Total Operating Expenditure	25% - 40%	30 %
1	Contracted Services % of Total Operating Expenditure	2% - 5%	5 %
A. Grant Dependency			
1	Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	None	0 %
1	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	None	0 %
1	Own Source Revenue to Total Operating Revenue(including Agency Revenue)	None	55 %
A. Revenue Management			
1	Growth in Number of Active Consumer Accounts	None	10 %
1	Revenue Growth (%)	= CPI	23 %
1	Revenue Growth (%) - Excluding capital grants	= CPI	78 %
3. BUDGET IMPLEMENTATION			
A. Budget Implementation Category			
1	Capital Expenditure Budget Implementation Indicator	95% - 100%	109 %
1	Operating Expenditure Budget Implementation Indicator	95% - 100%	130 %
1	Operating Revenue Budget Implementation Indicator	95% - 100%	100 %
1	Service Charges and Property Rates Revenue Budget Implementation Indicator	95% - 100%	92 %

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE BY STANDARD CLASSIFICATION

[illegible]

Description	Ref	Original Budget	Adjusted Budget	Actual Outcome	[illegible]	[illegible]	[illegible]	Actual Outcome
Capital Expenditure - Functional								
Governance and administration		-	-	[illegible]	[illegible]	-	-	[illegible]
Executive and council								
Finance and administration				[illegible]	[illegible]			[illegible]
Internal audit								
Community and public safety		-	-	[illegible]	[illegible]	-	-	-
Community and social services								
Sport and recreation								
Public safety				[illegible]	[illegible]			
Housing								
Health								
Economic and environmental services		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Planning and development								
Road transport		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Environmental protection								
Trading services		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Energy sources		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Water management								
Waste water management								
Waste management								
Other								
Total Capital Expenditure - Functional	3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Funded by:								
National Government		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Provincial Government								
District Municipality								
[illegible]								
Transfers recognised - capital		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Borrowing	6							
Internally generated funds			[illegible]	[illegible]	[illegible]	[illegible]		
Total Capital Funding		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

5.6 SOURCES OF FINANCE

Description R thousands	Ref	2023/24						2022/23
		Original Budget	Adjusted Budget	Audited Outcome	Variance of Audited Outcome vs Adj Budget	Audited Outcome as % of Adj Budget	Audited Outcome as % of Orig Budget	Audited Outcome
Funded by	-							
National Government		43 391	72 641	32 338	(40 302)	44,52	74,53	36 365
Provincial Government								
District Municipality								
Transfers and subsidies - capital (monetary allocations) (Nat								
Transfers recognised - capital		**43 391**	**72 641**	**32 338**	**(40 302)**	**44,52**	**74,53**	**36 365**
Borrowing	6							
Internally generated funds			2 609	130	(2 479)	4,98		
Total Capital Funding		**43 391**	**75 250**	**32 468**	**(42 781)**	**43,15**	**74,83**	**36 365**

5.7 CAPITAL SPENDING ON 4 LARGEST PROJECTS

The municipality had no challenges implementing the capital project set out below.

Project Number	GL Account	Project Description	Opening Balance	Addition
Re-graveling of Binfield Streets	C0177-23/IA01952/F09679/X116/R2173/001/05	Re-graveling of Binfield Streets	0,00	1 217 363,74
Re-graveling of Cwaru Streets	C0177-16/IA01952/F09679/X116/R2183/001/05	Re-graveling of Cwaru Streets	0,00	1 184 514,61
Re-graveling of David Klassen Street	C0177-26/IA01952/F09679/X116/R2186/001/05	Re-graveling of David Klassen Street	0,00	2 257 529,62
Re-graveling of Daweti Streets	C0177-17/IA01952/F09679/X116/R2191/001/05	Re-graveling of Daweti Streets	0,00	1 565 217,40
Re-graveling of Dimencine Edike	C0392-21/IE00631/F15762/X116/R0848/001/05	Re-graveling of Dimendine Edike	0,00	0,00
Re-graveling of Golf Course Streets	C0177-17/IA01952/F09679/X116/R2191/001/05	Re-graveling of Golf Course Streets	0,00	1 043 478,26
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total				[illegible]

5.8 CASH FLOW

Eastern Cape: Raymond Mhlaba (EC129) - Reconciliation of Budgeted Cash Flows for 2024

Description	Ref	2023/24						2022/23
R thousands	1	Original Budget	Adjusted Budget	Audited Outcome	Variance of Audited Outcome vs Adj Budget	Audited Outcome as % of Adj Budget	Audited Outcome as % of Orig Budget	Audited Outcome
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates		90 827	97 627	29	(97 597)	0,03	0,03	41
Service charges		98 946	98 946	128	(98 818)	0,13	0,13	142
Other revenue		21 355	21 355	29 935	8 581	140,18	140,18	9 216
Transfers and Subsidies - Operational	1	226 164	290 309	31 518	(258 790)	10,86	13,94	11 518
Transfers and Subsidies - Capital	1	49 900	85 720	40 423	(45 297)	47,16	81,01	
Interest		2 300	2 300		(2 300)			
Dividends								
Payments								
Suppliers and employees		(421 991)	(432 116)	(788 002)	(355 886)	182,36	186,73	(245 526)
Finance charges		(16 300)	(10 500)		10 500			
Transfers and Subsidies	1	(2 500)	(65 145)		65 145			
NET CASH FROM/(USED) OPERATING ACTIVITIES		**48 700**	**88 495**	**(685 968)**	**(774 463)**	**(775,15)**	**(1 408,55)**	**(224 609)**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE								
Decrease (increase) in non-current receivables								
Decrease (increase) in non-current investments								
Payments								
Capital assets		(49 900)	(86 537)		86 537			
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(49 900)**	**(86 537)**	**-**	**86 537**	**-**	**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans								
Borrowing long term/refinancing								
Increase (decrease) in consumer deposits								
Payments								
Repayment of borrowing								
NET CASH FROM/(USED) FINANCING ACTIVITIES		**-**	**-**	**-**	**-**	**-**	**-**	**-**
NET INCREASE/ (DECREASE) IN CASH HELD		**(1 200)**	**1 958**	**(685 968)**	**(687 926)**	**(35 031,23)**	**57 181,39**	**(224 609)**
Cash/cash equivalents at the year begin:		**16 000**	**16 000**	**(3 664)**	**(19 664)**	**(22,90)**	**(22,90)**	**(3 664)**
Cash/cash equivalents at the year end:	2	**14 800**	**17 958**	**(689 632)**	**(707 590)**			**(228 273)**

The municipality realised an improvement in the nett working assets due to the long term portion of the debt relief being taken to non-current liabilities.

Ongoing implementation of revenue enhancement strategy to improve collection.

Appointment of Service provider for VAT recovery to claim as much VAT as possible has assisted in meeting current debt and servicing some of the old debt.

The municipality is taking over Adelaide and Bedford as of 1 July 2025 to try and maximise collection in that area.

Pension fund and medical liabilities – are being paid over to the funds and no outstanding payments.

5.9 BORROWING AND INVESTMENT

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
ABSA BANK - Current account 40 8171 6725	3 060 790	551 685	6 944 944	3 060 790	1 075 529	6 944 944
ABSA BANK - Current account - 23 6000 0012	-	10 696	69 568	-	32 943	69 568
FIRST NATIONAL BANK - Current account - 620 2619 2336	4 857 845	1 511 893	155 875	4 857 845	1 514 647	155 875
FIRST NATIONAL BANK - Current account - 516 4001 1783	536 663	902 039	232 728	478 338	904 816	232 728
FIRST NATIONAL BANK - Current account - 630 7013 6401	3 013	-	-	3 013	-	-
FIRST NATIONAL BANK - Current account - 630 9259 3186	011 464	-	-	011 464	-	-
FIRST NATIONAL BANK - Current account - 630 9258 9698	734 269	-	-	760 616	-	-
FIRST NATIONAL BANK - Current account - 630 9259 2873	10 000	-	-	10 000	-	-
FIRST NATIONAL BANK - Current account - 630 9290497	9 000	-	-	9 000	-	-
ABSA BANK - Call account 4100 703 849		46 822	45 162		46 822	45 162
ABSA BANK - Call account - 4098 967 806	-	3 050 438	6 264	-	2 083 750	6 264
ABSA BANK - Call account - 4099 150 636	-	956 611	17 364	-	958 611	17 364
ABSA BANK - Call account - 4101 692 679	-	61 865	3 083 880	-	61 865	3 083 880
ABSA BANK - Call account 4103 567 036	796	736	5 526 519	796	736	5 526 519
ABSA BANK- Call account- 4104615163	-	495 701	-	-	495 701	-
Total	**10 023 848**	**7 688 486**	**16 082 394**	**9 991 870**	**7 973 419**	**16 082 394**

The Municipality had no borrowings and has not borrowed since its inception. The municipality reserves the right to utilize its borrowings for capital expenditure when required to utilize them.

The cash and cash equivalents closed off as follows for the year ended 30 June 2024.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	4 143 402	927 192
Short-term deposits	5 595 067	7 046 830
	9 738 469	**7 974 022**

5.10 SUPPLY CHAIN MANAGEMENT

INTRODUCTION

SCM system is premised on section 217 of the SA Constitution, which must be fair, equitable, transparent, competitive, and cost-effective.

The SCM Policy is reviewed annually and the SCM regulations were last reviewed, amended, and adopted by the West Coast District Municipality at the General Council meeting of 27 March 2024, ITEM 24/03/27/9.1.3, and comply with the prescribed framework as set out in section 112 of the MFMA and the implementation checklist as set out in circular 40 of the MFMA.

STRATEGIC OBJECTIVE

All officials and other role players in the supply chain management system of the Raymond Mhlaba Municipality implements the SCM Policy in the way that –

(a) gives effect to –

(i) section 217 of the Constitution; and

(ii) Part 1 of Chapter 11 and other applicable provisions of the MFMA.

(b) is fair, equitable, transparent, competitive, and cost-effective.

(c) complies with –

(i) the Regulations; and

(ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act.

(d) is consistent with other applicable legislation.

(e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and

(f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

PURPOSE

That supply chain management within the Raymond Mhlaba Municipality be used for –

(a) procures goods or services.

(b) disposes of goods no longer needed.

(c) selects contractors to assist in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or

(d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

CHALLENGES

Transactions with International companies.

Deviations and the non-availability of Municipal Bidding Documents from International companies.

Implementation of the amendments to the PPPFA Regulations, 2022

Implementation of the Accelerated, Local – Economic Development – and Preferential Procurement Policy

Implementation of the newly approved Combatting Abuse of the Supply Chain Management Policy.

Prospects with regards to approval of proposed Public Procurement Bill.

PERFORMANCE HIGHLIGHTS

Implementation of SCM within the Raymond Mhlaba Municipality.

SCM staff being involved in the Technical Reference Group for the SCM Governance work streams.

SCM staff is involved in the drafting of SCM competency statements in collaboration with the Provincial and National Treasury.

Involvement in Supply Chain Management Strategic Sessions between Provincial Treasury and the Raymond Mhlaba Municipality for the repositioning of SCM within Local Government.

COMMENTS

The Municipality ensures that the SCM processes are fair, transparent, equitable, competitive, and cost-effective.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

6.1 INTRODUCTION:

Section 188 (1) (b) of the Constitution states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. The responsibility of the Auditor-General is to perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement and to express an opinion based on the audit conducted in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA).

The Municipal System Act section 45 states that the results of performance measurement must be audited annually by the Auditor-General. The reported performance against predetermined objectives is evaluated against the overall criteria of usefulness and reliability. The usefulness of information relates to whether the reported performance is consistent with the planned development priorities or objectives and if indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -2022/2023

2022/2023	2023/2024
QUALIFICATION -FINANCIALS UNQUALIFIED - AOPO	QUALIFICATION -FINANCIALS UNQUALIFIED - AOPO

2022/23 KEY - Qualification Audit Findings (Between 5 - 10 Querries)

Department (SBU)	Audit Finding	Reccuring Finding				Time Frame to correct	External/ Internal Support - Name if Any	Reason for repetition and Current Progress
		2019/20	2020/21	2021/22	2022/23			
Corporate Services	Leave provision			√	√	30-Jun-24	None	Poor systems put in place.
BTO	Irregular expenditure	√	√	√	√	30-Jun-24	None	Poor systems put in place.
	Revenue from exchange transaction - Prepaid electricity				√	30-Jun-24	None	Not a repetitive finding
	Receivables from exchange transactions				√	30-Jun-24	None	Not a repetitive finding
	Payables from exchange transactions - debtors wit credit balances			√	√	30-Jun-24	None	Poor systems put in place.
	Cashflow statement				√	30-Jun-24	None	Not a repetitive finding

Auditor-General Report on Financial Performance: Year -1	
Audit Report Status*:	
Non-Compliance Issues	**Remedial Action Taken**
*Note:*The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)*	
T 6.1.1	

- The municipality received a Qualification audit opinion in 2022/2023
- An audit action plan has been developed to address issues that were raised by AG.
- Progress on the implementation of the plan will be reported on a monthly basis to management and is standing item on al standing Committees.
- Quarterly report will be taken to Council

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

Audit Outcomes: 3 Year Trend

Financial Year	Audit Opinion
2022/2023	Qualified
2023/2024	Qualified

BELOW IS THE AUDITOR GENERAL AUDIT REPORT FOR 2023/24

Report of the auditor-general to the Eastern Cape Provincial Legislature and council on Raymond Mhlaba Local Municipality

Report on the audit of the consolidated and separate financial statements

Qualified opinion

1. I have audited the financial statements of the Raymond Mhlaba Local Municipality set out on pages xx to xx, which comprise the consolidated and separate statement of financial position as at 30 June 2024, consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects of the matters described in the basis for the qualified opinion section of this auditor's report, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Raymond Mhlaba Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for qualified opinion

Payables from exchange transactions

3. Payables were not accounted for in terms of GRAP 1, *Presentation of financial statements.* The creditors' statements do not agree with the amount recorded in the general ledger. Consequently, I was unable to determine the full extent of the understatement of payables from exchange transactions. Additionally, there was an impact on the general expenditure.

4. I was unable to obtain sufficient appropriate audit evidence that payables from exchange transactions for the current year had been properly accounted for, due to the status of the accounting records. I was unable to confirm these payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments to payables from exchange transactions stated at R234,43 million in note 16 to the financial statements were necessary.

Irregular expenditure

5. The irregular expenditure incurred during the current financial year under audit and related information on irregular expenditure were not included in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. Expenditure was incurred in contravention of the supply chain management requirements, resulting in irregular expenditure. I was unable to determine the full extent of the irregular expenditure that occurred during the financial year, as it was impracticable to do so. I was unable to determine whether any further adjustments were necessary to the irregular expenditure in note 58 stated at R27,23 million (2023: R18,62 million) in the financial statements.

Net cash flows from operating activities

6. Net cash flows from operating activities were not correctly prepared and disclosed, as required by GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to cash flows from operating activities as stated at R87,50 million (2023: R46,43 million) in the financial statements.

Corresponding figures – net cash flows from investing activities

7. Net cash flows from investing activities were not correctly prepared and disclosed, as required by GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from investing activities. I was not able to determine the full extent of the errors in the net cash flows from investing activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to cash flows from investing activities as stated at R51,32 million in the financial statements.

Context for opinion

8. 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 consolidated and separate financial statements section of my report.

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

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

Material uncertainty relating to going concern

11. I draw attention to the matter below. My opinion is not modified with respect to this matter.

12. I draw attention to note 56 to the financial statements, which indicates that the municipality takes more than 30 days to pay creditors due to collection days on debtors that are more than 60 days. As stated in note 56, these events or conditions, along with the other matters as set forth in note 56, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matter

13. I draw attention to the matter below. My opinion is not modified with respect to this matter.

Electricity losses

14. As disclosed in note 44 to the consolidated and separate financial statements, material electricity losses of R9,67 million (2023: R13,36 million) were incurred which represent 21% (2023: 17%) of the total electricity purchased. This was due to non-technical losses.

Other matter

15. I draw attention to the matter below. My opinion is not modified with respect to this matter.

Unaudited disclosure note

16. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the consolidated and separate financial statements. These disclosure requirements did not form part of the audit of the financial statements and accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the consolidated and separate financial statements

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

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

Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

19. My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

Report on the audit of the annual performance report

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

22. I selected the following development priority presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected a development priority that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Development priority	Page numbers	Purpose
Basic services delivery and infrastructure	xx-xx	To provide basic service delivery to the community

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

24. I performed procedures to test whether:

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

- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any measures taken to improve performance.

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

26. I did not identify any material findings on the reported performance information for the development priority.

Other matter

27. I draw attention to the matters below.

Achievement of planned targets

28. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements/ measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

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

Basic service delivery

Targets achieved: 76% *Budget spent: 100%*

Key indicators not achieved	Planned target	Reported achievement
Number of Community halls renovated	1	0
Number of renovated fire base	1	0
[illegible]	1	[illegible]
[illegible]	1	[illegible]
[illegible]	[illegible]	[illegible]

Material misstatements

30. I identified material misstatements in the annual performance report submitted for auditing. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on the audit of compliance with legislation

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

32. 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.

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

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

Annual financial statements and annual reports

35. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.

36. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently, but the uncorrected material misstatements and/or supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Asset management

37. An effective system of internal control for assets (including an asset register) was not in place, as required by sections 63(2)(c) of the MFMA.

Procurement and contract management

38. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of supply chain management (SCM) regulations 17(1)(a) and (c). Similar non-compliance was also reported in the prior year.

39. The preference point system was not applied to some of the procurement of goods and services as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act 5 of 2000. Similar non-compliance was also reported in the prior year.

40. Some of the contracts and quotations were awarded to bidders based on preference points that were not allocated and/or calculated in accordance with the requirements of section 2(1)(a) of the Preferential Procurement Policy Framework Act and its regulations. Similar non-compliance was also reported in the prior year.

41. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e), the code of conduct for councillors issued in terms of the Municipal Systems Act and the code of conduct for staff members issued in terms of the Municipal Systems Act.

42. SCM officials and/or other SCM role players who or whose close family members or partners or associates had a private or business interest in contracts awarded by the municipality participated in the process relating to that contract, in contravention of SCM regulation 46(2)(f).

Consequence management

43. Some of the irregular expenditure incurred by the municipality and/or municipal entity were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA, municipal budget and reporting regulation 75(1).

Expenditure management

44. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

45. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred or the full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by [illegible]

46. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, amounting to [illegible] as disclosed in note [illegible] to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by [illegible] section 62(1)(d) of the MFMA.

Strategic planning and performance

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

Other information in the annual report

48. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the consolidated and separate financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.

49. My opinion on the consolidated and separate 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.

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

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

52. If, based on the work I performed, I conclude that there is a material misstatement in this other information, I am required to report this; however, I have nothing to report in this regard.

Internal control deficiencies

53. 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.

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

- lack of carrying out year-end reporting and monitoring, which resulted in additional significant material misstatements in the financial statements when compared to the prior year
- inadequate monitoring of compliance with legislation applicable to the municipality concerning irregular expenditure
- lack of independent reviews and reconciling of accounting records such as supporting schedules to the financial statements
- inadequate reviews and performing timely and accurate year-end reporting and monitoring.

Material irregularities

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

Status of previously reported material irregularities

Penalties paid due to late payment of third-party payments

56. The municipality did not pay employees' tax, deducted from employees' salaries and wages to the South African Revenue Service (SARS) within seven days after the end of the month during which the amount was deducted. This was in contravention of section 2(1) of the fourth schedule of the Income Tax Act 58 of 1962 and section 210 of the Tax Administration Act 28 of 2011. The municipality was required to pay penalties to SARS due to the non-compliance with the Income Tax Act. This non-compliance resulted in a material financial loss to the municipality of R1,8 million, as disclosed in the annual financial statements.

57. [illegible]

58. [illegible]

- [illegible]

- the accounting officer, in their response, indicated to replace the individual in the HR section; in addition, more internal controls such as additional verifications by each director as well as verification checks done by the payroll section before payments are to be made related to payroll.

59. The accounting officer provided a progress report on 7 April 2022 on the implementation of the abovementioned planned actions with supporting documentation to resolve the material irregularity.

60. The accounting officer investigated and instituted consequence management against the officials identified. The accounting officer further confirmed that it was impossible to recover the loss and referred the matter to the Municipal Public Accounts Committee (MPAC).

61. The MPAC committee completed its investigation on the penalties paid to SARS on [illegible] and recommended that the penalties be written off by the council. The penalties were subsequently written off.

62. The accounting officer had taken the responsible person out of payroll and allocated a new person who was seconded. An acting manager was hired to manage this section. The municipality had not incurred any further delays relating to late submissions of third-party payments.

63. During the year under review, the municipality did not incur any significant interest and penalties relating to late payment to SARS.

64. Based on my evaluation of the information and evidence provided, the steps taken by the accounting officer are appropriate and the material irregularity is, therefore, resolved.

Interest incurred on Eskom account not paid within 30 days

65. The municipality incurred interest on Eskom invoices from 1 July 2019 to 30 March 2020 that were not paid within 30 days. This constitutes non-compliance with section 65(2)(e) of the MFMA, which requires the accounting officer to take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement unless prescribed otherwise for certain categories of expenditure.

66. This non-compliance resulted in material financial losses of R19,6 million, as disclosed in note 54 to the financial statements.

67. I notified the accounting officer of the material irregularity on 14 January 2022 and invited them to make a written submission on the actions that had been or would be taken to address the matter. The accounting officer made written submissions, and I considered the representations made and the documents submitted. I concluded that appropriate actions were not being taken to address the material irregularity.

68. I recommended that the accounting officer take the following actions to address the material irregularity, which should be implemented by [illegible] with progress reported every [illegible] months:

- a. Negotiate a reasonable payment arrangement with Eskom and properly budget for the amounts to be paid.

- Take appropriate action to implement the existing financial plan to address the municipality's financial problems that are preventing it from paying Eskom within 30 days, as required by MFMA, section 65(2)(e). The financial plan should include realistic timeframes and milestones to be achieved and include a minimum strategies:

  a) implement the revenue enhancement interventions to increase revenue collection

  b) effectively manage the municipality's available resources to optimise and reduce costs by eliminating wastage while obtaining value in respect of all costs incurred.

69. On 5 April 2023 and 8 June 2023, the accounting officer provided progress reports on the actions taken to implement the recommendations. I evaluated these progress reports and substantiating documentation. As some of the actions taken to address the material irregularity were still in progress and not yet completed, I granted the accounting officer an additional six months, until 1 July 2024, to implement the recommendations. A progress report was to be provided on 1 April 2024 regarding the implementation of the recommendations.

70. The accounting officer provided a progress report and the final report on 10 April 2024 and 5 August 2024 on the implementation of the above recommendations with supporting documentation to resolve the material irregularity.

71. The municipality's application for debt relief was approved on 24 November 2023; the approval was subject to the municipality complying with the conditions and requirements of the debt relief programme.

72. The Eskom debt relief certificate from Provincial Treasury indicated that the municipality is 93% compliant with the conditions and requirements of the debt relief programme in June 2024, which was a gradual increase from 71% in November 2023, and the accounting officer further highlighted the commitment by the municipality to comply 100%.

73. The interest incurred until 31 March 2023 is subject to being written off based on the debt relief programmes that were approved as per the letter dated 24 November 2023 for the municipality to participate in.

74. Eskom is being paid within 30 days for its current account and the municipality is not incurring and paying further interest.

75. The municipality appointed a service provider for revenue enhancement on 29 November 2021. This service provider had done the audit of meters, and the report was submitted to the municipality. The finding included meter tampering and illegal connections, and this has been submitted to the technical unit for disconnections.

76. The municipality decided to apply for participation in a transversal contract on 25 July 2024 for smart metering as the municipality had delays in procurement processes to appoint a service provider who would implement the credit policy and collect prepaid sales at Adelaide and Bedford. The municipality is taking these areas back for their control and monitoring.

77. The municipality had been applying the credit policy by disconnecting clients who have not paid and acknowledging those who have paid for the period ending 30 June 2024. I evaluated the report of actions taken by the municipality and noted that the municipality is implementing and evaluating the actions outlined in the credit control policy.

78. The accounting officer submitted revenue quarterly reports, detailing the target and achievements for each quarter. The collection rate by the municipality per quarter has improved, which proves the interventions are effective. Further to this, the municipality is in the process of procuring smart meters which will prevent tampering with meters.

79. The municipality's budget is currently funded due to the municipality managing their finances well as well as the approval of the debt relief. This means that the municipality is effectively using available resources which will assist the municipality to be financially sustainable and able to service its debts when it becomes due.

80. The non-payment of Eskom was due to the municipality facing cashflow difficulties after the amalgamation, thus no official was responsible.

81. All actions within the accounting officer's control to prevent re-occurrence have been implemented.

82. Based on my evaluation of the information and evidence provided, the steps taken by the accounting officer are appropriate and the material irregularity is, therefore, resolved.

Auditor General.

East London

09 December 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the consolidated and separate] 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made

- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the municipality to cease continuing as a going concern.

- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate 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 officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003 (MFMA)	Sections 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii) Sections 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f) Sections 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a) Sections 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e) Regulations 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i) Regulations 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)

Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
Division of Revenue Act 5 of 2022	Sections 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section 3(1)

Legislation	Sections or regulations
Municipal Systems Act 32 of 2000 (MSA)	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, [illegible]

MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations 7(1), 31
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
[illegible]	[illegible]
[illegible]	[illegible]

2023/24 KEY - Qualification Audit Findings				
Department	**Audit finding**	**Recuring (Y/N)**	**Time frame to correct**	**External /internal support**
BTO	Payables from exchange transactions - creditor's statements do not agree with the amounts recorded	N	07-Mar-25	PT MFIP advisor for reviews
BTO	Irregular expenditure - Completeness of Irregular expenditure	Y	07-Mar-25	PT MFIP advisor for reviews
BTO	Cashflow statement - net cash from operations not correctly prepared and accounted for.	Y	07-Mar-25	PT MFIP advisor for reviews

The audit outcome for 2023/24 is a Qualified audit opinion (not changed from the prior year – 2022/23)

The municipality managed to reduce the qualification paragraphs from the previous year from 5 to 3

The qualification paragraphs are repetitive

- A comprehensive audit action plan was developed to serve as an audit improvement strategy to address issues raised by AG.

- The Audit Action Plan was formulated using COAF register rather than the Audit report
- Action owners have been clearly identified with clear time-frames.
- The plan has been circulated to all officials and responsible action owners are encouraged to report back on all completed actions and provide POE
- In terms of monitoring, the Plan will be monitored on monthly basis and progress will be reported to Management and it is proposed that the AAP forms part of standing items on all Standing Committees so the progress can be reported to level of Council.

Below is a summary of the Audit Action Plan:

Audit Action Plans

Summary | Matters Affecting Audit Report | Other Important Matters

Audit Opinion | Financial Year: 2023/2024

Development	Total Findings		
	Matters Affecting Audit Report	Other Important Matters	Total
Not Yet Started	0	0	0
Under Development	0	0	0
Developed - Management Approved	0	0	0
Developed - CFO Approved	59	0	59
Developed - Internal Audit Approved	0	0	0
Developed - Audit Committee Approved	0	0	0
Developed - Council Approved	0	0	0
Total	59	0	59
Implementation			
Not Yet Started	21	0	21
In Progress	37	0	37
Completed	1	0	1
Agreed Findings Addressed	0	0	0
Total	59	0	59
Findings also addressed in current year	1	0	1

APPENDIX A: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	**Full Time / Part Time**	**Committees Allocated**	***Ward and/ or Party Represented**	**Percentage Council Meetings Attendance**	**Percentage Apologies for non-attendance**
	FT/PT			%	%
Cllr. Nomhle Sango	FT	Mayor and EXCO Member	PR	100%	0%
Cllr Thozama Ngaye	FT	Speaker	PR	100%	0%
Cllr Nonkazimlo Primrose Mlamla	FT	Chief Whip	PR	66%	34%
Cllr Zingisa Rasmeni	FT	Portfolio Head – LED	PR	100%	0%
Cllr Elton Bantam	PT	Portfolio Head - Community Services	PR	100%	0%
Cllr Sinethemba Mjakuca	FT	Portfolio Head - Finance	PR	100%	0%
Cllr Sithembele Zuka	FT	Portfolio Head - Engineering	PR	100%	0%
Cllr Portia Sabane	PT	Portfolio Head- Sport and Recreation	PR	67%	100%
Cllr Bukelwa Sharon Tyhali	FT	Porfolio Head - Corporate Services	PR	100%	0%
Cllr Enerst Lombard	PT	EXCO Member	PR	67%	33%
Cllr Mhlangabezi Nombombo	PT	EXCO Member	PR	55%	0%
Cllr Zikhona Tyali	FT	Chairperson of MPAC	PR	100%	0%
Cllr Nolisindiso Brenda Hans	PT		PR	67%	33%
Cllr Cecilia Anne Auld	PT		PR	67%	33%
Cllr Dion Pete Mandeka	PT		PR	44%	100%
Cllr Khayalethu Baliso	PT		PR	88%	0%

Cllr Lindile Theophilus Ngetu	PT		PR	89%	100%
Cllr Patrick Ntengu	PT		PR	78%	50%
Cllr Nomgcobo Kilimani	PT		PR	80%	0%
Cllr Vusani	PT		PR	25%	0%
Cllr Milicent Nonkoliseko Qawu	PT	Chairperson - Women's Caucus	PR	100%	0%
Cllr Thandeka Tito	PT		PR	78%	0%
Cllr Nonkoliso Primrose Ruselo	PT	Ward Councillor	W1	56%	25%
Cllr Mzinkhulu Matayo	PT	Ward Councillor	W2	67%	33%
Cllr Sinovuyo Kley	PT	Ward Councillor	W3	44%	100%
Cllr Xolani Dyantyi	PT	Ward Councillor & Chairperson of Ethics Committee	W4	78%	0%
Cllr Masixole Tsotsa	PT	Ward Councillor	W5	67%	0%
Cllr Unathi Ngcume	PT	Ward Councillor & Chairperson of Petitions Committee	W6	89%	0%
Cllr Kwanele Siduli	PT	Ward Councillor	W7	89%	100%
Cllr Evelyn Nompucuko Zizi	PT	Ward Councillor	W8	89%	0%
Cllr Nkuthalo Gideon Quillie	PT	Ward Councillor	W9	78%	50%
Cllr Simon Justice Xego	PT	Ward Councillor	W10	89%	0%
Cllr Luxolo Nqala	PT	Ward Councillor	W11	100%	0%
Cllr Mthetheleli Gqokro	PT	Ward Councillor	W12	78%	0%
Cllr Sindiswa Magxwalisa	PT	Ward Councillor	W13	78%	0%
Cllr Songezo Mashengqana	PT	Ward Councillor	W14	67%	33%
Cllr Ntombomzi Klaas	PT	Ward Councillor	W15	55%	0%
Cllr Monwabiso Moses Zamo	PT	Ward Councillor	W16	100%	0%

Cllr Liziwe Faith Matyholo	PT	Ward Councillor	W17	89%	0%
Cllr Thobeka Priscilla Mjo	PT	Ward Councillor	W18	55%	0%
Cllr Sindiswa CynthiaTokwe	PT	Ward Councillor	W19	89%	0%
Cllr Zikhona Nandipha Lento	PT	Ward Councillor	W20	78%	0%
Cllr Masixole Jonathan Tukani	PT	Ward Councillor	W21	89%	0%
Cllr Nolizwi Nomacwerha Yanta	PT	Ward Councillor	W22	67%	33%
Cllr Mpho Mahleza	PT	Ward Councillor	W23	78%	0%

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	**Purpose of Committee**
Finance Committee	Provide political guidance of the fiscal and financial affairs of the municipality, including the budget process and the priorities that must guide the preparation of the budget; Monitor and oversee the exercise of financial responsibilities assigned to the Accounting Officer and Chief Financial Officer in terms of the MFMA; Take reasonable steps to ensure the municipality performs its Constitutional and statutory functions within the limits to the municipality's approved budget;
Strategic planning and Local Economic Development	Identify the social and economic needs of the municipality; Review and evaluate those needs in order of priority; Recommend to Council strategies, programmes and services to address priority needs through the integrated development plan and the estimates of revenue and expenditure involved; Recommend to Council the best way to deliver those strategies, programmes and services to the maximum benefit of the municipality; Identify and develop criteria in terms of which progress in the implementation of the recommended strategies, programmes and services can be evaluated, including the key performance indicators;
Community Services	Oversee the provision of services to communities in a sustainable manner. Areas of Responsibility of the Committee: Solid waste disposal services; Traffic services; Fire Services;
Sports , Arts and Culture	Assist the Mayor to enhance unity in diversity through the provision of sport, arts and culture for sustainable development.
Corporate Services	Assist the Mayor to monitor the management of the municipality's administration in accordance with the directions of Council. Areas of responsibility of the Committee; Personnel Administration; Public Administration; Occupational Health and Safety in respect of Council officials; Conditions of Services and Staff Benefits;
Engineering serves	Oversee the provision of services to communities in a sustainable manner. Areas of Responsibility of the Committee: Electricity;

	Projects Land and housing,
Whips Committee	To ensure adherence to all council programmes and quorums by all parties serving in council
Petition and Public Participation Committee	To consider every petition with a view to resolve matters, to the satisfactory of the petitioners
Ethics Committee	To ensure compliance with code of conduct as set out in schedule 1 of the Local Government System Act 32 of 2000
Rules Committee	To develop and maintain the implementation of the procedures and rules for the efficient functioning of the council and its committees
Municipal Public Accounts Committee	To exercise oversight over the executive obligations of Council. It also assists Council to hold the executive and municipal entities accountable.

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

THIRD TIER STRUCTURE	
DIRECTORATE	**Director (TITLE AND NAME)**
Municipal Manager	**Ms Unathi Malinzi**
Budget and Treasury	Mr Mveleli Ngxowa
Community Services	Ms Nosiphiwe Speelman
Acting Director Corporate Services	Dr. Lulamile Donacious Hanabe
Director Engineering Services	Mr Daluxolo Mlenzana
Strategic Planning and LED	Dr. Lulamile Donacious Hanabe

APPENDIX D – FUNCTIONS OF THE MUNICIPALITY

The municipality is mandated to perform the following powers and functions as enshrined in the Constitution of the Republic of South Africa 1996. The functions and powers between Amathole District Municipality and Raymond Mhlaba Local Municipality are reflected hereunder.

SCHEDULE 4 B	**Amathole DM**	**Raymond Mhlaba LM**
Air Pollution		✓
Building Regulations		✓
Child Care Facility		✓
Electricity		✓
Fire Fighting Services		✓
Local Tourism		✓
Municipal Planning		✓
Stormwater management system		✓
Trading Regulations		✓
Water (potable)	✓	
Sanitation	✓	
SCHEDULE 5 B		
Billboards and display of advertisement in public places		✓
Cemeteries		✓
Cleansing		✓
Control of Public nuisance		✓
Control of undertaking that sells liquor to the public		✓
Fencing and Fences		✓
Local Amenities		✓
Local Sport Facilities		✓
Markets		✓

Municipal Parks and Recreation		✓
Municipal Roads		✓
Noise Pollution		✓
Pounds		✓
Licensing and control of undertakings that sell food to the public	✓	
Public Places		✓
Refuse Removal, Refuse Dumps, Solid waste disposal		✓
Street Trading		✓
Street lighting		✓
Traffic and Parking		✓

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	**Name of Ward Councillor and elected Ward committee members**	**Committee established (Yes / No)**	**Number of monthly Committee meetings held during the year**	**Number of monthly reports submitted to Speakers Office on time**	**Number of quarterly public ward meetings held during year**
Ward 1	**Cllr. Nonkoliso Ruselo** : 1. Mr. Thandolwethu Jali. 2. Xabisa Ngxoweni. 3. Vusimzi Mdyova. 4. Linda Ngwabane. 5. Joshua Mejane. 6. Simanye Ntanta. 7. Bongile Wecu. 8. Monde Kidde. 9. Weziwe Kapo. 10. Lindelwa Belani.	Yes			4
Wrd 2	**Cllr. Mzimkhulu Matayi** 1. Unathi Bom 2. Bambelele Ntoni. 3. Luphumlo Ningi. 4. Andiswa Kopoka. 5. Mandla Dakuse. 6. Zikhona Tembani. 7. Michael Gesewuli. 8. Mphumezi Sigonyela. 9. Simiso Booi. 10. Phakamisi Plaartjie.	Yes			4
Ward 3	**Cllr. Sinovuyo Kley** 1. Maureen Kayi. 2 Nontwazana Matina. 3. Anele Mgcuwe. 4. Vukile Nomxango. 5. Thulethu Dyantyi. 6. Bukiwe Joubert. 7. Thobani Gqolosha. 8. Luyanda Mlonyeni. 9. Luzuko Mtwebana. 10. Thandiwe Ndulula.	Yes			4

Ward 4	**Cllr. Xolani Dyantyi** 1. Monica Twetwa. 2. Bongeka Vanga. 3. Mandla Mani. 4. Sivenathi Ngemnetu. 5. Xolani Kheswa. 6. Maqhayisa Kamese. 7. Luvo Mgwali. 8. Welile Baartman. 9.	Yes			4
Ward 5	**Cllr. Masixole Tsotsa** 1. Kholekile Mhambi. 2. Phumelelo Tshona. 3. Lusindiso Matu. 4. Nomonde Nzuzo. 5. Philiswa Xabanisa. 6. Xoliswa Nquma. 7. Mzukisi Binqela. 8. Nosikhumbuzo Mbema. 9. Yandiswa Lonzi. 10. Andiswa Sihluku.	Yes			4
Ward 6	**Cllr. Unathi Ngcume** 1. Khanyiswa Jaji. 2. Phakamile Nohamba. 3. Sisandile Ophila. 4. Bongiwe Hoyana. 5. Lyzette Pitso. 6. Mthuthuzeli Solani. 7. Luyanda Mbontsi. 8. Sive Sawa. 9. Cynthia Mancontywa. 10. Martin September.	Yes			4
Ward 7	**Cllr. Kwanele Siduli** 1. Lizelle Swaartbooi. 2. Noluvuyo Ganyaza. 3. Yandiswa Yeko. 4. Nombulelo Resman. 5. Sifiso Fandesi. 6. Eliah Manga. 7. Zuko Matsha. 8. Nandipha Mvundlela. 9. Nomkhitha Madyo.	Yes			4

Ward 8	**Cllr. Nompucuko Zizi** 1. Willem Plaartjies. 2. Laurianne Arendse. 3. Monica Mafestile. 4. Chumani Langa. 5. Azola Tabalaza. 6. Ntombozuko Tshikila. 7. Ntombekhaya Mgwanqa. 8. Thanduxolo Ngqoba. 9. Thembela Fiyane. 10. Malibongwe Kwayinto.	Yes			4
Ward 9	**Cllr. Nkuthalo Quillie** 1. Nokuthula Boso. 2. Lizo Ndziweni. 3. Nceba Mene. 4. Siyabalela Ncume. 5. Lizeka Gqobani. 6. Ntombise Ntsenge. 7. Nomsa Nzube. 8. Zamixolo Tyingwa. 9. Gcobisa Higa. 10. Lwandiso Matya.	Yes			4
Ward 10	**Cllr. Simon Xego** 1. Nomfusi Nguta. 2. Khanyiswa Mpete. 3. Bongani Bavuma. 4. Phumeza Celina Magqira. 5. Wandile Nonkonyane. 6. Thembela Gogela. 7. Fezile Mlanjana. 8. Thokoza Sogwazile. 9. Thabo Mathwala. 10. Madoda Mthunzini.	Yes			4
Ward 11	**Cllr. Luxolo Nqala :** 1. Zolani Fatyi. 2. Ziyanda Rawutini. 3. Nqubela Nqala. 4. Mvuzethu Mjikeliso. 5. Noxolo Mncono. 6. Lubabalo Nyathi. 7. Siyamthanda Ngquthawane. 8. Yonela Dube. 9. Sibusiso Zonke.	Yes			4

Ward 12	**Cllr. Mthetheleli Gqoro** 1.Khanyisa Mabandla 2. Duduzile Sokani. 3. Thobeka Platyi. 4. Nozicelo Gugwini. 5. Noluyolo Mtsiba. 6. Msingathi Mthobi. 7. Awonke Tshetshe. 8. Sinethemba Apleni. 9. Asanda Dayimani. 10. Nobesuthu Mata.	Yes			4
Ward 13	**Cllr. Sindiswa Magxwalisa** 1. Ntombekhaya Ngcivane. 2. Ntombizabantu Kwetana. 3. Mzolisi Mege. 4. Andile Yoyo. 5. Neziswa Ntuli. 6. Nomakhaya Thontsi. 7. Nomaza Maluleke. 8. Hlokomile Danyela. 9. Noxilisile Nkulana. 10. Mzwandile Ndoso.	Yes			4
Ward 14	**Cllr. Songezo Mashengqana** 1. Xolelwa Vandala. 2. Nonkosi Tyelo. 3. Nontobeko Shumi. 4. Miranda Gosani. 5. Bongiwe Tsomo. 6.Nosicelo Vula. 7. Siphosethu Nohana. 8. Sokhanya Matana. 9.Thobilizwe Piti. 10.Siphosethu Balasana.	Yes			4
Ward 15	**Cllr. Ntombomzi Klaas** 1. Bukeka Dyakala. 2. Thina Santi. 3. Zingisa Gxolo. 4. Sandiswa Mana. 5. Amanda Myeki. 6. Nomakhuko Mzileni. 7. Anelisa Tyholo. 8. Zithobile Njamela. 9. Nceba Kanti. 10. Luyolo Qhogi	Yes			4

Ward 16	**Cllr. Monwabisi Zamo** 1. Phumeza Maseti. 2.Nomakhwezi Neku. 3. Siyabonga Mtima. 4.Thabisa Kewuti. 5. Mbeko Mayekiso. 6. Linda Oliphant. 7. Mayizukiswe Mbula. 8. Masibulele Ngwekwazi. 9. Nwabisa Gila. 10. Mnxedisi Jende	Yes			4
Ward 17	**Cllr. Liziwe Matyholo** 1. Vusiwe Mapu. 2. Melikhaya Mngxe. 3. Vuyolwethu Jack. 4. Ntombomzi Radoni. 5. Lindiwe Xujwa. 6. Nomalizo Sitwayi. 7. Thandeka Matshaya. 8. Nomaseko Ntlangu. 9. Pheleka Mxela. 10. Kholeka Mlambo	Yes			4
Ward 18	**Cllr. Thobeka Mjo** 1. Nomathemba Maneli 2. Ntombesipho Nyamezele 3. Sipho Sintwa 4. Funeka Nqayi 5. Nolufefe Dyani 6. Nomawethu Mafestile 7. Liyolo Siyawu 8. Nolulo Nduku 9. Vuyokazi Otola 10. Andiswa Cophiso	Yes			4

Ward 19	**Cllr. Sindiswa Tokwe** 1. Ntomboxolo Mateyisi 2. Thembekazi Khonzani 3. Sibulele Mnyepa 4. Luyanda January 5. Nomawethu Blou 6. Sibabalo Nabo 7. Noluphelo Nkumanda 8. Phumezo Jack 9. Nomonde Pasimani. 10. Khaya Baartman.	Yes			
Ward 20	**Cllr. Zikhona Lento** : 1. Mzwamadoda Maziko 2. Nolusindiso Mgxashe 3. Sebenzile Marks 4. Mamkeli Yoli 5. Lindeka Matiwane 6. Mkhuseli Matanga 7. Bulelwa Mbem 8. Phumza Ndawo 9. Litha Magocoma 10. Xoliswa Hoga.	Yes			
Ward 21	**Cllr. Masixole Tukani** 1. Mandenkosi Madlana 2. Simphiwe Mase 3. Sisanda Dyantyi 4. Xolani Nkohla 5. Siwaphiwe Slatsha 6. Nomfundo Mhaga-Goba. 6.Tulani Tambo 7. Mvuseleli Lamani 9. Sizakele Dyambo 10. Thozamile Frans.	Yes			

Ward 22	**Cllr. Nolizwi Yanta** 1. Siphokazi August 2. Nicoleene Witbooi 3. Bendry Peters 4. Gugulethu Mabindla 5. Stuart Jacobs 6. Xolelwa Ketshani 7. Theoleen Kitching. 8. Nobhelu Peters. 9. Phindile Ntegu	Yes			
Ward 23	**Cllr. Mpho Mahleza** 1. Morien Bouwer 2. Zoliswa Mboya 3. Lindelwa Nawule 4. Johnny Rex 5. Andile Tawule 6. Noliyolo Mpampani 7. Nombulelo Kweta 8. Ntombizandile Lolwana. 9. Thembinkosi Ngxelo (deceased) 10. Sigqibo Brukwe.	Yes			

APPENDIX F – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2023/2024

Municipal Audit Committee Recommendations		
Date of Committee	**Committee recommendations during Year 2023/24**	**Recommendations adopted (enter Yes) If not adopted (provide explanation)**
29/06/2023	Comprehensive ICT governance report to be submitted quarterly to AC	Yes
2024/01/19	The office of Mayor and Municipal Manager should have a discussion on how the risk management will be moved from internal audit unit.	Yes
2024/01/19	CFO to split the debtors according to categories.	Yes
2024/01/19	Management to submit a fully detailed report on litigations	Yes
2024/01/19	ICT government report to be presented again to the committee	Yes
2024/01/19	ICT backup plan and business continuity plan to be on the amended risk register	Yes
2024/01/19	Management to review the time frames and specific responsibilities on the internal audit reports.	Yes
2024/04/03	Institutional report to be sent a day before the meeting begins.	Yes
29/06/2023	IA to share the report of Interim financial statements to AC	Yes
2024/04/03	Management to include the time frames and specific dates on audit action plan template	Yes
2024/04/03	On litigation register, the management should seek guidance from Treasury department or AGSA regarding the disclosure of complainants details, on AFS so that the municipality does not contravene with the POPI act.	Yes
2024/04/03	ICT government report to be presented again to the committee	Yes
2024/04/03	IA to make a follow up on the issues raise	Yes

2024/04/03	IA to review the time frames on the presented reports	Yes

APPENDIX G – MUNICIPAL SERVICE PROVIDER PERFORMANCE SCHEDULE

APPENDIX H: DISCLOSURES OF FINANCIAL INTEREST

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	**Name**	**Description of Financial interests* (Nil / Or details)**
(Executive) Mayor	Hon. Cllr. Nomhle Sango	Nil
Member of MayCo / Exco	Cllr. Elton Bantam	Ranoz Construction Civil Eng Building Construction
	Cllr. Sinethemba Mjakuca	Nil
	Cllr. Sithembele Zuka	Nil
	Cllr. Zingisa Rasmeni	Nil
	Cllr. Bukelwa Tyhali	Nil
	Cllr. Mhlangabezi Nombombo	Nil
	Cllr. Enerst Lombard	Nil
Councillor	Cllr. Thozama Ngaye	Nil
	Cllr. Nonkazimlo Mlamla	Nil
	Cllr. Zikhona Tyali	Nil
	Cllr. Milicent Qawu	Nil
	Cllr. Xolani Dyantyi	Nil
	Cllr. Unathi Ngcume	Nil
Municipal Manager	Ms Unathi T. Malinzi	Nil
Chief Financial Officer	Mr Mveleli Ngxowa	Nil
Directors	Dr Lulamile Hanabe	Nil
	Mr Daluxolo Mlenzane	Nil
	Ms Nosiphiowo Speelman	Nil

APPENDIX I: LONG TERM CONTRACTS

The Municipality has no long term contract that exceeds a period of 3 years to be reported as required by the MFMA

APPENDIX J– REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX J (I): REVENUE COLLECTION PERFORMANCE BY VOTE FINANCI

AL DISCLOSURE

Eastern Cape: Raymond Mhlaba (EC129) - Reconciliation of Budgeted Financial Performance by Functional Classification for 2024

Description	Ref	2023/24						2022/23
R thousands		Original Budget	Adjusted Budget	Audited Outcome	Variance of Audited Outcome vs Adj Budget	Audited Outcome as % of Adj Budget	Audited Outcome as % of Orig Budget	Audited Outcome
Revenue - Functional								
Municipal governance and administration		**204 077**	**212 577**	**216 973**	**4 396**	**102,07**	**106,32**	**345 327**
Executive and council		38 481	38 481	2	(38 479)	0,01	0,01	(6 869)
Finance and administration		165 261	173 761	216 970	43 210	124,87	131,29	352 196
Internal audit		335	335		(335)			
Community and public safety		**55 560**	**55 560**	**197 771**	**142 210**	**355,96**	**355,96**	**79 828**
Community and social services		5 472	5 472	197 700	192 228	3 613,06	3 613,06	79 803
Sport and recreation		5 893	5 893		(5 893)			
Public safety		44 196	44 196	71	(44 125)	0,16	0,16	25
Housing								
Health								
Economic and environmental services		**128 575**	**228 340**	**85 895**	**(142 445)**	**37,62**	**66,81**	**59 277**
Planning and development		24 256	24 256		(24 256)			
Road transport		104 320	204 084	85 895	(118 189)	42,09	82,34	59 277
Environmental protection								
Trading services		**180 655**	**180 855**	**104 766**	**(76 089)**	**57,93**	**57,99**	**66 113**
Energy sources		136 647	136 847	49 200	(87 647)	35,95	36,01	16 586
Water management								
Waste water management								
Waste management		44 008	44 008	55 566	11 558	126,26	126,26	49 527
Other	4							
Total Revenue - Functional	2	**568 867**	**677 332**	**605 405**	**(71 927)**	**89,38**	**106,42**	**550 546**
Expenditure - Functional								
Municipal governance and administration		**192 550**	**193 697**	**194 452**	**755**	**100,39**	**100,99**	**157 885**
Executive and council		38 471	41 473	39 938	(1 535)	96,30	103,81	39 257
Finance and administration		153 744	151 804	154 256	2 452	101,61	100,33	118 349
Internal audit		335	420	258	(162)	61,52	77,13	280
Community and public safety		**60 610**	**60 610**	**60 267**	**(343)**	**99,43**	**99,43**	**58 343**
Community and social services		5 472	5 472	6 169	697	112,74	112,74	3 764
Sport and recreation		5 893	5 893	6 482	589	110,00	110,00	5 462
Public safety		49 246	49 246	47 616	(1 630)	96,69	96,69	49 116
Housing								
Health								
Economic and environmental services		**78 114**	**149 314**	**223 291**	**73 978**	**149,55**	**285,85**	**67 568**
Planning and development		24 236	29 341	25 107	(4 235)	85,57	103,59	22 532
Road transport		53 877	119 972	198 184	78 212	165,19	367,85	45 036
Environmental protection								
Trading services		**183 071**	**179 671**	**303 524**	**123 853**	**40,80**	**0,00**	**134 096**
Energy sources		137 481	134 081	157 186	23 105	117,23	114,33	119 342
Water management								
Waste water management								
Waste management		45 591	45 591	146 338	100 748	320,98	320,98	14 754
Other	4							
Total Expenditure - Functional	3	**514 346**	**583 292**	**781 535**	**198 242**	**133,99**	**151,95**	**417 892**
		54 522	**94 040**	**(176 130)**	**(270 170)**	**(187,29)**	**(323,05)**	**132 654**

APPENDIX K – REVENUE COLLECTION PERFORMANCE BY SOURCE

Eastern Cape: Raymond Mhlaba (EC129) - Reconciliation of Budgeted Financial Performance for 2024

Description	Ref	2023/24						2022/23
R thousands		**Original Budget**	**Adjusted Budget**	**Audited Outcome**	**Variance of Audited Outcome vs Adj Budget**	**Audited Outcome as % of Adj Budget**	**Audited Outcome as % of Orig Budget**	**Audited Outcome**
Revenue								
Exchange Revenue								
Service charges - Electricity		99 066	99 066	79 264	(19 802)	80,01	80,01	70 957
Service charges - Water								
Service charges - Waste Water Management								
Service charges - Waste Management		29 250	29 250	37 500	8 250	128,21	128,21	37 981
Sale of Goods and Rendering of Services		526	526	731	206	139,12	139,12	5 912
Agency services								
Interest								
Interest earned from Receivables		14 095	14 095	26 112	12 017	185,26	185,26	16 262
Interest earned from Current and Non Current Assets		2 300	2 300	4 067	1 767	176,81	176,81	2 466
Dividends								
Rent on Land								
Rental from Fixed Assets		852	852	1 458	606	171,15	171,15	807
Licence and permits		7 200	7 200	1 606	(5 594)	22,31	22,31	710
Special rating levies								
Operational Revenue		10 781	10 781	35 641	24 860	330,5850109	330,5850109	16 799
Non-Exchange Revenue								
Property rates		113 533	122 033	106 130	(15 903)	86,97	93,48	107 715
Surcharges and Taxes								
Fines, penalties and forfeits		200	200	71	(129)	35,34	35,34	25
Licences or permits								
Transfer and subsidies - Operational		226 164	290 309	208 227	(82 082)	71,73	92,07	217 855
Interest		15 000	15 000	37 457	22 457	249,71	249,71	20 815
Fuel Levy								
Operational Revenue								
Gains on disposal of Assets				(13 746)	(13 746)			(2 585)
Other Gains				(1 294)	(1 294)			1 062
Discontinued Operations								
Total Revenue (excluding capital transfers and contributions)		**518 967**	**591 612**	**523 225**	**(68 387)**	**88,44**	**100,82**	**496 780**
Expenditure								
Employee related costs	–	210 366	211 515	215 816	4 301	102,03	102,59	207 191
Remuneration of councillors		20 240	20 240	20 267	27	100,13	100,13	18 842
Bulk purchases - electricity		98 521	98 521	90 081	(8 440)	91,43	91,43	78 212
Inventory consumed			1 000	637	(363)	63,75		253
Debt impairment		63 612	63 612	43 121	(20 491)	67,79	67,79	
Depreciation and amortisation		30 337	30 337	203 012	172 675	6,69	669,20	23 526
Interest		19 350	15 000	16 881	1 881	112,54	87,24	28 006
Contracted services		30 347	39 911	40 435	523	101,31	133,24	16 267
Transfers and subsidies		2 500	65 145	10 186	(54 959)	15,64	407,44	11 186
Irrecoverable debts written off				100 842	100 842			(9 363)
Operational costs		39 074	38 011	52 745	14 734	138,76	134,99	46 660
Losses on disposal of Assets								
Other Losses				(12 488)	(12 488)			(2 888)
Total Expenditure		**514 346**	**583 292**	**781 535**	**198 242**	**133,99**	**151,95**	**417 892**
Surplus/(Deficit)		**4 621**	**8 320**	**(258 309)**	**(266 629)**	**(3 104,73)**	**(5 589,56)**	**78 888**
Transfers and subsidies - capital (monetary allocations)		49 900	85 720	82 179	(3 541)	95,87	164,69	53 765
Transfers and subsidies - capital (in-kind)								
Surplus/(Deficit) after capital transfers and contributions		**54 522**	**94 040**	**(176 130)**	**(270 170)**	**(187,29)**	**(323,05)**	**132 654**
Income Tax								
Surplus/(Deficit) after income tax		**54 522**	**94 040**	**(176 130)**	**(270 170)**	**(187,29)**	**(323,05)**	**132 654**
Share of Surplus/Deficit attributable to Joint Venture								
Share of Surplus/Deficit attributable to Minorities								
Surplus/(Deficit) attributable to municipality		**54 522**	**94 040**	**(176 130)**	**(270 170)**	**(187,29)**	**(323,05)**	**132 654**
Share of Surplus/Deficit attributable to Associate								
Intercompany/Parent subsidiary transactions								
Surplus/(Deficit) for the year		**54 522**	**94 040**	**(176 130)**	**(270 170)**	**(187,29)**	**(323,05)**	**132 654**

APPENDIX L: CONDITIONAL GRANTS RECEIVED

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
30. Government grants & subsidies		
Operating grants		
Equitable share	195 050 000	204 622 000
Finance Management Grant	2 880 000	2 850 000
Municipal Infrastructure Grant	2 024 553	2 045 742
Expended Public Works Programme Grant	3 885 000	2 838 000
Library Grant	1 660 000	1 560 000
National Treasury Audit Fees Grant 1%	-	3 942 466
Alien Plant Removal Grant	1 767 341	6 482
Disaster Grant	35 251 618	-
	243 478 512	217 854 670
Capital grants		
Municipal Infrastructure Grant	41 261 448	51 937 258
Intergrated National Electrification Programme	5 665 420	1 827 875
	46 927 868	53 765 133
	290 406 380	271 619 803

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

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

Eastern Cape: Raymond Mhlaba (EC129) - Reconciliation of Budgeted Capital Expenditure by Functional Classification and Funding for 2024

Description	Ref	2023/24						2022/23
R thousands		Original Budget	Adjusted Budget	Audited Outcome	Variance of Audited Outcome vs Adj Budget	Audited Outcome as % of Adj Budget	Audited Outcome as % of Orig Budget	Audited Outcome
Capital Expenditure - Functional								
Municipal governance and administration		**-**	**-**	**1 315**	**1 315**	**-**	**-**	**1 294**
Executive and council								
Finance and administration				1 315	1 315			1 294
Internal audit								
Community and public safety		**-**	**-**	**130**	**130**	**-**	**-**	**-**
Community and social services								
Sport and recreation								
Public safety				130	130			
Housing								
Health								
Economic and environmental services		**38 261**	**70 119**	**26 173**	**(43 946)**	**37,33**	**68,41**	**35 318**
Planning and development								
Road transport		38 261	70 119	26 173	(43 946)	37,33	68,41	35 318
Environmental protection								
Trading services		**5 130**	**5 130**	**17 138**	**12 008**	**334,05**	**334,05**	**11 864**
Energy sources		5 130	5 130	17 138	12 008	334,05	334,05	11 864
Water management								
Waste water management								
Waste management								
Other								
Total Capital Expenditure - Functional	3	**43 391**	**75 250**	**44 756**	**(30 493)**	**59,48**	**103,15**	**48 475**
Funded by	-							
National Government		43 391	72 641	32 338	(40 302)	44,52	74,53	36 365
Provincial Government								
District Municipality								
Transfers and subsidies - capital (monetary allocations) (Nat								
Transfers recognised - capital		**43 391**	**72 641**	**32 338**	**(40 302)**	**44,52**	**74,53**	**36 365**
Borrowing	6							
Internally generated funds			2 609	130	(2 479)	4,98		
Total Capital Funding		**43 391**	**75 250**	**32 468**	**(42 781)**	**43,15**	**74,83**	**36 365**

APPENDIX O – DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA SECTION 71

MFMA Section 71 returns not made according to reporting requirements	
Return	Reason return has not been properly made on due date
NONE TO REPORT	

APPENDIX P – MEC REPORTING INDICATORS

KPA 1: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	30.63%	5.18 %	5.18 %	Recruitment & selection processes: focused on critical positions.
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	17%	83%	83%	Recruitment & Selection of the Corporate Services is underway.
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	100%	100%	100%	There were no skills gap identified
4	Percentage of Managers in Technical Services	66%	34%	34%	There are two Managers.

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
	with a professional qualification				They are in the process of registering
5	Level of PMS effectiveness in the DM – (DM to report)	Performance Management Policy was adopted by Council in April 2019. Performance reviews for the Municipal Manager and Directors are conducted quarterly.			
6	Level of effectiveness of PMS in the LM – (LM to report)				
7	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5-year term	506	506	100%	
8	Percentage of councillors who attended a skill development training within the current 5 year term	45	45	100%	

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
9	Percentage of staff complement with disability	0.8%	4%	4%	The municipality had difficulties in attracting people with disabilities during the year under review.
10	Percentage of female employees	38.46%	100 %	100	
11	Percentage of employees that are aged 35 or younger	12%	100%	100%	
12	Adoption and implementation of a HRD including Workplace Skills Plan	100%	100%	100%	

KPA 2: BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS

Annual performance as per key performance indicators in electricity services

	Indicator name	Total number of households / customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to electricity services	46 990	1%	0	0	0%
2	Percentage of indigent households with access to basic electricity services	17596	0	17596	17596	100%
3	Percentage of indigent households with access to free alternative energy sources	242	0	242	242	100%

Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual KMs)	Kms achieved during the FY	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads	8000	15000	10 000km	131km	1.31%
2	Percentage of road infrastructure requiring upgrade	15000	35000	1km	900m	90%
3	Percentage of planned new road infrastructure actually constructed	10000	800	3km	6km	200%
4	Percentage of capital budget reserved for road upgrading and maintenance	150 000	350 000	10km	15km	150%

	effectively used.					

Annual performance as per key performance indicators in waste management services

	Indicator name	Total number of households /customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to refuse removal services	15 450	0	0	0	100%
2	Existence of waste management plan	The municipality through the assistance of Department of Environment Affairs has developed a Draft Integrated Waste Management Plan and will be tabled to Council for final approval in June 2025.				

Annual performance as per key performance indicators in housing and town planning services

	Indicator name	Total number of household/customers expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households	2 703				

	living in informal settlements					
2	Percentage of informal settlements that have been provided with basic services	100%	0	0	N/A	
3	Existence of an effective indigent policy	The municipality has an approved Indigent Policy which was approved in May 2024. The policy is reviewed annually and it implemented. Furthermore, the municipality established an indigent Steering Committee, and it sits quarterly to process all applications received. For the year under review a total of 9 812 indigent beneficiaries benefitted on the free basic services.				
4	Existence of an approved SDF	The municipality has an SDF in place which was adopted by Council in May 2022. The SDF is SPLUMA is in line with SPLUMA regulations.				
5	Existence of Land Use Manageme nt System (LUMS)	The municipality does not have a Land Use Management System.				

KPA 3: LOCAL ECONOMIC DEVELOPMENT FRAMEWORK

Annual performance as per key performance indicators in LED

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	The municipality has a fully-fledged LED unit with a full staff compliment. All positions within the LED unit are filled including that of the Manager.		
2	Percentage of LED Budget spent on LED related activities.	100%	492 500.00	49 %
3	Existence of LED strategy	The municipality developed and approved its Local Development Strategy in June 2024 for the first time since the establishment of Raymond Mhlaba Municipality. The strategy is implemented and all LED programme are in line with the said strategy.		
4	Number of LED stakeholder forum meetings held	6	6	100%
5	Plans to stimulate second economy	0	0	0
6	Percentage of SMME that have benefited from a SMME support program	10	154	80%
7	Number of job opportunities created through EPWP	483	483	100%
8	Number of job opportunities created through PPP	50	50	50

KPA 4: FINANCIAL VIABILITY AND MANAGEMENT

Annual performance as per key performance indicators in financial viability

	Indicator name			
1	Status of the audit outcome	Qualified audit outcome The basis of the qualified audit outcome is due to investment property, property plant and equipment, bulk purchases, and irregular expenditure.		
2	Submission of AFS after the end of financial year	The financial statements of the municipality were submitted in accordance with section 126 (1)(a) of the MFMA		
		Target set for Capital Budget (R000)	**Achievement level during the year R(000)Amount spent against capital budget (R000)**	**Percentage spent on capital budget during the year vs the actual revenue**
3	Percentage of expenditure of capital budget	R 89 251 496	R 69 028 667	76,7%
		Operational budget R000 for the year under review	**Amount spent on employee related costs & councillor remuneration (expenditure on salaries budget) against operational budget**	**Achievement percentage during the year**

4	Percentage of salary budget as of the total operational budget	R 559 902 333	R 207 932 541	37,1%
		Target set for the year (own revenue) R(000)	**Achievement level Trade creditors during the year R(000)**	**Achievement percentage during the year**
5	Total municipal trade creditors	R241 969 856	R401 013 864	165,7%
		Target set (actual total budget) in the year under review	Achievement level (own revenue) in the year under review	Achievement percentage during the year
6	Total municipal own revenue as a percentage of the total actual budget	R238 184 435	R228 373 751	95%
		Indicate previous financial year' s municipal debtors	Indicate municipal debtors for the year under review	Achievement percentage (reduction rate)
7	Rate of municipal consumer debtors' reduction	22 083 958	34 627 547	Consumer debtors have increased .
		Indicate MIG budget for the year under review	Indicate actual expenditure on MIG budget	Achievement percentage

8	Percentage of MIG budget appropriately spent	R31 546 000	R31 546 000	100%
9	Municipalities with functional Audit Committee	The Municipality has an independent advisory body that advises the institution on matters, amongst other things, relating to performance management and performance evaluation. The Audit Committee consists of five (5) members and meets on quarterly basis as per the approved terms of reference. The terms of reference for the audit and performance committee were approved by Council .		

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% of ward committees established	23	23	100%
2	% of ward committees that are functional	23	23	100%
3	Existence of an effective system to monitor CDWs	Community Development Workers are effective within the municipality. They are monitored through the office of the Speaker . CDW reports are processed and form part of the Speaker's report in Council.		
4	Existence of an IGR strategy	The municipality developed and approved an IGR Strategy in May 2020 for smooth functioning of the IGR.		
5	Effective of IGR structural meetings	IGR Forum is functional and sits quarterly as per the approved council calendar. The forum is Chaired by		

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
		the Mayor and comprises of Portfolio Heads, Directors, and Sector Departments.		
6	Existence of an effective communication strategy	The municipality adopted its five-year Communication Strategy in 2022 in line with the IDP. The said communication plan has a costed communication's plan that is reviewed annually.		
7	Number of mayoral imbizos conducted	4	4	100%

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Raymond Mhlaba Local Municipality

Annual Consolidated Financial Statements
for the year ended 30 June 2024

General Information

Legal form of entity	South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998). The municipality provides functions as included in Schedule 4B and Schedule 5B of the Constitution. It should however be noted that the Water and Sanitation function, which is generally allocated to Category B municipalities, are performed by the District Municipality. The Minister of Co-operative Governance and Traditional Affairs has requested the Municipal Demarcation Board to re-determine the boundaries of Nkonkobe and Nxuba Municipalities as per section 21 of the Local Government Municipal Demarcation Board. The Raymond Mhlaba Local Municipality was subsequently established by the amalgamation of Nkonkobe Local Municipality and Nxuba Local Municipality. Operations in the Raymond Mhlaba Local Municipality commenced on 6 August 2016.
Nature of business and principal activities	Raymond Mhlaba Local Municipality (EC 129) performs the functions as set out in the Constitution.

Mayoral committee

Honorable Mayor	Nomhle Beauty Sango
	Thozama Ngaye (Speaker)
	Nonkazimlo Primrose Mlamla (Chief Whip)
	Bukelwa Sharon Tyhali (Potfolio head: Corporate Services)
	Sithembele Michael Zuka (Portfolio Head: Engineering)
	Sinethemba Mjakuca (Portfolio Head: Finance)
	Elton Bantam (Portfolio Head: Community Service)
	Portia Sabane (Portfolio Head: Sports, Arts and Culture)
	Zingiswa Modelia Rasmeni (Portfolio Head: Strategic Planning & LED)
	Ernest Lombard (EXCO (PR Councillor)
	Mhlangabezi Nombombo (EXCO (PR Councillor)
	Cllr. Zikhona Tyali (MPAC Chairperson)
	Cllr Millicent Qawu (Chaiperson - Womens Caucus
	Cllr Unathi Ngcume (Chairperson - Petitions)
	Cllr Xolani Dyantyi (Chairperson - Ethics Commitee)
	Cllr Primrose Nosipho Ruselo (Ward 1)
	Cllr Mzimkhulu Matayo (Ward 2)
	Cllr Sinovuyo Kley (Ward 3)
	Cllr Xolani Dyantyi (Ward 4)
	Cllr Masixole Tsotsa (Ward 5)
	Cllr Unathi Ngcume (Ward 6)
	Cllr Kwanele Siduli (Ward 7)
	Cllr Evelyn Nompucuko Zizi (Ward 8)
	Cllr Nkuthalo Gideon Quilie (Ward 9)
	Cllr Simon Justice Xego (Ward 10)
	Cllr Luxolo Nqala (Ward 11)
	Cllr Mthetheleli Gqokro (Ward 12)
	Cllr Sindiswa Magxwalisa (Ward 13)
	Cllr Songezo Mashenqana (Ward 14)

General Information

	Cllr Ntombomzi Klaas (Ward 15)
	Cllr Monwabisi Moses Zamo (Ward 16)
	Cllr Liziwe Faith Matyolo (Ward 17)
	Cllr Thobeka Priscilla Mjo (Ward 18)
	Cllr Sindiswa Cynthia Tokwe (Ward 19)
	Cllr Zikhona Nandipa Lento (Ward 20)
	Cllr Masixole Jonathan Tukani (Ward 21)
	Cllr Nolizwi Nomacwerha Yanta (Ward 22)
	Cllr Mpho Mahleza (Ward 23)
	Cllr Zikhona Tyali (PR Councillor)
	Cllr Nolusindiso Brenda Hans (PR Councillor)
	Cllr Cecelia Anne Auld (PR Councillor)
	Cllr Kayalethu Baliso (PR Councillor)
	Cllr Deon Piet Mandeka (PR Councillor)
	Cllr Lindile Theophilus Ntengu (PR Councillor)
	Cllr Patricia Ntengu (PR Councillor)
	Cllr Elton Bantam (PR Councillor)
	Cllr Milicent Nonkoliseko Qawu (PR Councillor)
	Cllr Xoliswa Victoria Vusani (PR Councillor)
	Cllr Theophilus Ngethu (PR Councillor)
	Cllr Kwanele Tito (PR Councillor)
Accounting Officer	Ms Unathi Malinzi
Chief Finance Officer (CFO)	Mr Mveleli Ngxowa
Registered office	8 Somerset Street Fort Beaufort 5720
Postal address	P.O Box 36 Fort Beaufort 5720
Bankers	First National Bank
Auditors	Office of the Auditor General (EC) Registered Auditors
Attorneys	Lionel Trichardt & Associates Wesley Pretorius & Associates Inc.
Preparer	The annual consolidated financial statements were internally compiled by: Budget and Treasury Office (BTO)

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

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the economic entity’s cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, she is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual consolidated financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 30 June 2023 and were signed on its behalf by:

Ms. Unathi Malinzi
Municipal Manager

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	Economic entity 2024	Economic entity 2023 Restated*	Controlling entity 2024	Controlling entity 2023 Restated*
Assets					
Current Assets					
Inventories	3	103 054	22 304	-	-
Other receivables from exchange transactions	4	1	1	-	-
Receivables from exchange transactions	5	177 380 559	169 018 041	177 380 559	169 018 041
Receivables from non-exchange transactions	6	188 452 618	206 628 071	188 452 618	206 628 071
Other statutory receivables	7	821 500	4 343 337	821 500	4 343 337
VAT receivable	8	24 835 092	58 003 876	24 835 092	57 431 598
Unpaid government grants and subsidies	9	124 182	404 528	-	-
Cash and cash equivalents	10	9 848 975	8 017 923	9 738 469	7 974 022
		401 565 981	**446 438 081**	**401 228 238**	**445 395 069**
Non-Current Assets					
Investment property	11	44 573 854	45 867 675	44 573 854	45 867 675
Property, plant and equipment	12	633 736 405	769 887 182	633 640 278	769 772 733
Intangible assets	13	92 322	444 300	92 322	444 300
Heritage assets	14	70 000	70 000	70 000	70 000
		678 472 581	**816 269 157**	**678 376 454**	**816 154 708**
Total Assets		**1 080 038 562**	**1 262 707 238**	**1 079 604 692**	**1 261 549 777**
Liabilities					
Current Liabilities					
Payables from non exchange transactions	20	5 871 440	4 506 578	5 871 440	4 506 578
Payables from exchange transactions	16	234 431 382	464 082 646	233 173 035	462 874 812
VAT payable		23 772 011	25 724 018	23 193 165	24 901 103
Employee benefit obligation	17	25 942 442	25 121 040	25 845 001	25 023 599
Finance lease obligation	18	-	208 815	-	208 815
Unspent conditional grants and receipts	19	3 483 642	1 535 022	3 055 658	1 107 038
Provisions	21	3 293 593	2 257 586	3 293 593	2 257 586
		296 794 510	**523 435 705**	**294 431 892**	**520 879 531**
Non-Current Liabilities					
Employee benefit obligation	17	40 325 000	44 459 000	40 325 000	44 459 000
Provisions	21	66 213 611	59 748 977	66 213 611	59 748 977
Payables from exchange transactions	22	161 258 958	-	161 258 958	-
		267 797 569	**104 207 977**	**267 797 569**	**104 207 977**
Total Liabilities		**564 592 079**	**627 643 682**	**562 229 461**	**625 087 508**
Net Assets		**515 446 483**	**635 063 556**	**517 375 231**	**636 462 269**
Reserves					
Capital Replacement Reserve		811 464	-	811 464	-
Accumulated surplus		514 635 019	635 063 556	516 563 767	636 462 269
Total Net Assets		**515 446 483**	**635 063 556**	**517 375 231**	**636 462 269**

* See Note

Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2024	2023 Restated*	2024	2023 Restated*
Revenue					
Revenue from exchange transactions					
Sale of goods	24	136 793	-	-	-
Service charges	25	116 378 026	108 735 231	116 378 026	108 735 231
Rental of facilities and equipment	26	1 458 463	806 563	1 458 463	806 563
Interest received - receivables from exchange transactions		26 290 669	16 261 520	26 290 669	16 261 520
Agency services	27	4 494 715	4 667 674	4 494 715	4 667 674
Licences and permits	28	1 606 365	709 933	1 606 365	709 933
Other income	30	2 379 418	1 550 963	2 356 138	1 520 733
Interest received - investment	31	3 887 801	2 465 729	3 887 768	2 465 640
Total revenue from exchange transactions		**156 632 250**	**135 197 613**	**156 472 144**	**135 167 294**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	32	106 130 471	107 715 326	106 130 471	107 715 326
Debt forgiveness	33	86 271 022	11 540 891	86 271 022	11 540 891
Interest - Taxation revenue	37	37 456 737	20 815 336	37 456 737	20 815 336
Transfer revenue					
Government grants & subsidies	34	290 406 380	271 619 803	290 406 380	271 619 803
Public contributions and donations	35	107 991	5 183 885	107 991	5 183 885
Fines, Penalties and Forfeits	36	70 686	25 370	70 686	25 370
Total revenue from non-exchange transactions		**520 443 287**	**416 900 611**	**520 443 287**	**416 900 611**
Total revenue	23	**677 075 537**	**552 098 224**	**676 915 431**	**552 067 905**
Expenditure					
Employee related costs	38	(219 379 398)	(210 612 351)	(217 786 476)	(208 967 718)
Remuneration of councillors	39	(20 267 388)	(18 842 244)	(20 267 388)	(18 842 244)
Remuneration of Board members	40	-	(30 410)	-	-
Depreciation and amortisation	41	(201 398 716)	(23 374 577)	(201 380 394)	(23 356 255)
Finance costs	42	(16 938 136)	(29 547 039)	(16 880 650)	(29 491 223)
Debt Impairment	43	(100 879 313)	9 363 307	(100 879 313)	9 363 307
Bad debts written off		(43 083 452)	(4 801 384)	(43 083 452)	(4 801 384)
Bulk purchases	44	(90 081 099)	(78 212 322)	(90 081 099)	(78 212 322)
Contracted services	45	(39 424 090)	(15 958 329)	(39 412 766)	(15 942 461)
Transfers and Subsidies	46	-	-	(3 093 303)	(2 865 790)
General Expenses	47	(62 055 314)	(72 738 870)	(60 524 202)	(61 758 793)
Total expenditure		**(793 506 906)**	**(444 754 219)**	**(793 389 043)**	**(434 874 883)**
Operating (deficit) surplus		**(116 431 369)**	**107 344 005**	**(116 473 612)**	**117 193 022**
Fair value adjustments	48	(1 293 821)	1 062 150	(1 293 821)	1 062 150
Actuarial gains	17	12 487 970	2 887 521	12 487 970	2 887 521
Impairment loss	49	(6 922 983)	(2 584 505)	(6 922 983)	(2 584 505)
Loss on non-current assets held for sale or disposal groups		(9 626 130)	(169 755)	(9 626 130)	(169 755)
		(5 354 964)	**1 195 411**	**(5 354 964)**	**1 195 411**
(Deficit) / surplus for the year		**(121 786 333)**	**108 539 416**	**(121 828 576)**	**118 388 433**

* See Note

Statement of Changes in Net Assets

Figures in Rand	Capital Replacement Reserve	Accumulated surplus / deficit	Total net assets
Economic entity			
Balance at 01 July 2022	**-**	**516 921 372**	**516 921 372**
Changes in net assets			
Surplus for the year	-	118 142 184	118 142 184
Total changes	-	118 142 184	118 142 184
Restated* Balance at 01 July 2023	**-**	**636 421 352**	**636 421 352**
Changes in net assets			
Surplus for the year	-	(121 786 333)	(121 786 333)
Capital replacement reserve	811 464	-	811 464
Total changes	811 464	(121 786 333)	(120 974 869)
Balance at 30 June 2024	**811 464**	**514 635 019**	**515 446 483**
Note(s)			
Controlling entity			
Opening balance as previously reported	-	358 420 870	358 420 870
Adjustments			
Prior year adjustments	-	159 652 966	159 652 966
Balance at 01 July 2022 as restated*	**-**	**518 073 836**	**518 073 836**
Changes in net assets			
Surplus for the year	-	118 388 433	118 388 433
Total changes	-	118 388 433	118 388 433
Restated* Balance at 01 July 2023	**-**	**638 392 343**	**638 392 343**
Changes in net assets			
Surplus for the year	-	(121 828 576)	(121 828 576)
Capital replacement reserves	811 464	-	811 464
Total changes	811 464	(121 828 576)	(121 017 112)
Balance at 30 June 2024	**811 464**	**516 563 767**	**517 375 231**
Note(s)			

* See Note

Cash Flow Statement

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2024	2023 Restated*	2024	2023 Restated*
Cash flows from operating activities					
Receipts					
Taxation		148 662 643	59 406 049	148 662 643	59 406 049
Sale of goods and services		8 105 783	74 107 440	7 945 710	74 077 210
Grants		292 355 000	271 613 467	292 355 000	271 613 467
Interest income		3 887 801	18 727 249	3 887 768	18 727 160
Other receipts		109 730	400 402	-	-
		453 120 957	424 254 607	452 851 121	423 823 886
Payments					
Employee costs		(222 813 685)	(206 933 587)	(221 067 552)	(205 258 544)
Suppliers		(135 408 637)	(144 658 188)	(137 009 025)	(144 872 662)
Finance costs		(7 396 775)	(26 235 812)	(7 339 289)	(26 179 996)
		(365 619 097)	(377 827 587)	(365 415 866)	(376 311 202)
Net cash flows from operating activities	51	**87 501 860**	**46 427 020**	**87 435 255**	**47 512 684**
Cash flows from investing activities					
Purchase of property, plant and equipment	12	(82 051 632)	(51 421 911)	(82 051 632)	(51 826 439)
Purchase of unpaid government grants and subsidies		-	404 528	-	-
Net cash flows from investing activities		**(82 051 632)**	**(51 017 383)**	**(82 051 632)**	**(51 826 439)**
Cash flows from financing activities					
Outflow of other liability 1		161 258 958	-	161 258 958	-
Finance lease payments		(3 619 176)	(3 769 904)	(3 619 176)	(3 769 904)
Net cash flows from financing activities		**157 639 782**	**(3 769 904)**	**157 639 782**	**(3 769 904)**
Net increase/(decrease) in cash and cash equivalents		**163 090 010**	**(8 360 267)**	**163 023 405**	**(8 083 659)**
Cash and cash equivalents at the beginning of the year		8 017 923	16 378 190	7 974 022	16 057 681
Cash and cash equivalents at the end of the year	10	**171 107 933**	**8 017 923**	**170 997 427**	**7 974 022**

* See Note

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	605 000	-	**605 000**	136 793	**(468 207)**	
Service charges	128 316 000	-	**128 316 000**	116 378 026	**(11 937 974)**	
Rental of facilities and equipment	852 000	-	**852 000**	1 458 463	**606 463**	
Interest received (trading)	14 095 000	-	**14 095 000**	26 290 669	**12 195 669**	
Agency services	-	-	**-**	4 494 715	**4 494 715**	
Licences and permits	7 200 000	-	**7 200 000**	1 606 365	**(5 593 635)**	
Other income - (rollup)	10 871 000	-	**10 871 000**	2 379 418	**(8 491 582)**	
Interest received - investment	2 307 058	-	**2 307 058**	3 887 801	**1 580 743**	
Total revenue from exchange transactions	**164 246 058**	**-**	**164 246 058**	**156 632 250**	**(7 613 808)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	113 533 000	8 500 000	**122 033 000**	106 130 471	**(15 902 529)**	
Surcharges and Taxes	-	-	**-**	86 271 022	**86 271 022**	
Interest, Dividends and Rent on Land	15 000 000	(15 000 000)	**-**	20 815 336	**20 815 336**	
Transfer revenue						
Government grants & subsidies	279 064 000	99 965 000	**379 029 000**	290 406 380	**(88 622 620)**	
Public contributions and donations	-	-	**-**	107 991	**107 991**	
Fines, Penalties and Forfeits	200 000	-	**200 000**	70 686	**(129 314)**	
Total revenue from non-exchange transactions	**407 797 000**	**93 465 000**	**501 262 000**	**503 801 886**	**2 539 886**	
Total revenue	**572 043 058**	**93 465 000**	**665 508 058**	**660 434 136**	**(5 073 922)**	
Expenditure						
Personnel	(212 741 094)	(1 150 000)	**(213 891 094)**	(219 379 398)	**(5 488 304)**	
Remuneration of councillors	(20 240 000)	-	**(20 240 000)**	(20 267 388)	**(27 388)**	
Remuneration of board members	(259 005)	-	**(259 005)**	-	**259 005**	
Depreciation and amortisation	(30 337 000)	-	**(30 337 000)**	(201 398 716)	**(171 061 716)**	
Impairment loss/ Reversal of impairments	-	-	**-**	(6 922 983)	**(6 922 983)**	
Finance costs	(19 353 564)	4 350 000	**(15 003 564)**	(16 938 136)	**(1 934 572)**	
Debt Impairment	(63 612 000)	-	**(63 612 000)**	(100 879 313)	**(37 267 313)**	
Bulk purchases	(98 521 000)	-	**(98 521 000)**	(90 081 099)	**8 439 901**	
Contracted Services	(30 357 900)	(9 565 000)	**(39 922 900)**	(39 424 090)	**498 810**	
Blockyard	(564 348)	-	**(564 348)**	-	**564 348**	
General Expenses	(39 226 022)	63 000	**(39 163 022)**	(105 138 766)	**(65 975 744)**	
Total expenditure	**(515 211 933)**	**(6 302 000)**	**(521 513 933)**	**(800 429 889)**	**(278 915 956)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Operating deficit	**56 831 125**	**87 163 000**	**143 994 125**	**(139 995 753)**	**(283 989 878)**	
Fair value adjustments	-	-	-	(1 293 821)	**(1 293 821)**	
Actuarial gains/losses	-	-	-	12 487 970	**12 487 970**	
Loss on non-current assets held for sale or disposal groups	-	-	-	(9 626 130)	**(9 626 130)**	
	-	**-**	**-**	**1 568 019**	**1 568 019**	
Deficit before taxation	**56 831 125**	**87 163 000**	**143 994 125**	**(138 427 734)**	**(282 421 859)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**56 831 125**	**87 163 000**	**143 994 125**	**(138 427 734)**	**(282 421 859)**	

Reconciliation

1. Significant account policies

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

1.1 Basis of preparations

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

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

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

1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual consolidated financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual consolidated 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 consolidated financial statements.

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

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

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

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

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

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the economic entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The economic entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the economic entity for similar financial instruments.

Impairment testing

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 21 - Provisions.

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

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

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

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

Effective interest rate

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

Allowance for doubtful debts

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

Recognition and Derecognition of Land

In some instances the economic entity is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are as follow [State key judgements and assumptions made]

Additional information is disclosed in Note .

In some instances the economic entity is the legal owner, or the custodian of land appointed in terms of legislation, but concludes that it does not control such land. Key judgements made and assumptions applied to conclude that it does not control such land, are as follow [State key judgements and assumptions made]

Additional information is disclosed in Note .

Accounting by principals and agent

The economic entity makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are as follow [State significant judgements made].

Additional information is disclosed in Note 63.

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment of statutory receivables

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

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

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

Accounting for adjustments to revenue

Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management. When adjustments to revenue already recognised arise from new information that becomes known to the economic entity, the following considerations are applied to determine whether the adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

(a) If information becomes known to the economic entity, and the economic entity could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.

(b) If information becomes known to the economic entity, but the economic entity could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

Accounting for adjustments to revenue that correct an error or prior period error

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the economic entity, the economic entity accounts for an adjustment to revenue already recognised, including interest and penalties, as the correction of an error or prior period error where the entity:

(a) has not followed a proper due process to promulgate the tariff, basis, percentage or formula to charge the revenue; and/or

(b) incorrectly applied the tariff, basis, percentage or formula in charging revenue.

Errors discovered within the reporting period which relates to that period are corrected before the annual consolidated financial statements are authorised for issue. The principles in GRAP 3 are applied to account for the adjustment to revenue already recognised as a result of the correction of a prior period error.

Accounting for adjustments to revenue as a change in an accounting estimate

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the economic entity, the economic entity accounts for any adjustment to revenue already recognised, including interest and penalties, as a change in an accounting estimate if changes occur in the circumstances that led to the recognition of the revenue.

The principles in GRAP 3 are applied to account for a change in an accounting estimate.

1.6 Investment property

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

- use in the production or supply of goods or services or for

Accounting Policies

1.6 Investment property (continued)

- administrative purposes, or
- sale in the ordinary course of operations.

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

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

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

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

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

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

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

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

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

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

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

The nature OR type of properties classified as held for strategic purposes are as follows:

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

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

Accounting Policies

1.7 Property, plant and equipment

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the economic 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, it's deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Accounting Policies

1.7 Property, plant and equipment (continued)

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the over their expected useful lives to their estimated residual value.

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	17 - 100
Roads stormwater	Straight-line	7 - 100
Electricity infrastructure	Straight-line	11 - 122
Solid waste infrastructure	Straight-line	8 - 72
Park facilities	Straight-line	24 - 125
Computer equipment - leased	Straight-line	2 - 5
Plant and machinery - leased	Straight-line	3
Motor vehicles - leased	Straight-line	3
Plant and machinery	Straight-line	2 - 23
Motor vehicles	Straight-line	6 - 18
Computer equipment	Straight-line	4 - 18
Furniture and office equipment	Straight-line	4 - 20
Landfill sites	Straight-line	10 - 92

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.

Accounting Policies

1.7 Property, plant and equipment (continued)

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 economic 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 economic entity assesses at each reporting date whether there is any indication that the economic 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 economic 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.

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

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

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

1.8 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

Accounting Policies

1.8 Site restoration and dismantling cost (continued)

If the related asset is measured using the revaluation model:

(a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
  - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

(b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and

(c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.9 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the economic 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 economic entity; and
- the cost or fair value of the asset can be measured reliably.

The economic 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.

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

1.9 Intangible assets (continued)

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3

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

1.10 Heritage assets

Assets are resources controlled by an economic entity as a result of past events and from which future economic benefits or service potential are expected to flow to the economic entity.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an economic entity's operations that is shown as a single item for the purpose of disclosure in the annual consolidated financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

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.

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an economic entity is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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 cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The economic entity separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note).

Accounting Policies

1.10 Heritage assets (continued)

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset’s carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset’s carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

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

Transfers

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

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

Derecognition

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

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

1.11 Financial instruments

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

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

1.11 Financial instruments (continued)

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

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Accounting Policies

1.11 Financial instruments (continued)

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

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

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

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

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

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

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

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

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

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

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

Accounting Policies

1.11 Financial instruments (continued)

Classification

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

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

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

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

Class	Category
Raymond Mhlaba Economic Development Agency	Measured at cost

1.12 Statutory receivables

Identification

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

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

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

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

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

Recognition

The economic entity recognises statutory receivables as follows:

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

Initial measurement

The economic entity initially measures statutory receivables at their transaction amount.

1.12 Statutory receivables (continued)

Subsequent measurement

The economic 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.

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

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

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

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

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

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

Derecognition

The economic entity derecognises a statutory receivable, or a part thereof, when:

Accounting Policies

1.12 Statutory receivables (continued)

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

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

1.13 Leases

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

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

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 .

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.

1.14 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

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

Accounting Policies

1.15 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

- the period of time over which an asset is expected to be used by the economic entity; or
- the number of production or similar units expected to be obtained from the asset by the economic entity.

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

[Specify judgements made]

Designation

At initial recognition, the economic entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an economic entity's objective of using the asset.

The economic entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The economic entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the economic entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the economic entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Accounting Policies

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

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset’s gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an “optimised” basis. The rationale is that the economic entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Accounting Policies

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The economic entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the economic entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.16 Unspent public contributions and donations

Compulsory convertible preference shares [Compulsory convertible debentures] are compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible instruments and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the economic entity, is included in equity.

Combined units are compound instruments, consisting of a debenture (liability) component and a share (equity) component. The debentures are carried at amortised cost, and any premium or discount on issue is written off over the redemption period using the effective interest rate method.

Issue costs are apportioned between the liability and equity components of the compound instruments based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

1.17 Employee benefits

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

Accounting Policies

1.17 Employee benefits (continued)

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:
- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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

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

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

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 cellphones) 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 that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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.

Accounting Policies

1.17 Employee benefits (continued)

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Post-employment benefits: Defined contribution plans

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

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

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

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Accounting Policies

1.17 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity’s own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

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

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

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

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

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

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

Accounting Policies

1.17 Employee benefits (continued)

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

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:
- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:
- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

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

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Accounting Policies

1.17 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.17 Employee benefits (continued)

Termination benefits

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

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

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

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

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

1.18 Provisions and contingencies

Provisions are recognised when:

- the economic 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 can be made of the obligation.

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

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

Accounting Policies

1.18 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 64.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

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

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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

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

Accounting Policies

1.18 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:
- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy and 1.15.

If the related asset is measured using the revaluation model:
- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.19 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.

Accounting Policies

1.20 Revenue from exchange transactions

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

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

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

Measurement

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

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

Sale of goods

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

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

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

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

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

1.20 Revenue from exchange transactions (continued)

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality’s right to receive payment has been established.

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

Accounting Policies

1.21 Revenue from non-exchange transactions

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

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

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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

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

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

Accounting Policies

1.21 Revenue from non-exchange transactions (continued)

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

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

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

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

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

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

Debt forgiveness and assumption of liabilities

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

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

Fines

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

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

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

Gifts and donations, including goods in-kind

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

1.22 Investment income

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

1.23 Borrowing costs

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

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

1.24 Accounting by principals and agents

Identification

1.24 Accounting by principals and agents (continued)

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The economic entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the economic entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the economic entity concludes that it is not the agent, then it is the principal in the transactions.

The economic entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the economic entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The economic entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the economic entity is an agent.

Recognition

The economic entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The economic entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The economic entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.25 Comparative figures

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

Accounting Policies

1.26 Unauthorised expenditure

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

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

1.27 Fruitless and wasteful expenditure

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

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

1.28 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

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

1.29 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.30 Segment information

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Accounting Policies

1.30 Segment information (continued)

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.31 Budget information

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

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

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

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

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

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

1.32 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 economic entity, including those charged with the governance of the economic entity in accordance with legislation, in instances where they are required to perform such functions.

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

1.32 Related parties (continued)

The economic 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 economic 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 economic entity is exempt from the disclosures in accordance with the above, the economic 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 consolidated financial statements.

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

The economic 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.

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	**Effective date: Years beginning on or after**	**Expected impact:**
• GRAP 103 (as revised): Heritage Assets	01 April 2099	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2099	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Inventories

Raw materials, components	-	17 250	-	-
Finished goods	103 054	5 054	-	-
	103 054	**22 304**	**-**	**-**

Inventory is disclosed at the lower of cost and net realisable value.

No inventory was pledged as security for liabilities.

Inventories written off during the year	-	-	-	3 668

4. Other receivables from exchange transactions

Sundry debtors	100 402	100 402	-	-
Rental debtors	76 464	76 464	-	-
RMMF Funding debtors	196 698	196 698	-	-
Impairment	(373 563)	(373 563)	-	-
	1	**1**	**-**	**-**

4. Other receivables from exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

The municipality is a registered VAT vendor with SARS, registered on a cash basis in terms of the Value Added Tax Act of 1991.

Vat receivable relates to refunds not yet paid over by SARS and VAT payables relate to amounts owing to SARS.

Determination of transaction amount

Interest or other charges levied/charged

[State description of interest or other charges levied/charged (where applicable), including the basis and rate used]

Basis used to assess and test whether a statutory receivable is impaired

[State the basis used to assess and test whether a statutory receivable is impaired, including how receivables are grouped and assessed for collective impairment]

Other receivables from exchange transactions general information

The RMMF Funding relates to short-term loans granted so small business in terms of the Raymond Mhlaba Microcredit Fund (RMMF) contribution received. The loans are repayable within 12 months.

The fair value of other receivables approximates their carrying value.

Ageing by service type

June 2024	0 - 30 days	31 - 60 days	61 - 90 days	90 + days	Total
RMMF Funding Debtors	-	-	-	196 698	196 698
Rental Debtors	-	-	-	76 464	76 464
Sundry Debtors	-	-	-	100 402	100 402
	-	**-**	**-**	**373 564**	**373 564**

30 June 2023	0 - 30 days	31 - 60 days	61 - 90 days	90 + days	Total
RMMF Funding Debtors	-	-	-	196 698	196 698
Rental Debtors	-	-	-	76 464	76 464
Sundry Debtors	-	-	-	100 402	100 402
	-	**-**	**-**	**373 564**	**373 564**

Reconciliation of provision for impairment of trade and other receivables

Opening balance	373 564	297 599	-	-
Provision for impairment	-	91 956	-	-
Amounts written off as uncollectible	-	(15 991)	-	-
	373 564	**373 564**	**-**	**-**

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

5. Receivables from exchange transactions

Gross balances				
Electricity	91 088 397	51 519 868	91 088 397	51 519 868
Eskom deposits	15 801 767	14 848 552	15 801 767	14 848 552
Eskom trust account	5 000 000	5 000 000	5 000 000	5 000 000
Refuse	200 825 050	161 115 740	200 825 050	161 115 740
Interest on arreas	171 941 897	159 037 174	171 941 897	159 037 174
Sundry receivables	1 210 247	1 201 188	1 210 247	1 201 188
Other receivables	6 694 295	3 734 499	6 694 295	3 734 499
	492 561 653	**396 457 021**	**492 561 653**	**396 457 021**
Less: Allowance for impairment				
Electricity	(18 639 629)	(9 989 605)	(18 639 629)	(9 989 605)
Refuse	(155 087 171)	(114 728 228)	(155 087 171)	(114 728 228)
Interest on arrears	(138 905 668)	(100 369 808)	(138 905 668)	(100 369 808)
Other receivables	(2 548 626)	(2 351 339)	(2 548 626)	(2 351 339)
	(315 181 094)	**(227 438 980)**	**(315 181 094)**	**(227 438 980)**
Net balance				
Electricity	72 448 768	41 530 263	72 448 768	41 530 263
Eskom deposits	15 801 767	14 848 552	15 801 767	14 848 552
Eskom trust account	5 000 000	5 000 000	5 000 000	5 000 000
Refuse	45 737 879	46 387 512	45 737 879	46 387 512
Interest on Arrears	33 036 229	58 667 366	33 036 229	58 667 366
Sundry debtors	1 210 247	1 201 188	1 210 247	1 201 188
Other receivables	4 145 669	1 383 160	4 145 669	1 383 160
	177 380 559	**169 018 041**	**177 380 559**	**169 018 041**
Electricity				
Current (0 -30 days)	6 264 510	(6 722 754)	6 264 510	(6 722 754)
31 - 60 days	5 566 664	2 286 381	5 566 664	2 286 381
61 - 90 days	5 600 112	3 031 324	5 600 112	3 031 324
> 90 days	58 233 562	41 002 811	58 233 562	41 002 811
	75 664 848	**39 597 762**	**75 664 848**	**39 597 762**
Refuse removal				
Current (0 -30 days)	4 302 713	2 314 462	4 302 713	2 314 462
31 - 60 days	4 165 377	2 174 044	4 165 377	2 174 044
61 - 90 days	4 051 535	2 126 303	4 051 535	2 126 303
> 90 days	153 889 562	113 380 495	153 889 562	113 380 495
	166 409 187	**119 995 304**	**166 409 187**	**119 995 304**
Other services				
Current (0 -30 days)	133 749	49 636	133 749	49 636
31 - 60 days	29 447	43 436	29 447	43 436
61 - 90 days	45 474	17 549	45 474	17 549
> 90 days	2 979 903	2 432 620	2 979 903	2 432 620
	3 188 573	**2 543 241**	**3 188 573**	**2 543 241**

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

5. Receivables from exchange transactions (continued)

Interest on arrears				
Current (0 -30 days)	5 890 871	5 940 238	5 890 871	5 940 238
31 - 60 days	5 771 987	3 478 868	5 771 987	3 478 868
61 - 90 days	5 809 699	2 098 538	5 809 699	2 098 538
> 90 days	192 648 645	146 647 620	192 648 645	146 647 620
	210 121 202	**158 165 264**	**210 121 202**	**158 165 264**

Summary of debtors by customer classification

Consumers				
Current (0 -30 days)	7 065 216	9 398 179	7 065 216	9 398 179
31 - 60 days	6 747 499	6 085 006	6 747 499	6 085 006
61 - 90 days	6 615 611	5 706 410	6 615 611	5 706 410
> 90 days	267 888 362	355 765 341	267 888 362	355 765 341
	288 316 688	**376 954 936**	**288 316 688**	**376 954 936**
Industrial/ commercial				
Current (0 -30 days)	2 359 661	2 750 991	2 359 661	2 750 991
31 - 60 days	1 944 561	1 372 256	1 944 561	1 372 256
61 - 90 days	995 156	1 363 712	995 156	1 363 712
> 90 days	29 557 615	47 245 433	29 557 615	47 245 433
	34 856 993	**52 732 392**	**34 856 993**	**52 732 392**
National and provincial government				
Current (0 -30 days)	6 884 047	5 497 815	6 884 047	5 497 815
31 - 60 days	6 577 731	4 189 567	6 577 731	4 189 567
61 - 90 days	7 627 616	3 836 511	7 627 616	3 836 511
91 - 120 days	108 904 909	3 923 684	108 904 909	3 923 684
	129 994 303	**17 447 577**	**129 994 303**	**17 447 577**
Total				
Current (0 -30 days)	12 129 174	17 647 183	12 129 174	17 647 183
31 - 60 days	11 499 278	11 646 830	11 499 278	11 646 830
61 - 90 days	10 599 407	10 906 633	10 599 407	10 906 633
90+ days	475 093 318	356 256 375	475 093 318	356 256 375
	509 321 177	396 457 021	509 321 177	396 457 021
Less: Allowance for impairment	(331 940 618)	(227 438 980)	(331 940 618)	(227 438 980)
	177 380 559	**169 018 041**	**177 380 559**	**169 018 041**

Reconciliation of allowance for impairment				
Balance at beginning of the year	227 438 980	182 923 374	227 438 980	182 923 374
Contributions to allowance	87 742 114	44 515 606	87 742 114	44 515 606
	315 181 094	**227 438 980**	**315 181 094**	**227 438 980**

The carrying value of receivables are in line with their fair value. A credit period of 30 days is granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate +1% is charged on overdue accounts.

The Eskom Deposists relates to connection deposits paid by the municipality to Eskom in areas where electricity services are obtained directly from Eskom (ie igh Mast Lights). The Eskom Trust Account relates to funds paid into a trust account of Ntsiki Pakade Attorneys during 2019/20 as bond security for legal matter against Eskom.

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

6. Receivables from non-exchange transactions

Traffic fine debtors	956 400	538 800	956 400	538 800
Levies	2 452 077	2 869 677	2 452 077	2 869 677
Rates	343 807 250	348 882 685	343 807 250	348 882 685
Accrued Interest	1 700	1 700	1 700	1 700
Allowance for impairement rates	(158 764 809)	(145 664 791)	(158 764 809)	(145 664 791)
	188 452 618	**206 628 071**	**188 452 618**	**206 628 071**

Ageing by customer type

Consumers				
0-30 days			2 023 430	1 813 808
31-60 days			1 838 644	1 552 368
61-90 days			1 751 362	1 516 752
> 90 days			161 939 420	155 761 054
			167 552 856	**160 643 982**

Industrial/ Commercial				
0-30 days			673 292	713 898
31- 60 days			607 509	400 873
61-90 days			352 374	379 040
>90 days			23 489 238	22 756 620
			25 122 413	**24 250 431**

National and Provincial Government				
0-30 days			2 208 168	208 991
31-60 days			2 117 109	1 784 132
61-90 days			2 117 029	1 783 554
> 90 days			188 981 019	170 178 561
			195 423 325	**173 955 238**

Totals				
0-30 days			4 904 890	4 617 697
31-60 days			4 563 262	3 737 373
61-90 days			4 220 765	3 679 346
> 90 days			374 409 677	331 366 367
			388 098 594	**343 400 783**

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	145 664 791	170 691 085	145 664 791	170 691 085
Provision for impairment	13 100 018	(25 026 294)	13 100 018	(25 026 294)
	158 764 809	**145 664 791**	**158 764 809**	**145 664 791**

7. Other statutory receivables

The entity had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements have been applied, for the initial recognition:

Vat receivable	821 500	4 343 337	821 500	4 343 337
Current assets	821 500	4 343 337	821 500	4 343 337

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

7. Other statutory receivables (continued)

Statutory receivables general information

Transaction(s) arising from statute

The municipality is a registered VAT vendor with SARS, registered on a cash basis in terms of the Value added Tax Act of 1991.

VAT receivable relates to refunds not yet paid over by SARS and VAT payable relates to amounts owing to SARS.

Determination of transaction amount

VAT receivable is determined by setting off amounts due to the municipality as a result of Input VAT claims and amounts owed to SARS as a result of Output VAT declared by the municipality.

Interest or other charges levied/charged

SARS charges a penalty of 10% of the VAT liability in terms of subsection 39(i)(a)(ii) of the Value-Added Tax and interest is charged daily at a rate prescribed from the first day of the following month during which Value Added Tax liability was due to have been paid. The prescribed rate for the current year is 11.75% p.a.

Basis used to assess and test whether a statutory receivable is impaired

The collection rate is used a the basis to determine whether a statutory receivable is impaired, in line with the basis used to ass impairment for all receivables of the municipality. The collection rate is assessed per debtor as circumstances differ between debtors and therefor, aggregation on assessment not relevant.

8. VAT receivable

VAT	24 835 092	58 003 876	24 835 092	57 431 598

VAT

The municipality is registered on cash basis.

Vat receivable relates to inputs accrued when invoices are raised, which are not yet claimed from from SARS as no cash exchange has taken place.

9. Unpaid government grants and subsidies

Services SETA	115 537	395 883	-	-
SETA Payable	8 645	8 645	-	-
	124 182	**404 528**	**-**	**-**

Unpaid balances are recognised to the extent that conditions are met, but payment is stil outstanding.

Due to the short term nature of unpaid government grants, the carrying amount approximates the fair value of the unpaid conditional grants at year end.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

10. Cash and cash equivalents (continued)

Cash on hand	19	19	-	-
Bank balances	4 253 455	968 553	4 143 402	927 192
Short-term deposits	5 595 501	7 049 351	5 595 067	7 046 830
	9 848 975	**8 017 923**	**9 738 469**	**7 974 022**

10. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
ABSA BANK - Current account - 40 8171 6725	3 060 798	551 685	6 944 944	3 060 798	1 875 528	6 944 944
ABSA BANK - Current account - 40 7657 5039	110 053	41 361	318 162	110 054	274 539	41 361
ABSA BANK - Current account - 23 6000 0012	-	10 696	69 568	-	32 943	69 568
ABSA BANK - Call Deposit - 9255016 6073	425	1 443	1 287	425	1 326	1 443
FIRST NATIONAL BANK - Current account - 620 2619 2336	4 857 845	1 511 893	155 975	4 857 845	1 514 647	155 975
ABSA - Call Deposit - 930 3723 723627	9	1 079	1 041	9	1 083	1 079
FIRST NATIONAL BANK - Current account - 516 4001 1783	536 663	902 039	232 728	478 338	904 816	232 728
ABSA BANK - Call account - 4100 703 849	-	46 822	45 152	-	46 822	45 152
FIRST NATIONAL BANK - Current account 630 7013 6401	3 013	-	-	3 013	-	-
FIRST NATIONAL BANK - Current account 630 9259 3186	811 464	-	-	811 464	-	-
FIRST NATIONAL BANK - Current account 630 9258 9698	734 269	-	-	760 616	-	-
FIRST NATIONAL BANK - Current account 630 9259 2873	10 000	-	-	10 000	-	-
FIRST NATIONAL BANK - Current account 630 9290 497	9 000	-	-	9 000	-	-
ABSA BANK - Call account - 4098 967 806	-	3 050 438	6 264	-	2 083 750	6 264
ABSA BANK - Call account - 4099 150 636	-	956 611	17 364	-	956 611	17 364
ABSA BANK - Call account - 4101 692 679	-	61 865	3 083 880	-	61 865	3 083 880
ABSA BANK - Call account - 4103 567 036	796	736	5 526 519	796	736	5 526 519
ABSA BANK- Call account- 4104615163	-	495 701	-	-	495 701	-
Total	**10 134 335**	**7 632 369**	**16 402 884**	**10 102 358**	**8 250 367**	**16 126 277**

Cash and cash equivalents are held to support the following commitments:

Unspent conditional grants	3 055 658	1 107 038	3 055 658	1 107 038
Unspent public contributions and donations	427 984	427 984	-	-
Unpaid PAYE, UIF and SDL	3 719 124	3 422 677	2 911 073	2 291 901
	7 202 766	**4 957 699**	**5 966 731**	**3 398 939**

Notes to the Annual Consolidated Financial Statements

Figures in Rand

11. Investment property

Economic entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	44 573 854	-	44 573 854	45 867 675	-	45 867 675

Controlling entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	44 573 854	-	44 573 854	45 867 675	-	45 867 675

Reconciliation of investment property - Economic entity - 2024

	Opening balance	Fair value adjustments	Total
Investment property	45 867 675	(1 293 821)	44 573 854

Reconciliation of investment property - Economic entity - 2023

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	42 542 391	(111 300)	3 436 584	45 867 675

Notes to the Annual Consolidated Financial Statements

Figures in Rand

11. Investment property (continued)

Reconciliation of investment property - Controlling entity - 2024

	Opening balance	Fair value adjustments	Total
Investment property	45 867 675	(1 293 821)	44 573 854

Reconciliation of investment property - Controlling entity - 2023

	Opening balance	Disposals	Fair value adjustments	Total
Investment property	42 542 391	(111 300)	3 436 584	45 867 675

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

There are no work in progress balances to be reported on at the end of the period.

The fair value is based on the market value of the relevant property. The value is guided by the International Valuation Standards Committee in their definition of market value, as revised in 2000. This definition, which has been generally accepted by the South African property valuation profession reads as follows:
- Market value is the estimated amount for which a property should exchange, on the date of valuation, between a willing buyer and a willing seller in an arm's lenth transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

Notes to the Annual Consolidated Financial Statements

Figures in Rand

12. Property, plant and equipment

Economic entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	74 862 381	-	74 862 381	74 862 381	-	74 862 381
Buildings	54 245 267	(25 506 430)	28 738 837	54 245 267	(10 208 905)	44 036 362
Plant and machinery	44 748 635	(32 009 008)	12 739 627	44 483 535	(30 978 012)	13 505 523
Furniture and fixtures	339 372	(337 873)	1 499	339 372	(334 547)	4 825
Motor vehicles	13 283 200	(5 508 661)	7 774 539	12 240 756	(4 778 884)	7 461 872
Office equipment	4 477 190	(4 006 315)	470 875	4 454 052	(3 820 898)	633 154
IT equipment	5 759 926	(4 202 868)	1 557 058	5 491 350	(3 498 832)	1 992 518
Infrastructure	620 737 056	(313 045 693)	307 691 363	597 324 047	(166 565 945)	430 758 102
Community	186 395 628	(80 575 344)	105 820 284	155 263 394	(35 350 903)	119 912 491
Other property, plant and equipment	155 406	(155 404)	2	155 406	(154 894)	512
Landfill site restoration asset	40 898 993	(27 790 148)	13 108 845	36 808 714	(19 501 440)	17 307 274
Work in progress	80 971 095	-	80 971 095	59 412 168	-	59 412 168
Total	**1 126 874 149**	**(493 137 744)**	**633 736 405**	**1 045 080 442**	**(275 193 260)**	**769 887 182**

Notes to the Annual Consolidated Financial Statements

Figures in Rand

12. Property, plant and equipment (continued)

Controlling entity	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	74 862 381	-	74 862 381	74 862 381	-	74 862 381
Buildings	54 245 267	(25 506 430)	28 738 837	54 245 267	(10 208 905)	44 036 362
Plant and machinery	44 154 235	(31 414 653)	12 739 582	43 889 135	(30 392 319)	13 496 816
Motor vehicles	12 427 346	(4 742 778)	7 684 568	11 384 902	(4 016 519)	7 368 383
Office equipment	4 477 190	(4 006 315)	470 875	4 454 052	(3 820 898)	633 154
IT equipment	5 502 411	(3 949 963)	1 552 448	5 233 835	(3 248 233)	1 985 602
Infrastructure	620 737 056	(313 045 693)	307 691 363	597 324 047	(166 565 945)	430 758 102
Community	186 395 628	(80 575 344)	105 820 284	155 263 394	(35 350 903)	119 912 491
Landfill site restoration asset	40 898 993	(27 790 148)	13 108 845	36 808 714	(19 501 440)	17 307 274
Work in progress	80 971 095	-	80 971 095	59 412 168	-	59 412 168
Total	**1 124 671 602**	**(491 031 324)**	**633 640 278**	**1 042 877 895**	**(273 105 162)**	**769 772 733**

Notes to the Annual Consolidated Financial Statements

Figures in Rand

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2024

	Opening balance	Additions	Disposals	Transfers received	Depreciation	Impairment loss	Total
Land	74 862 381	-	-	-	-	-	74 862 381
Buildings	44 036 362	-	-	-	(14 323 390)	(974 135)	28 738 837
Plant and machinery	13 496 816	29 950	-	265 204	(1 052 388)	-	12 739 582
Motor vehicles	7 368 383	1 695 097	-	-	(1 378 912)	-	7 684 568
Office equipment	633 154	23 138	-	-	(185 417)	-	470 875
IT equipment	1 985 602	263 091	(3 190)	-	(693 055)	-	1 552 448
Infrastructure	430 238 317	1 167 125	(8 779 187)	29 061 602	(142 195 528)	(1 800 966)	307 691 363
Community	119 912 491	-	(843 753)	28 252 703	(37 353 275)	(4 147 882)	105 820 284
Landfill site restoration asset	17 307 274	-	-	-	(4 198 429)	-	13 108 845
Work in progress	59 412 168	78 873 231	-	(57 314 304)	-	-	80 971 095
	769 252 948	**82 051 632**	**(9 626 130)**	**265 205**	**(201 380 394)**	**(6 922 983)**	**633 640 278**

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	74 862 381	-	-	-	-	-	74 862 381
Buildings	45 719 265	-	-	-	(1 207 308)	(475 595)	44 036 362
Plant and machinery	11 905 711	2 613 919	-	41 917	(1 009 974)	(54 757)	13 496 816
Motor vehicles	6 309 416	2 250 000	-	-	(538 380)	(652 653)	7 368 383
Office equipment	858 401	8 600	-	-	(233 847)	-	633 154
IT equipment	718 404	1 463 295	(8 902)	-	(187 195)	-	1 985 602
Infrastructure	402 395 431	939 079	(49 454)	43 524 793	(13 942 838)	(2 108 909)	430 758 102
Community	105 888 212	-	-	19 085 825	(4 361 753)	(699 793)	119 912 491
Landfill site restoration asset	18 490 310	-	-	-	(1 183 036)	-	17 307 274
Work in progress	33 723 696	77 666 271	-	(51 977 799)	-	-	59 412 168
	700 871 227	**84 941 164**	**(58 356)**	**10 674 736**	**(22 664 331)**	**(3 991 707)**	**769 772 733**

Assets subject to finance lease (Net carrying amount)

IT equipment	-	-	299 041	1 912 976

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				
Contracted services	-	-	8 343 868	34 160 944

Notes to the Annual Consolidated Financial Statements

Figures in Rand

12. Property, plant and equipment (continued)

Maintenance of property, plant and equipment

Maintenance of property, plant and equipment by condition - Controlling entity - 2024

	Preventative Maintenance	Corrective Maintenance		
	Total	Emergency	Total	Total
Buildings	-	271 415	271 415	271 415
Office equipment	-	31 542	31 542	31 542
Infrastructure	-	8 040 911	8 040 911	8 040 911
	-	**8 343 868**	**8 343 868**	**8 343 868**

Notes to the Annual Consolidated Financial Statements

Figures in Rand

12. Property, plant and equipment (continued)

Maintenance of property, plant and equipment by condition - Controlling entity - 2023

	Preventative Maintenance	Corrective Maintenance		
	Total	Emergency	Total	Total
Buildings	-	1 159 285	1 159 285	1 159 285
Office equipment	-	1 807 272	1 807 272	1 807 272
Infrastructure	-	31 194 387	31 194 387	31 194 387
	-	**34 160 944**	**34 160 944**	**34 160 944**

Maintenance of property, plant and equipment by nature and type of expenditure - Controlling entity - 2024

	Direct Costs Contracted services
Buildings	271 415
Office equipment	31 542
Infrastructure	8 040 911
	8 343 868

Maintenance of property, plant and equipment by nature and type of expenditure - Controlling entity - 2023

	Direct Costs Contracted services
Buildings	1 159 285
Office equipment	1 807 272
Infrastructure	31 194 387
	34 160 944

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

13. Intangible assets

Economic entity	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 869 022	(1 776 700)	92 322	1 869 022	(1 424 722)	444 300

Controlling entity	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 869 022	(1 776 700)	92 322	1 869 022	(1 424 722)	444 300

Reconciliation of intangible assets - Economic entity - 2024

	Opening balance	Amortisation	Total
Computer software, other	444 300	(351 978)	92 322

Reconciliation of intangible assets - Economic entity - 2023

	Opening balance	Amortisation	Total
Computer software, other	1 869 022	(1 424 722)	444 300

13. Intangible assets (continued)

Reconciliation of intangible assets - Controlling entity - 2024

	Opening balance	Amortisation	Total
Computer software, other	444 300	(351 978)	92 322

Notes to the Annual Consolidated Financial Statements

Figures in Rand

13. Intangible assets (continued)

Reconciliation of intangible assets - Controlling entity - 2023

	Opening balance	Amortisation	Total
Computer software, other	1 869 022	(1 424 722)	444 300

Pledged as security

There are no intangible assets pledged as security for liabilities.

Restricted title

There are no intangible assets whose title is restricted.

Notes to the Annual Consolidated Financial Statements

Figures in Rand

14. Heritage assets

Economic entity	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	70 000	-	70 000	70 000	-	70 000

Controlling entity	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	70 000	-	70 000	70 000	-	70 000

Reconciliation of heritage assets Economic entity - 2024

	Opening balance	Total
Historical monuments	70 000	70 000

Reconciliation of heritage assets Economic entity - 2023

	Opening balance	Total
Historical monuments	70 000	70 000

Reconciliation of heritage assets Controlling entity - 2024

	Opening balance	Total
Historical monuments	70 000	70 000

Notes to the Annual Consolidated Financial Statements

Figures in Rand

14. Heritage assets (continued)

Reconciliation of heritage assets Controlling entity - 2023

	Opening balance	Total
Historical monuments	70 000	70 000

15. Payables from non-exchange transactions

In March 2021 the department of Human Settlements entered into service level agreement with the Raymond Mhlaba Municipality wehre the municipality would be implemementing agents of the department for the purpose of unblocking historically blocked projects within the Raymond Mhlaba Local Municipality. No Commision is recieved by the municipality from this arrangement.

16. Payables from exchange transactions

Trade payables	95 238 827	403 672 809	95 114 512	403 480 278
Payments received in advanced	18 294 034	17 226 956	18 294 034	17 226 956
Retentions	61 224	3 336 291	61 224	3 336 291
Accrued audit fees	92 483	-	-	-
Deposits received	3 229 616	2 972 286	3 229 616	2 972 286
Unallocated deposits	19 206 280	33 053 282	19 206 280	33 053 282
Other creditors	1 037 370	1 011 124	-	-
Sundry creditors	16 642 069	2 809 898	16 637 890	2 805 719
Eskom debt relief current portion	80 629 479	-	80 629 479	-
	234 431 382	**464 082 646**	**233 173 035**	**462 874 812**

17. Employee benefit obligations

Defined benefit plan

The plan is a post employment medical benefit plan.

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

17. Employee benefit obligations (continued)

The amounts recognised in the statement of financial position are as follows:

Carrying value				
Present value of the defined benefit obligation-wholly unfunded	(66 267 442)	(69 580 040)	(66 170 001)	(69 482 599)
Current liabitlies				
Leave	18 226 473	18 418 920	18 226 473	18 418 920
Leave	97 441	97 441	-	-
Bonus	4 883 528	4 759 679	4 883 528	4 759 679
Long service award	1 778 000	1 297 000	1 778 000	1 297 000
Medical aid	957 000	548 000	957 000	548 000
	25 942 442	**25 121 040**	**25 845 001**	**25 023 599**
Non-current liabilities	(40 325 000)	(44 459 000)	(40 325 000)	(44 459 000)
Current liabilities	(25 942 442)	(25 121 040)	(25 845 001)	(25 023 599)
	(66 267 442)	**(69 580 040)**	**(66 170 001)**	**(69 482 599)**

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	32 687 000	25 178 000	32 687 000	25 178 000
Current portion	1 441 000	1 441 000	-	1 441 000
Benefits paid	(498 000)	(498 000)	(301 000)	(498 000)
Acturial loss / (gain)	3 970 000	3 970 000	(3 853 000)	3 970 000
Net expense recognised in the statement of financial performance	6 127 000	2 596 000	6 127 000	2 596 000
	43 727 000	**32 687 000**	**34 660 000**	**32 687 000**

Net expense recognised in the statement of financial performance

Medical Benefits	-	-		
Current service cost	2 373 000	-	2 373 000	-
Interest cost	3 754 000	2 596 000	3 754 000	2 596 000
	6 127 000	**2 596 000**	**6 127 000**	**2 596 000**

Long Service Awards				
Opening balance	9 417 000	8 665 000	9 417 000	8 665 000
Benefits paid	(1 168 000)	(1 168 000)	(839 000)	(1 168 000)
Acturial loss / (gain)	(55 000)	(55 000)	885 000	(55 000)
Net expense recognised	1 975 000	1 975 000	2 181 000	1 975 000
	10 169 000	**9 417 000**	**11 644 000**	**9 417 000**

Net expense recognised in Statement of financial Performance - Long service awards				
Current service cost	1 245 000	1 230 000	1 245 000	1 230 000
Interest cost	936 000	745 000	936 000	745 000
	2 181 000	**1 975 000**	**2 181 000**	**1 975 000**

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

17. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rate	11,57 %	10,41 %	11,57 %	10,41 %
Health care cost inflation rate	8,18 %	7,02 %	8,18 %	7,02 %
Net effective discount rate	3,13 %	3,17 %	3,13 %	3,17 %
Maximum subsidy inflation rate	5,76 %	4,89 %	5,76 %	4,89 %
Net of maximum subsidy inflation discount rate	5,49 %	5,26 %	5,49 %	5,26 %

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	**One percentage point decrease**	**One percentage point increase**	**One percentage point decrease**
Effect on the aggregate of the service cost and interest cost	2 747 000	3 084 000	2 747 000	3 084 000
Effect on defined benefit obligation	11 036 000	12 306 000	11 036 000	12 306 000

Amounts for the current and previous four years are as follows:

	2024 R	2023 R	2022 R	2021 R	2020 R
Defined benefit obligation	34 660 000	32 687 000	25 178 000	22 674 000	16 828 356

18. Finance lease obligation

Minimum lease payments due				
- within one year	217 877	522 905	217 877	522 905
- in second to fifth year inclusive	-	217 877	-	217 877
	217 877	740 782	217 877	740 782
less: future finance charges	(9 061)	(87 450)	(9 061)	(87 450)
Present value of minimum lease payments	**208 816**	**653 332**	**208 816**	**653 332**

19. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
Alien Plant Grant	295 480	62 820	295 480	62 820
Municipal Infrastructure Grant	(1)	-	(1)	-
Integrated National Electrification Grant	233 704	125	233 704	125
Housing Disaster Grant	9 474	9 474	9 474	9 474
Quarry Mining Grant	102 563	102 563	102 563	102 563
Greening and Beautification Grant	707 664	707 664	707 664	707 664
Mining Projects Grant	77 000	77 000	77 000	77 000
Middledrift Spatial Development Grant	147 392	147 392	147 392	147 392
Raymond Mhlaba Micricredit Fund	1 710 366	427 984	1 282 382	-
Services SETA	200 000	-	200 000	-
	3 483 642	**1 535 022**	**3 055 658**	**1 107 038**

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

19. Unspent conditional grants and receipts (continued)

The nature and extent of government grants recognised in the annual consolidated financial statements and an indication of other forms of government assistance from which the economic entity has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

20. Unspent public contributions and donations

Raymond Mhlaba Micricredit Fund (RMMF)	1 517 215	-	1 517 215	-
Department of Roads and Transport - Healdtown	1 238 861	1 672 174	1 238 861	1 672 174
Bank loan 2	3 115 364	2 834 404	3 115 364	2 834 404
Terms and conditions				
	5 871 440	**4 506 578**	**5 871 440**	**4 506 578**
Current liabilities				
Designated at fair value	5 871 440	4 506 578	5 871 440	4 506 578

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

21. Provisions

Reconciliation of provisions - Economic entity - 2024

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	62 006 563	4 090 280	3 410 361	69 507 204

Reconciliation of provisions - Economic entity - 2023

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	58 664 543	16 633	3 325 387	62 006 563

Reconciliation of provisions - Controlling entity - 2024

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	62 006 563	4 090 280	3 410 361	69 507 204

Reconciliation of provisions - Controlling entity - 2023

	Opening Balance	Additions	Interest cost	Total
Environmental rehabilitation	58 664 543	16 633	3 325 387	62 006 563

Non-current liabilities	66 213 611	59 748 977	66 213 611	59 748 977
Current liabilities	3 293 593	2 257 586	3 293 593	2 257 586
	69 507 204	**62 006 563**	**69 507 204**	**62 006 563**

Environmental rehabilitation provision

The timing of the outflow of resources relating to this provision is uncertain but management expects the timing to be in line with the legal requirements subsequent to the expected closure date of the as indicated below.

Discount rates specific to the nature of the provision is utilised to calculate the effect of time value of money. The discount rate is based on the Earthworks Index as published by Statssa which increased by 7.8% (2021 - 3.32%) during the year.

Environmental Specialists were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.

The total obligation at period-end can be attributed to the following sites:.

Heading				
Alice - expected closure year 2050	23 859 255	20 915 845	23 859 255	20 915 845
Middledrift - expected closure year 2100	12 065 545	11 614 766	12 065 545	11 614 766
Seymour - expected closure year 2028	1 288 313	1 085 648	1 288 313	1 085 648
Adelaide - expected closure year 2018	19 678 445	16 833 629	19 678 445	16 833 629
Bedford - expected closure year 2031	11 327 333	10 471 028	11 327 333	10 471 028
Fort Beaufort drop-off	1 288 313	1 085 648	1 288 313	1 085 648
	69 507 204	**62 006 564**	**69 507 204**	**62 006 564**

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

22. Payables from exchange transactions

Eskom debt relief non-current portion	161 258 958	-	161 258 959	-

The balance relates to an Eskom balance that has been reclassified from current liabilities as a result of the debt relief arrangement which has deffered the payment to a period of 12 months.

23. Revenue

Sale of goods	136 793	-	-	-
Service charges	116 378 026	108 735 231	116 378 026	108 735 231
Rental of facilities and equipment	1 458 463	806 563	1 458 463	806 563
Interest received (trading)	26 290 669	16 261 520	26 290 669	16 261 520
Agency services	4 494 715	4 667 674	4 494 715	4 667 674
Licences and permits	1 606 365	709 933	1 606 365	709 933
Other income	2 379 418	1 550 963	2 356 138	1 520 733
Interest received - investment	3 887 801	2 465 729	3 887 768	2 465 640
Property rates	106 130 471	107 715 326	106 130 471	107 715 326
Surcharges and Taxes	86 271 022	11 540 891	86 271 022	11 540 891
Government grants & subsidies	290 406 380	271 619 803	290 406 380	271 619 803
Public contributions and donations	107 991	5 183 885	107 991	5 183 885
Fines, Penalties and Forfeits	70 686	25 370	70 686	25 370
	639 618 800	**531 282 888**	**639 458 694**	**531 252 569**

The amount included in revenue arising from exchanges of goods or services are as follows:				
Sale of goods	136 793	-	-	-
Service charges	116 378 026	108 735 231	116 378 026	108 735 231
Rental of facilities and equipment	1 458 463	806 563	1 458 463	806 563
Interest received (trading)	26 290 669	16 261 520	26 290 669	16 261 520
Agency services	4 494 715	4 667 674	4 494 715	4 667 674
Licences and permits	1 606 365	709 933	1 606 365	709 933
Other income	2 379 418	1 550 963	2 356 138	1 520 733
Interest received - investment	3 887 801	2 465 729	3 887 768	2 465 640
	156 632 250	**135 197 613**	**156 472 144**	**135 167 294**

The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
Property rates	106 130 471	107 715 326	106 130 471	107 715 326
Surcharges and Taxes	86 271 022	11 540 891	86 271 022	11 540 891
Transfer revenue				
Government grants & subsidies	290 406 380	271 619 803	290 406 380	271 619 803
Public contributions and donations	107 991	5 183 885	107 991	5 183 885
Fines, Penalties and Forfeits	70 686	25 370	70 686	25 370
	482 986 550	**396 085 275**	**482 986 550**	**396 085 275**

24. Sale of goods

Blockyard	136 793	-	-	-

Sale of goods is revenue from sale of building blocks made by the facility.

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

25. Service charges

Sale of electricity	77 183 904	69 266 799	77 183 904	69 266 799
Refuse removal	37 500 141	37 981 281	37 500 141	37 981 281
Availability charge	1 693 981	1 487 151	1 693 981	1 487 151
	116 378 026	**108 735 231**	**116 378 026**	**108 735 231**

26. Rental of facilities and equipment

Premises				
Venue hire	1 458 463	806 563	1 458 463	806 563

27. Agency services

Vehicle Registration	4 494 715	4 667 674	4 494 715	4 667 674

28. Licences and permits

Road and Transport	1 606 365	709 933	1 606 365	709 933

29. Other revenue

Other income	2 379 418	1 550 963	2 356 138	1 520 733

30. Other income

Collection charges	841 654	167 317	818 374	137 087
Skills development levy refund	528 479	459 524	528 479	459 524
Clearance fees	24 464	20 057	24 464	20 057
Insurance refund	-	(6 637)	-	(6 637)
Building plan fees	216 307	420 140	216 307	420 140
Cemetary and burial	98 980	89 750	98 980	89 750
Valuation services	84 084	42 573	84 084	42 573
Tender fees	199 478	140 151	199 478	140 151
Sale of goods and services	-	15 465	-	15 465
Connection fees	262 163	138 929	262 163	138 929
Reconnection fees	123 809	63 694	123 809	63 694
	2 379 418	**1 550 963**	**2 356 138**	**1 520 733**

31. Investment revenue

Interest revenue				
Bank	3 887 801	2 465 729	3 887 768	2 465 640

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

32. Property rates

Rates received

Residential	15 502 742	12 624 175	15 502 742	12 624 175
Commercial	9 147 574	8 689 241	9 147 574	8 689 241
Small holdings and farms	23 434 185	19 229 832	23 434 185	19 229 832
Industrial	307 450	291 980	307 450	291 980
Multipurpose	93 323 153	89 819 596	93 323 153	89 819 596
Public service infrastructure	26 909	25 423	26 909	25 423
Vacant land	958 219	909 898	958 219	909 898
Rebates	(36 569 761)	(23 874 819)	(36 569 761)	(23 874 819)
	106 130 471	**107 715 326**	**106 130 471**	**107 715 326**

Valuations

Residential	2 946 077 877	2 946 077 877	2 946 077 877	2 946 077 877
Commercial	445 845 350	445 845 350	445 845 350	445 845 350
State	784 153 900	784 153 900	784 153 900	784 153 900
Municipal	171 999 300	171 999 300	171 999 300	171 999 300
Public benefit organisations	115 582 700	115 582 700	115 582 700	115 582 700
Agriculture	3 395 220 550	3 395 220 550	3 395 220 550	3 395 220 550
Public service infrastructure	66 423 000	66 423 000	66 423 000	66 423 000
Vacant land	149 158 600	149 158 600	149 158 600	149 158 600
Multipurpose	111 219 650	111 219 650	111 219 650	111 219 650
Sectional title	31 888 500	31 888 500	31 888 500	31 888 500
	8 217 569 427	**8 217 569 427**	**8 217 569 427**	**8 217 569 427**

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2019.

The first R15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

33. Debt forgiveness

Water services	28 621 977	11 540 891	28 621 977	11 540 891
Eskom debt forgiveness	57 649 045	-	57 649 045	-
	86 271 022	**11 540 891**	**86 271 022**	**11 540 891**

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

34. Government grants & subsidies

Operating grants				
Equitable share	196 050 000	204 622 000	196 050 000	204 622 000
Finance Management Grant	2 850 000	2 850 000	2 850 000	2 850 000
Municipal Infrastructure Grant	2 024 553	2 045 742	2 024 553	2 045 742
Expanded Public Works Programme Grant	3 885 000	2 838 000	3 885 000	2 838 000
Library Grant	1 650 000	1 650 000	1 650 000	1 650 000
National Treasury Audit Fees Grant 1%	-	3 842 466	-	3 842 466
Municipal Disaster Relief Grant	1 767 341	6 462	1 767 341	6 462
Services SETA	35 251 618	-	35 251 618	-
	243 478 512	**217 854 670**	**243 478 512**	**217 854 670**

Capital grants				
Municipal Infrastructure Grant	41 261 448	51 937 258	41 261 448	51 937 258
Intergrated National Electrification Programme.	5 666 420	1 827 875	5 666 420	1 827 875
	46 927 868	**53 765 133**	**46 927 868**	**53 765 133**
	290 406 380	**271 619 803**	**290 406 380**	**271 619 803**

Equitable Share

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

Alien Plant Grant

Balance unspent at beginning of year	62 820	69 282	62 820	69 282
Current-year receipts	2 000 000	-	2 000 000	-
Conditions met - transferred to revenue	(1 767 340)	(6 462)	(1 767 340)	(6 462)
	295 480	**62 820**	**295 480**	**62 820**

Conditions still to be met - remain liabilities (see note 19).

This is a provincial grant received by the municipality to support the eradication of alien vegetation through the use of the expanded public works program.

Municipal Infrastructure Grant

Current-year receipts	43 286 000	-	54 003 000	-
Conditions met - transferred to revenue	(43 286 001)	-	(54 003 001)	-
	(1)	**-**	**(1)**	**-**

Conditions still to be met - remain liabilities (see note 19).

The grant is intended to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

Expanded Public Works

Current-year receipts	-	-	3 885 000	-
Conditions met - transferred to revenue	-	-	(3 885 000)	-
	-	**-**	**-**	**-**

Conditions still to be met - remain liabilities (see note 19).

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

34. Government grants & subsidies (continued)

Provide explanations of conditions still to be met and other relevant information.

Integrated National Electrification Grant

Balance unspent at beginning of year	125	-	125	-
Current-year receipts	5 900 000	1 828 000	5 900 000	1 828 000
Conditions met - transferred to revenue	(5 666 421)	(1 827 875)	(5 666 421)	(1 827 875)
	233 704	**125**	**233 704**	**125**

Conditions still to be met - remain liabilities (see note 19).

The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

Housing Disaster Grant

Balance unspent at beginning of year	9 474	9 474	9 474	9 474

Conditions still to be met - remain liabilities (see note 19).

The grant is aimed at providing immediate relief in the event of a disaster.

Quarry Mining Grant

Balance unspent at beginning of year	102 563	102 563	102 563	102 563

Conditions still to be met - remain liabilities (see note 19).

Greening and Beautification Grant

Balance unspent at beginning of year	707 664	707 664	707 664	707 664

Conditions still to be met - remain liabilities (see note 19).

Mining Projects Grant

Balance unspent at beginning of year	77 000	77 000	77 000	77 000

Conditions still to be met - remain liabilities (see note 19).

Middledrift Spatial Development Grant

Balance unspent at beginning of year	147 392	147 392	147 392	147 392

Conditions still to be met - remain liabilities (see note 19).

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

35. Public contributions and donations

Public contributions and donations	-	5 183 885	-	5 183 885
GIZ	107 991	-	107 991	-
	107 991	**5 183 885**	**107 991**	**5 183 885**

Reconciliation of conditional contributions				
DEDEAT	2 250 000	-	2 250 000	-
GIZ	3 025 754	-	3 025 754	-
	5 275 754	**-**	**5 275 754**	**-**

The Department of Economic and Environmental Affairs donated a refuse truck to the municipality in the current financial year.

GIZ from Germany has donated Electrical infrastructure asset in the current year.

36. Fines, Penalties and Forfeits

Municipal Traffic Fines	70 686	25 370	70 686	25 370

37. Interest from non-exchange receivables

Interest - Property rates	37 456 737	20 815 336	37 456 737	20 815 336

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

38. Employee related costs

Basic	147 888 664	143 002 110	146 544 811	141 631 509
Bonus	10 036 142	11 090 111	10 036 142	11 090 111
Medical aid - company contributions	9 256 537	8 418 225	9 142 927	8 285 601
UIF	1 167 363	1 252 931	1 143 221	1 229 158
SDL	1 989 227	1 792 585	1 970 393	1 776 399
Other payroll levies	50 251	46 061	50 251	46 061
Leave pay provision charge	1 288 092	2 969 085	1 288 092	2 969 085
Pension contributions	21 730 117	19 855 699	21 637 634	19 754 250
Medical benefit - current service cost	1 839 000	2 373 000	1 839 000	2 373 000
Travel, motor car, accommodation, subsistence and other allowances	7 764 817	7 743 973	7 764 817	7 743 973
Overtime payments	9 905 836	6 781 697	9 905 836	6 781 697
Long-service awards	1 901 529	1 245 000	1 901 529	1 245 000
Acting allowances	2 890 071	2 358 589	2 890 071	2 358 589
Housing benefits and allowances	449 925	286 576	449 925	286 576
Standby allowance	922 011	1 094 228	922 011	1 094 228
Insurance	289 616	283 281	289 616	283 281
Cellphone allowance	10 200	19 200	10 200	19 200
	219 379 398	**210 612 351**	**217 786 476**	**208 967 718**

Remuneration of the Municipal Manager

Basic salary	1 898 459	1 596 130	1 898 459	1 596 130
Backpay	100 723	-	100 723	-
Motor vehicle allowance	586 432	533 753	586 432	533 753
UIF	20 227	2 125	20 227	2 125
	2 605 841	**2 132 008**	**2 605 841**	**2 132 008**

Remuneration of Chief Finance Officer

Basic salary	760 486	741 938	760 486	741 938
UIF	12 536	2 125	12 536	2 125
Motor vehicle allowance	506 991	515 646	506 991	515 646
Backpay	62 371	-	-	-
	1 342 384	**1 259 709**	**1 280 013**	**1 259 709**

The Chief Financial Officer was appointed and started in May 2022.

Director Corporate Services

Annual Remuneration	-	185 691	-	185 691
Car Allowance	-	57 980	-	57 980
Housing allowance	-	507	-	507
Contributions to UIF and SDL	-	5 412	-	5 412
Medical aid	-	126 736	-	126 736
	-	**376 326**	**-**	**376 326**

Director Community Services

Annual Remuneration	882 594	-	882 594	-
Car Allowance	138 643	-	138 643	-
Contributions to UIF, Medical and Pension Funds	8 752	-	8 752	-
	1 029 989	**-**	**1 029 989**	**-**

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

38. Employee related costs (continued)

Director Technical Services

Annual Remuneration	1 003 093	897 075	1 003 093	897 075
Car Allowance	498 738	450 637	498 738	450 637
Leave	-	281 319	-	281 319
Contributions to UIF and SDL	16 850	17 484	16 850	17 484
Backpay	70 142	-	70 142	-
	1 588 823	**1 646 515**	**1 588 823**	**1 646 515**

Director Technical Services was appointed from 01 September 2022 after termination of the old contract on 31 July 2023 due to expiration of the Contract.

Acting Director Community Services

Acting allowance	-	36 000	-	36 000

Director Strategic Services

Annual Remuneration	1 255 702	1 207 576	1 255 702	1 207 576
Car Allowance	246 000	279 053	246 000	279 053
Leave	-	281 294	-	281 294
Contributions to UIF, Medical and Pension Funds	15 824	16 194	15 824	16 194
Backpay	70 138	-	70 138	-
	1 587 664	**1 784 117**	**1 587 664**	**1 784 117**

39. Remuneration of councillors

Executive Major	999 885	813 876	999 885	813 876
Mayoral Committee Members	4 846 560	3 893 681	4 846 560	3 893 681
Speaker	812 867	753 749	812 867	753 749
Councillors	12 870 649	12 671 523	12 870 649	12 671 523
Chief Whip	737 427	709 415	737 427	709 415
	20 267 388	**18 842 244**	**20 267 388**	**18 842 244**

40. Remuneration of board members

Administration and management fees - third party	-	30 410	-	-

Board memeber's fees

Adv S Mancotywa	-	11 138	-	11 138
X Titus	-	6 424	-	6 424
Prof W Chinyamurindi	-	3 212	-	3 212
A Nika	-	3 212	-	3 212
N Nkomana	-	6 424	-	6 424
	-	**30 410**	**-**	**30 410**

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

41. Depreciation and amortisation

Property, plant and equipment	201 046 738	22 857 031	201 028 416	22 838 709
Intangible assets	351 978	517 546	351 978	517 546
	201 398 716	**23 374 577**	**201 380 394**	**23 356 255**

42. Finance costs

Post Retirement Medical Benefits	4 594 000	3 754 000	4 594 000	3 754 000
Long Service Awards	1 537 000	936 000	1 537 000	936 000
Trade and other payables	7 387 713	21 453 259	7 330 227	21 397 443
Rehabilitation Provision- Landfill Sites	3 410 361	3 325 387	3 410 361	3 325 387
Fiance Lease Liabilities	9 062	78 393	9 062	78 393
	16 938 136	**29 547 039**	**16 880 650**	**29 491 223**

43. Debt impairment

Contributions to debt impairment provision	100 879 313	(9 363 307)	100 879 313	(9 363 307)

44. Bulk purchases

Electricity - Eskom	90 081 099	78 212 322	90 081 099	78 212 322

Electricity losses

	Number 2024	Number 2023				
Units purchased	51 884 147	58 103 542	67 643 380	78 604 822	67 643 380	78 604 822
Units sold	(40 732 055)	(46 989 317)	(57 975 291)	(65 242 002)	(57 975 291)	(65 242 002)
Total loss	**11 152 092**	**11 114 225**	**9 668 089**	**13 362 820**	**9 668 089**	**13 362 820**
Percentage Loss:						
Non-technical losses	21 %	17 %	- %	- %	- %	- %

45. Contracted services

Outsourced Services				
Burial Services	8 976	2 000	8 976	2 000
Catering Services	306 715	318 737	306 715	317 246
Cleaning Services	86 957	64 005	86 957	64 005
Litter Picking and Street Cleaning	2 689 705	25 440	2 689 705	25 440
Refuse Removal	1 319 246	1 931 020	1 319 246	1 931 020
Security Services	219 130	354 668	219 130	353 043
Transport Services	689 724	295 224	689 724	295 224
Consultants and Professional Services				
Business and Advisory	20 146 508	3 996 489	20 135 184	3 983 737
Infrastructure and Planning	-	95 525	-	95 525
Legal Cost	1 638 806	2 949 370	1 638 806	2 949 370

Notes to the Annual Consolidated Financial Statements

Figures in Rand	Economic entity 2024	Economic entity 2023	Controlling entity 2024	Controlling entity 2023

45. Contracted services (continued)

Contractors				
Building	577 675	170 775	577 675	170 775
Employee Wellness	98 590	48 168	98 590	48 168
Maintenance of Equipment	4 993 072	135 821	4 993 072	135 821
Maintenance of Unspecified Assets	6 637 969	5 571 087	6 637 969	5 571 087
Safeguard and Security	11 017	-	11 017	-
	39 424 090	**15 958 329**	**39 412 766**	**15 942 461**

46. Transfer and subsidies

Grants paid to ME's				
Raymond Mhlaba Economic Development Agency	-	-	3 093 303	2 865 790

47. General expenses

Advertising	363 802	299 772	363 802	299 772
Auditors remuneration	5 947 457	6 410 609	4 993 284	5 222 966
Bank charges	373 027	732 809	356 033	709 307
Cleaning	289 722	195 772	289 722	195 772
Commission paid	1 379 328	875 661	1 379 328	875 661
Consumables	637 459	253 011	637 459	253 011
Discount allowed	214 646	158 437	214 646	158 437
Entertainment	-	8 100	-	8 100
Fines and penalties	-	2 061 179	-	2 061 179
Gifts	249 320	315 841	249 320	315 841
Hire	6 568 915	5 892 434	6 568 915	5 892 434
Insurance	1 207 209	1 791 050	1 207 209	1 734 475
Conferences and seminars	16 470	331 714	16 470	331 714
IT expenses	867 311	688 810	867 311	685 673
Motor vehicle expenses	4 855 170	821 350	4 855 170	821 350
Fuel and oil	3 154 654	2 848 856	3 154 654	2 848 856
Postage and courier	1 116 305	787 791	1 116 305	787 791
Printing and stationery	1 229 505	1 385 367	1 229 505	1 385 367
Protective clothing	815 071	395 974	815 071	395 974
Software expenses	4 588 731	938 289	4 588 731	938 289
Subscriptions and membership fees	2 454 293	2 410 260	2 445 194	2 403 533
Telephone and fax	4 260 732	5 874 397	4 260 732	5 799 240
Transport and freight	50 977	6 200	50 977	6 200
Travel - local	1 676 394	911 408	1 676 394	911 408
Electricity	-	24 568	-	-
Municipal services	7 404 510	14 153 657	7 404 510	14 153 657
Tourism development	-	92 500	-	92 500
Achievements and awards	-	115 683	-	115 683
Indingent relief	7 092 797	8 319 873	7 092 797	8 319 873
Internships	518 224	549 489	518 224	549 489
Ward committees remuneration	4 352 415	3 485 241	4 172 439	3 485 241
Manufacturing - Raw materials consumed	370 870	-	-	-
	62 055 314	**63 136 102**	**60 524 202**	**61 758 793**

48. Fair value adjustments

Investment property (Fair value model)	(1 293 821)	1 062 150	(1 293 821)	1 062 150

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

49. Impairment loss

Impairments				
Property, plant and equipment	6 922 983	2 584 505	6 922 983	2 584 505

50. Auditors' remuneration

Fees	5 947 457	6 410 609	4 993 284	5 222 966

51. Cash generated from operations

(Deficit) surplus	(121 786 333)	118 142 184	(121 828 576)	118 388 433
Adjustments for:				
Depreciation and amortisation	201 398 716	23 374 577	201 380 394	23 356 255
Loss on sale disposa of fixed assets	9 626 130	169 755	9 626 130	169 755
Fair value adjustments	1 293 821	(1 062 150)	1 293 821	(1 062 150)
Finance costs - Finance leases	3 410 361	3 325 387	3 410 361	3 325 387
Impairment deficit	6 922 983	2 584 505	6 922 983	2 584 505
Debt impairment	100 879 313	(9 363 307)	100 879 313	(9 363 307)
Bad debts written off	43 083 452	4 801 384	43 083 452	4 801 384
Movements in retirement benefit assets and liabilities	10 599 448	24 887 668	10 599 448	24 887 668
Movement in employee benefits	7 500 641	3 756 077	7 500 641	3 756 077
Discounts received	-	-	-	(11 540 891)
Donations received	-	(5 183 885)	-	(5 183 885)
Other non-cash items	-	-	-	(2 887 521)
Changes in working capital:				
Inventories	(80 750)	(22 304)	-	-
Other receivables from exchange transactions	(200 416 991)	(47 952 353)	(200 416 991)	(47 952 353)
Consumer debtors	(24 458 067)	(80 996 853)	(24 458 067)	(80 996 853)
Statutory receivables	3 521 837	(4 343 337)	3 521 837	(4 343 337)
VAT	27 996 232	11 220 092	27 996 232	11 220 092
Unspent conditional grants and receipts	1 948 620	(6 337)	1 948 620	(6 337)
Payables from exchnage transactions	(12 272 940)	7 883 363	(12 359 730)	23 147 208
Payables from non exchange transactions	28 335 387	(4 787 446)	28 335 387	(4 787 446)
	87 501 860	**46 427 020**	**87 435 255**	**47 512 684**

52. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2024

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	177 380 559	177 380 559
Cash and cash equivalents	9 848 975	9 848 975
	187 229 534	**187 229 534**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	198 587 212	198 587 212
Current portion of long term liabilities	161 258 958	161 258 958

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

52. Financial instruments disclosure (continued)

	359 846 170	**359 846 170**

Economic entity - 2023

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	169 018 041	169 018 041
Cash and cash equivalents	8 017 923	8 017 923
	177 035 964	**177 035 964**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	428 277 417	428 277 417
Current portion of long term liabilities	208 815	208 815
	428 486 232	**428 486 232**

Controlling entity - 2024

Financial assets

	At amortised cost	Total
Cash and cash equivalents	9 738 469	9 738 469
Receivables from exchange transactions	177 380 559	177 380 559
	187 119 028	**187 119 028**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	198 587 212	198 587 212
Current portion of long term liabilities	161 258 958	161 258 958
	359 846 170	**359 846 170**

Controlling entity - 2023

Financial assets

	At amortised cost	Total
Cash and cash equivalents	7 974 022	7 974 022
Receivables from exchange transactions	169 018 041	169 018 041
	176 992 063	**176 992 063**

Financial liabilities

	At amortised cost	Total

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

52. Financial instruments disclosure (continued)

Current portion of long term liabilities			208 815	208 815
Payables from exchange transactions			427 015 811	427 015 811
			427 224 626	**427 224 626**

53. Commitments

Authorised capital expenditure

	Economic entity 2024	Economic entity 2023	Controlling entity 2024	Controlling entity 2023
Already contracted for but not provided for				
• Property, plant and equipment	19 226 532	16 747 830	19 226 532	16 747 830
Total capital commitments				
Already contracted for but not provided for	19 226 532	16 747 830	19 226 532	16 747 830

Total commitments

	Economic entity 2024	Economic entity 2023	Controlling entity 2024	Controlling entity 2023
Total commitments				
Authorised capital expenditure	19 226 532	16 747 830	19 226 532	16 747 830

This committed expenditure relates to property and will be financed by government conditional grants.

54. Comparative figures

Certain comparative figures have been reclassified.

55. Risk management

Financial risk management

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

55. Risk management (continued)

Liquidity risk

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

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The economic entity’s risk to liquidity is a result of the funds available to cover future commitments. The economic entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The following balances are exposed to liqduity risk:

Economic entity

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	198 587 212	161 258 958	-	-

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease liabilities	208 815	-	-	-
Trade and other payables	428 277 417	-	-	-

Controlling entity

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease liabilities	208 815	-	-	-
Trade and other payables	197 328 865	161 258 958	-	-

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease liabilities	208 815	-	-	-
Trade and other payables	427 015 811	-	-	-

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

55. Risk management (continued)

Credit risk

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

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

Financial instrument	Economic entity - 2024	Economic entity - 2023	Controlling entity - 2024	Controlling entity - 2023
Cash and cash equivalents	9 848 975	8 017 923	9 738 469	7 974 022
Receivables from exchange transactions	177 380 560	169 018 042	177 380 559	169 018 041

Cash and cash equivalents

Deposits of the municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

Receivables from exchange transactions

Receivables comprise of a large number of users, dispersed accross different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due to the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to consumers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be past due. Refer to Note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be past due.

No receivables were pledged as security for liabilities and collateral is held from any consumers (other than consumer deposits).

Market risk

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

55. Risk management (continued)

Interest rate risk

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

The economic entity analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the economic entity calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on post-tax surplus of a 1% shift would be a maximum increase of R 73 302 (2023: R 213 974) or decrease of R (73 302) (2023: R (213 974)), respectively. The simulation is done on a quarterly basis to verify that the maximum deficit potential is within the limit given by the management.

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

The following balances are exposed to interest rate fluctuattions:

Financial instrument				
Cash and cash equivalents (excluding cash on hand)	9 848 975	8 017 923	9 738 469	7 974 022

Management does not forsee significant interest rate movements in the next 12 months.

Price risk

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

The municipality recognised the following financial instruments (all balances are recognised at amortised cost):

Financial assets				
Cash and cash equivalents	9 848 975	8 017 923	9 738 469	7 974 022
Receivables from exchange transactions	177 380 560	169 018 042	177 380 560	169 018 041
	187 229 535	**177 035 965**	**187 119 029**	**176 992 063**
FInancial liabilities				
Current portion of long term liabilities	-	-	-	208 815
Payables from exchange transactions	198 587 212	428 486 232	197 328 865	427 015 811
Long term liabilities	161 258 958	-	-	-
	359 846 170	**428 486 232**	**197 328 865**	**427 224 626**

56. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of R 516 563 767 and that the municipality's total assets exceed its liabilities by R 517 375 231.

The annual consolidated 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.

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

56. Going concern (continued)

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

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial indicators

Management will continue to put measures in place to ensure that the municipality's current assets are in excess of it current liabilities. Expenditure pattens and budget control measures will be enforced to reduce the expenditure that leads to an increase in current liabilities.

The municipality is experiencing very low payment percentages from consumers which is very indicative of the economic environment in the municipal area.

The municipality still takes more than 30 days to pay creditors due to collection days on debtors that are more than 90 days.

Other indicators

The municipality has incurred unauthorised, irregular and fruitless and wasteful expenditure as shown in the notes above.

There are material contingent liabilities on each respective reporting period. Refer to note 56 above.

Assessment

The financial results may indicate that the going concern assumption of the municipality may be in serious doubt. The amounts promulgated in the DORA have a serious impact on the level of services that the municipality can render and it may well raise doubt about the future financial sustainability of the municipality and may cause serious financial health and other risks regarding services delivery to the communities within the jurisdiction of this municiplity.

57. Events after the reporting date

There were no events after reporting period.t

58. Irregular expenditure

Opening balance as previously reported	18 516 278	52 446 801	13 393 620	50 579 907
Add: Irregular expenditure - current	5 381 375	43 054 643	5 081 375	40 817 493
Add: Irregular expenditure - prior period	19 647 433	1 018 614	19 647 433	-
Less: Amount written off - current	(16 212 624)	(78 003 780)	(16 212 624)	(78 003 780)
Closing balance	**27 332 462**	**18 516 278**	**21 909 804**	**13 393 620**

Amount written-off

The Irregular expenditure was investigated by the MPAC and a recommendation was mad to Council on completion of the said investigations.

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

59. Fruitless and wasteful expenditure

Opening balance as previously reported	13 342 431	6 694 177	12 344 346	5 751 908
Add: Fruitless and wasteful expenditure identified - current	10 666 912	23 120 964	10 609 426	23 065 148
Add: Fruitless and wasteful expenditure identified - prior period	-	280 722	-	280 722
Less: Amount written off - current	(22 609 486)	(16 753 432)	(22 609 486)	(16 753 432)
Closing balance	**1 399 857**	**13 342 431**	**344 286**	**12 344 346**

The Irregular expenditure was investigated by the MPAC and a recommendation was mad to Council on completion of the said investigations.T

Notes to the Annual Consolidated Financial Statements

		Economic entity		Controlling entity	
Figures in Rand		2024	2023	2024	2023

59. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings				
SARS -PAYE, UIF and SDL	None taken	58 980	1 915 951	1 494	1 861 715
Eskom	None taken	9 469 008	19 624 741	9 469 008	19 624 741
Auditor General	None taken	1 138 924	1 485 389	1 138 924	1 485 389
Other	None taken	-	374 296	-	374 296
Old Mutual	None taken	-	1 580	-	-
		10 666 912	**23 401 957**	**10 609 426**	**23 346 141**

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

59. Fruitless and wasteful expenditure (continued)

Amount written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 22 609 486 from the total fruitless and wasteful expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

Recoverability steps taken/criminal proceedings

No disciplinary steps or criminal proceedings were instituted.ditional text

Disciplinary steps taken/criminal proceedings

No disciplinary steps or criminal proceedings were instituted.

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

60. Deviation from supply chain management regulations

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual consolidated financial statements.

Approved deviations from Supply Chain Management Regulations were identified on the following categories:

<u>Deviations from the Supply Chain Management Regulations per Directorate:</u>

Accounting Officer	171 640	-	171 640	-
Corporate Services	1 441 151	1 516 128	1 441 151	1 516 128
Technical Services	3 890 413	3 031 898	3 890 413	3 031 898
Community Services	248 862	188 876	248 862	188 876
	5 752 066	**4 736 902**	**5 752 066**	**4 736 902**

The reasons for the deviations can be summarised as follows:

	Emergency	Impractical	Sole Supplier	Total
Community services	145 500	36 994	-	182 494
Budget and treasury	-	-	171 640	171 640
Corporate services	-	212 479	1 228 672	1 441 151
Engineering services	2 835 983	-	1 120 798	3 956 781
	2 981 483	**249 473**	**2 521 110**	**5 752 066**

Deviations from the Supply Chain Management Regulations per Supplier:

Supplier	Emergency	Impractical	Sole Supplier	Total
Actom	1 162 195	-	-	1 162 195
Adapt IT	-	-	171 640	171 640
ARB Electrical Wholesalers	-	-	285 540	285 540
CONLOG	-	-	430 445	430 445
Bennacharl Trading	-	127 500	-	127 500
Eyabantu East London	41 176	-	-	41 176
Landis and GYR	-	-	338 445	338 445
Magula Erasmus Consulting Services	37 709	-	-	37 709
Microsoft Ireland Operations Limited	-	-	1 228 672	1 228 672
Sukapha Trading	-	18 000	-	18 000
Gary's Holding	1 194 620	-	-	1 194 620
Surge Elektro	10 836	-	-	10 836
Tanci General Dealer	-	36 994	-	36 994
Lukhanyile Trading Pty LTD	389 448	-	-	389 448
Wesley Pretorious Attorneys	-	278 847	-	278 847
	2 835 984	**461 341**	**2 454 742**	**5 752 067**

61. Trading with employees in service of the State

During the period under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45):

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

62. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	13 929 887	11 681 128	13 929 887	11 681 128
Current year subscription / fee	2 460 379	2 248 759	2 460 379	2 248 759
Amount paid - current year	(2 248 759)	-	(2 248 759)	-
	14 141 507	**13 929 887**	**14 141 507**	**13 929 887**

Audit fees

Opening balance	12 056 413	17 551 626	12 056 413	17 551 626
Current year subscription / fee	7 918 407	8 857 590	7 918 407	8 857 590
Amount paid - current year	(10 781 836)	(10 510 337)	(10 781 836)	(10 510 337)
National Treasury Grant	-	(3 842 466)	-	(3 842 466)
Debt forgiveness	(3 024 046)	-	1 365 790	987 686
	6 168 938	**12 056 413**	**10 558 774**	**13 044 099**

PAYE and UIF

Opening balance	3 422 677	9 135 047	2 291 901	7 705 195
Payments due to SARS	34 005 128	32 648 582	33 756 390	32 430 432
Interest and penalties	1 494	1 853 101	1 494	1 853 101
Amount paid - previous years	(33 710 175)	(40 214 053)	(33 138 712)	(39 696 826)
	3 719 124	**3 422 677**	**2 911 073**	**2 291 902**

Pension and Medical Aid Deductions

Opening balance	-	38 542	-	38 542
Payments due to pension fund and medical aid	44 882 632	44 186 152	44 882 632	44 186 152
Amount paid - current year	(41 177 927)	(44 224 694)	(41 177 927)	(44 224 694)
	3 704 705	**-**	**3 704 705**	**-**

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

62. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024:

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor N N Yanta	1 303	54 314	55 617
Councillor P Ntengu	1 010	26 587	27 597
Councillor M Mahleza	1 465	38 912	40 377
Councillor CA Auld	2 078	16 944	19 022
Councillor Tokwe	628	4 873	5 501
Councillor Bantam	1 061	19 058	20 119
	7 545	**160 688**	**168 233**

30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor CA Auld	1 776	9 265	11 041
Councillor M Mahleza	1 450	33 240	34 690
Councillor P Ntengu	1 026	22 649	23 675
Councillor Yanta	1 283	49 262	50 545
	5 535	**114 416**	**119 951**

63. Accounting by principals and agents

The Municipality is a party to a principal-agent arrangement.

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

63. Accounting by principals and agents (continued)

Details of the arrangment(s) is|are as follows:

Department of Transport

The municipality is the agent for the Department of Transport.

1. Motor Vehicle Registration
The Municipality undertakes to handle Motor Vehicle licence issuing on behalf of the Department of Transport and collects a commission of 19% p;us VAT. The municipality collects motor registration fees on behalf of Provincial Administration. Payments are made mnthly based on the eNatis reports. Agency fees to the value of 19% plus VAT is withheld from the payment to the Province.
2. Drivers Licence Applications
The municipality undertakes to handle Drivers licence applications on behalf of the Department of Transport. The value of application fees is determined by the Provincial administration. The municipality recognise all fees collected as agency fees.
3. Drivers Licence cards.
The municipality undertakes to issue Drivers licence cards on behalf of the Department of Transport. The municipality collect all application fees on behalf of Provincial Administration behalf of the Department of and recognise the revenue as agency fees. The cost for the production of a drivers licence card, for each successful applicant, is paid by the Municipality to the service provider appointed by Provincial Administration based on an invoice of RTMC (Road Traffic Management Company).

Provincial Department of Human Settlements

Administration of the upgrading of informal settlements.

The Human settlements Department has an agreement with the municipality to administer the process for building of houses for third parties in terms of Chapter 3 of the National Housing Code. For the year under review Raymond Mhlaba Municipality was the Agent for the following housing projects: UPGRADING OF INFORMAL SETTLEMENT IN RAYMOND MHLABA MUNICIPALITY.

Raymond Mhlaba Municipality does not have the power to determine the significant terms and conditions of the transactions, Department of Human Settlements is responsible for the construction of houses and is responsible for preparing contracts and project agreements and Appointing contractors for housing development.

Raymond Mhlaba Municipality, is only the fund administrator, therefore Raymond Mhlaba Municipality does not have the ability to use resources from the transactions substantially for its own benefit.

Department of Human Settlement is responsible for fulfilling the rights and obligations under the contractual arrangement entered into with contractors and/or other service providers. Thus, Raymond Mhlaba Municipality is not exposed to variability in the result of the transactions

Provincial Department of Roads.
Paving of Healdtown Access Road
The municipality is acting as an implementing agent for the construction of Healdtown Access Road for the Department of Roads. The municipality does not earn any commission from the implementing the abovementioned contract. No Commision is recieved by the municipality from this arrangement.

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

63. Accounting by principals and agents (continued)

Entity as agent

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R4 494 715 (2023: R4 667 674).

Liabilities and corresponding rights of reimbursement recognised as assets

Liabilities incurred on behalf of the principal(s) that have been recognised by the entity have a net effect of R 5 871 440(2023: R 4 506 578) that is still owed by the municipality and will be paid over to the Department of Transport in the new finanacial year

Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

Category(ies) of revenue received or to be received on behalf of the principal, are:

Category(ies) of expenses paid or accrued on behalf of the principal, are:

Provincial Department of Human Settlements	125 245 971	1 579 860	125 245 971	1 579 860
Provincial Department of Roads	-	16 000 000	-	16 000 000
Provincial Department of Transport	15 550 692	9 636 951	15 550 692	9 636 951
	140 796 663	**27 216 811**	**140 796 663**	**27 216 811**

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of receivables

Services SETA				
Opening balance	994 488	994 488	-	-

The amount above relates to expenditure paid by the entity on behalf of the Service SETA relating to internships provided to the unemeployed youth, in line with the contractual agreement between the Entity and the Services SETA.

All categories				
Opening balance	994 488	994 488	-	-

Reconciliation of the carrying amount of payables

Provincial Department of Roads				
Opening balance	2 834 404	53 167	2 834 404	53 167
Revenue collected on behalf of the Department	16 337 865	15 550 692	16 337 865	15 550 692
Commisions earned on collections	(5 672 544)	(5 367 825)	(5 672 544)	(5 367 825)
Amounts transferred to the principal	(10 384 360)	(7 401 630)	(10 384 360)	(7 401 630)
	3 115 365	**2 834 404**	**3 115 365**	**2 834 404**

The municipality is acting as a collecting agent licensing of motor vehicles for the Department of Roads. The municipality earns a commission of 19% on monies collected.

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

63. Accounting by principals and agents (continued)

Provincial Department of Roads

Opening balance	1 672 174	9 294 024	1 672 174	9 294 024
Cash paid on behalf of the principal	(433 313)	(7 621 850)	(433 313)	(7 621 850)
	1 238 861	**1 672 174**	**1 238 861**	**1 672 174**

The municipality is acting as an implementing agent for the construction of Healdtown Access Road for the Department of Roads. The municipality does not earn any commission from the implementing the abovementioned contract. No Commision is recieved by the municipality from this arrangement.

Human Settlement

Expenses incurred on behalf of the principal	197 345 320	125 245 971	197 345 320	125 245 971
Cash paid on behalf of the principal	(199 674 710)	(125 245 971)	(199 674 710)	(125 245 971)
	(2 329 390)	**-**	**(2 329 390)**	**-**

In March 2021 the department of Human Settlements entered into service level agreement with the Raymond Mhlaba Municipality wehre the municipality would be implemementing agents of the department for the purpose of unblocking historically blocked projects within the Raymond Mhlaba Local Municipality. No Commision is recieved by the municipality from this arrangement.

Services SETA

Opening balance	50 516	59 160	-	-
Amounts received - internship and training allocation	-	1 846 549	-	-
Amounts received - internship and training allocation	-	(1 855 193)	-	-
	50 516	**50 516**	**-**	**-**

The amounts owed to the Services SETA relating to internship and training allocations received which were not fully spent at year end and which have not been transferred back to the Principal.]

All categories

Opening balance	4 557 094	9 406 351	4 506 578	9 347 191
Expenses incurred on behalf of the principal	213 683 185	142 643 212	213 683 185	140 796 663
Cash paid on behalf of the principal	(205 780 567)	(140 090 839)	(205 780 567)	(138 235 646)
Amounts transferred to the principal	(10 384 360)	(7 401 630)	(10 384 360)	(7 401 630)
	2 075 352	**4 557 094**	**2 024 836**	**4 506 578**

Entity as principal

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

The municipality has a binding contract with Contour Technologies (Pty) LTD where Contour c ollects revenue from 3rd parties on behalf of the municipality and pay it over to the municipality at the end of each month.

The agent collected a total amount of R28 809 794 (2024: R25 018 880) on behalf of the municipality. The amount net of the commission was paid over to the municipality.

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

Fee paid

Fee paid as compensation to the agent	1 157 381	1 007 010	1 157 381	1 007 010

Contour Technologies charges the municipality a commission of 3.5% on revenue they have collected on behalf of the municipality throught their prepaid electricity vending system.

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

64. Contingencies

The municipality were exposed to the following contingent liabilities at year end:

Contingent Liabilities				
Coega Packaging / Raymond Mhlaba Local Municipality	-	4 800 000	-	4 800 000
IMATU obo Nomnqa / Raymond Mhlaba Local Municipality	606 485	606 485	606 485	606 485
Wayne Channon / Raymond Mhlaba Local Municipality	5 444 764	5 444 764	5 444 764	5 444 764
Vivienne Buyiswa obo Vuyisa Mhlana / Raymond Mhlaba Local Municipality	5 700 000	5 700 000	5 700 000	5 700 000
Nqagwana Trading (Pty) LTD / Raymond Mhlaba Local municipality	931 739	931 739	931 739	931 739
Peugair Border CC / Raymond Mhlaba Local Municipality	633 626	633 626	633 626	633 626
	13 316 614	**18 116 614**	**13 316 614**	**18 116 614**

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

64. Contingencies (continued)

Peugair Border CC / Raymond Mhlaba Local Municipality

This is a matter whereby the plaintiff claims that payments of an amount R483 626.09 in respect of repairs to municipality vehicles.

Contingent liability is estimated at R483 626.09 and estimated legal costs are R150 000.00

Nqagwana Trading (Pty) LTD / Raymond Mhlaba Local Municipality, Grahamstown High Court Case No.4541 / 2016

This is a matter whereby the Plaintiff's claim an amount of R731 739.00 against the municipality in respect of a service level agreement.

Estimated contingent liability is R731 739.00 and legal fees are estimated at R200 000.00

Inzalo Enterprise / Raymond Mhlaba Local Municipality

This is a tender dispute which is ongoing. The likely financial impact cannot be determined at this and the legal fees are estimated at R50 000.00.

Coega Packaging / Raymond Mhlaba Local Municipality

Coega packing approached the court for a claim of R4,8 million for a land invaded by the residents of Newtown and used for burial and the applicant obtained a default judgement. An application for the rescission of the judgment was proceeded with, unsuccesfully and the rescission was appealed against.

The appeal was argued on 18 July 2023 and judgment awaited.

IMATU obo Nomnqa / Raymond Mhlaba Local Municipality

IMATU obo Nomnqa / Raymond Mhlaba Local Municipality - Labour Court Case. The municipality launched an application to review and set aside the arbitration award.

Wayne Channon / Raymind Mhlaba Local Municipality

Wayne Channon / Raymond Mhlaba Local Municipality - Labour court case. The applicant referred a claim for damages to the Labour Court for unfair discrimination.

Vivienne Buyiswa obo Vuyisa Mhlana / Raymond Mhlaba Local Municipality

Vivienne Buyiswa obo Vuyisa Mhlana / Raymond Mhlaba Local Municipality - High COurt Case. The plaintiff instituted an action against the municipality on behalf of her minor child for damages resulting from the electrocution of the minor child from an open electricity transformer.

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

65. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note
Members of key management	Ms U Malinzi (Municipal Manager)
	Mr M Ngxowa (Chief FInancial Officer)
	Mr D Mlenzana (Director Technical Services)
	Dr L Hanabe (Director Strategic Services)

All rates, services and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge has been recognised in respect of amounts owed by related parties.

There are no loans outstanding to any related parties. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

Remuneration of related parties are disclosed in notes 28 and 29.

Raymond Mhlaba Economic Development Agency

The municipality owns a 100% stake in the Raymond Mhlaba Economic Development Agency. The municipality provides grants to the agency to assist with the operations of the entity as well as to settle the audit fees payable to the Auditor General.

The municipality owns the buildings which are occupied and utilised by the entity at no consideration.

Related party balances

Related party transactions

66. Segment information

General information

Identification of segments

The segments were organised based on the type and nature of services delivered by the municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

Although the Municipality operates in a number of geographical areas (i.e towns), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community througout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area..

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

66. Segment information (continued)

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	**Goods and/or services**
Public safety	Traffic control and law enforcement
Waste management	Refuse removal and landfill sites
Community and social services	facility management
Energy sources	Electricity services

Notes to the Annual Consolidated Financial Statements

Figures in Rand

66. Segment information (continued)

Segment surplus or deficit, assets and liabilities

Controlling entity - 2024

	Law enforcement	Energy sources	Waste management	Eliminations	Total
Revenue					
Service charges	-	78 877 885	37 500 141	-	116 378 026
Rental of facilities	-	-	-	1 458 463	1 458 463
Interest received - receivables from exchange transactions	-	8 021 231	18 065 864	203 575	26 290 670
Licences and permits	1 606 365	-	-	-	1 606 365
Commisions received	4 494 715	-	-	-	4 494 715
Other income	-	385 972	-	1 970 166	2 356 138
Interest earned - external investments	-	-	-	3 887 768	3 887 768
Property rates	-	-	-	106 130 470	106 130 470
Government grants and subsidies	-	5 666 420	-	284 739 960	290 406 380
Public contributions and donations	-	-	-	107 991	107 991
Fines, poenalties and forfeits	70 686	-	-	-	70 686
Interest from property rates	-	-	-	37 456 737	37 456 737
Debt forgiveness	-	-	-	86 271 022	86 271 022
Total segment revenue	**6 171 766**	**92 951 508**	**55 566 005**	**522 226 152**	**676 915 431**
Entity's revenue					**676 915 431**

Notes to the Annual Consolidated Financial Statements

Figures in Rand

66. Segment information (continued)

	Law enforcement	Energy sources	Waste management	Eliminations	Total
Expenditure					
Employee related costs	(42 641 417)	(13 270 758)	(17 820 185)	(144 054 116)	(217 786 476)
Remuneration of councillors	-	-	-	(20 267 389)	(20 267 389)
Depreciation and amortisation	-	(28 484 464)	(8 195 250)	(164 700 680)	(201 380 394)
Finance costs	(3 410 361)	-	-	(13 470 289)	(16 880 650)
Debt Impairment	-	-	(100 842 132)	(37 181)	(100 879 313)
Bulk purchases	-	(90 081 099)	-	-	(90 081 099)
Bad debts written off	-	-	-	(43 083 452)	(43 083 452)
Contracted services	-	(9 164 414)	(3 572 462)	(26 675 890)	(39 412 766)
General Expenses	(344 567)	(16 185 004)	(884 426)	(43 110 206)	(60 524 203)
Loss on disposal of Property plant and equipment	-	-	-	(9 626 130)	(9 626 130)
Fair value adjustments	-	-	-	(1 293 821)	(1 293 821)
Acturial loss	-	-	-	12 487 970	12 487 970
Impairment loss	-	-	-	(6 922 983)	(6 922 983)
Total segment expenditure	**46 396 345**	**157 185 739**	**131 314 455**	**460 754 167**	**795 650 706**
Total segmental surplus/(deficit)	**(40 224 579)**	**(64 234 231)**	**(75 748 450)**	**61 471 985**	**(118 735 275)**
Assets					
Cash and cash equivalents	-	-	-	9 738 468	9 738 468
Receivables from exchange transactions	-	57 424 762	49 550 545	70 405 252	177 380 559
Receivables from non exchange transactions	-	-	-	188 452 618	188 452 618
Vat	-	-	-	24 835 092	24 835 092
Other statutory receivables	-	-	-	821 500	821 500
Property plant and equipment	129 841	61 505 849	13 141 151	558 863 437	633 640 278
Intangible assets	-	-	-	92 322	92 322
Investment properties	-	-	-	44 573 854	44 573 854
Heritage assets	-	-	-	70 000	70 000
Total segment assets	**129 841**	**118 930 611**	**62 691 696**	**897 852 543**	**1 079 604 691**
Total assets as per Statement of financial Position					**1 079 604 691**

Notes to the Annual Consolidated Financial Statements

Figures in Rand

66. Segment information (continued)

	Law enforcement	Energy sources	Waste management	Eliminations	Total
Liabilities					
Payables from non exchange transactions	5 469 316	-	-	402 126	5 871 442
Payables from exchange transactions	-	80 629 479	-	152 543 556	233 173 035
Vat payables	-	-	-	23 193 165	23 193 165
Unspent conditional grants	-	233 704	-	2 821 954	3 055 658
Current liabilties - Employee benefit obligation	-	-	-	25 845 001	25 845 001
Current liabilities - Provisions	-	-	3 293 593	-	3 293 593
Non current liabilities - employee benefits	-	-	-	40 325 000	40 325 000
Non current liabilities - Provisions	-	-	66 213 611	-	66 213 611
Total segment liabilities	**5 469 316**	**80 863 183**	**69 507 204**	**245 130 802**	**400 970 505**
Total liabilities as per Statement of financial Position					**400 970 505**

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

67. Budget differences

Material differences between budget and actual amounts

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

67. Budget differences (continued)

Budget variances are considered significant when they are above 15% of the budget amount. Below are explanations for the material variances:

Statement of Financial Position

Inventories
No Inventory was held by the municipality.

Recievables from Exchange
Recievables are higher than budget due to change of calculating impairment, the impairment has now decreased.

VAT Recievable
VAT Recievable is more than the budget as vat claims were lesser than anticipated due to lower expenditure amounts.

Receivables from Non-Exchange
Recievables are higher than budget due to change of calculating impairment, the impairment has now decreased.

Cash and Cash Equivalents
A decrease in cash due to more payments being made to arrear debts and current creditors.

Investment Properties
Difference is due to Fair values attached to these assets as these cannot be known before hand.

Property Plant and Equipment
Movement due to asset additions and depreciation which is difficult to estimate.

Intangibe Assets
Difference is due to no additional Intangibles purchased and the only movement relates to amortization.

Finance Lease Obligation
No additional lease were undertan in the current year.

Payables from Exchange
Amount exceeds budget due to the increase in Eskom debt resulting from interest charges.

VAT Payable
Vat has been explained above.

Consumer Deposits
Consumer deposits has been recorded under payables from exchange

Employee Benefit Obligation
Not budgeted due to the municipality not fully budgeting for balance sheet budget.

Unspent Conditional Grants
Varaince normal as there were no unspent National Grants.

Provisions
Budget was based on prior year AFS and the difference is therefore acceptable.

Statement of Financial Performance
Services Charges
There were new refuse accounts that were picked up and billed in the current year that were not previously billed and budgeted.
Rental of Facilities
More revenue was generated as a result of increased in rentals of municipal properties.
Interest received

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

67. Budget differences (continued)
variance considered as reasonable
Licence and Permits
The Agency amount as well as licence and fees revenue were budgeted undeer one budget in the MTREF hence the under collection under licence and permits and over collection under commision received below.
Commision received
This line item was budgeted under licences and permits see explanation above.
Discount Received
Discount received relates to ADM accounts that have been written off/discounted by ADM.
Sale of Goods and rendering of Services
This line item transactions have been recorded under Other Income
Other Income
The overbudget is due to the VAT refunds being budgeted under this line in the MTREF budget.
Interest Investment
variance considered as reasonable
Propert Rates
variance considered as reasonable
Government grants
Difference immaterial and is due to the Provincial grants not being fully spent as planned and budgeted for.
Public Contributions and donations
These were donated assets from other organs of state that were not planned and therefore not budgeted for.
Fines
Amount exceeds the budget due to more operations being held by law enforcement.
Employee related Cost
Amount underbudgeted due to not aligning the employee costs budget to the mSCOA budgeting (nature of expenditure)
Remuneration of Councillors
Amount considered reasonable and due to changes in councillors due to District deployment of other councliors.
Depreciation and Amortization
Budget was based on prior year audited figures, however impairent of assets and most additions being still under WIP resulted in the lower spending.
Impairment Loss
Impairment Loss was not budgeted as it was not incurred in the prior year.
Finance Costs
More finance costs were incurred due to the growing Eskom debt and not arrangement being inplace currently.
Debt Impairment
Lesser debt impairment was calculated due to change in the accouting policy being used for calculation of debt impairment.
Bulk purchases
Lesser amount incurred due to ongoing electricity cuts
Contracted Services
Lesser amount incured in current year due to cost containment measures and prioritization of old debt settlement.
General Expenses
The overspending due to reclassification of expenditures between other exopenditure line items, for which the budged was appropriated.
Fair value adjusment
The Fair value adjustment was budgeted under other income.
Actuarial gains/losses
Budgeted under other income
Loss on sale of assets
Not budgeted as the sale was not planned.

Statement of Cash Flows

Taxation (Rates)
Higher than budgeted due to Government departments making payments towards current and arrear debts.

Sale of Goods and services
Lesser amount collected due to low collection rates on Refuse than expected.

Grants

Notes to the Annual Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

67. Budget differences (continued)
Amount budgeted was lower than the actual grants payments due to incorrect budgeting.

Interest Income
Interest was not budgeted for as all revenue was budgeted under sale of other reciepts

Other Reciepts
Amount collected exceeded the budget as other line items are reported under this line item.

Employee Costs and Payments to Suppliers
Differences are due to savings realised from some of the expenditre line items.

Finance Costs
Savings due to lower paid interest for late payments.

Transfer and Subsidies
Amount transferred was lower than budgeted due to limited activity at the Development Agency.

Property Plant and Equipment
Varaince Immaterail as additions are funded by Grants

Finance Lease Payments
Payments are budgeted for under payments to suppliers.

RAYMOND MHLABA MUNICIPALITY

UMANYANO KUPHUHLISO

2023/ 2024

ADJUSTED DRAFT ANNUAL PERFORMANCE REPORT

CONTACT DETAILS:

CONTACT	THE MUNICIPAL MANAGER
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Physical address	8 Somerset Street, KWAMAQOMA, 5720
Telephone	046 645 7400
Website	http:/www.raymondmhlaba.gov.za

CONTENTS

AFFIRMATION BY THE MUNICIPAL MANAGER

I am pleased to submit the Adjusted Draft Annual Performance Report of the Raymond Mhlaba Local Municipality for the 2023/ 2024 financial year.

The contents of the report are consistent with the disclosure principle contained in the guide for the preparation of the Annual Performance Report as well as in terms of section 46 of the Local Government Municipal Systems Act 32 of 2000. This report seeks to outline the Raymond Mhlaba Local Municipality's activities for the period 1 July 2023 to 30 June 2024.

In presenting this report, I acknowledge progress made by the municipality during the 2023/ 2024 financial year. The municipality will continue to work tirelessly to ensure service delivery for the community and apply good governance practices in pursuit of *" **A service excellence driven municipality**".*

Ms. U.T. Malinzi

Municipal Manager

Date: 08/10/2024

QUALITY CERTIFICATE

I, U.T. MALINZI (Full Names), the Municipal Manager of Raymond Mhlaba Municipality herby certify that the **Annual Performance Report** of Raymond Mhlaba Local Municipality, for the full-year period ended 30 June 2024 has been prepared in accordance with the Local Government: Municipal Finance Management Act 56 of 2003 and regulations made under the Act, and in terms of section 46 of Local Government: Municipal Systems Act 32 of 2000).

MS. U.T MALINZI

MUNICIPAL MANAGER

08/10/2024
DATE

SECTION 1

1.1 OVERVIEW

This Annual Performance Report is submitted by the Municipal Manager in terms of section 121 of the Municipal Finance Management Act 56 of 2003, read with the Municipal Systems Act 32 of 2000, section 46 (1) and (2), as well as the Municipal Finance Management Act Circular 11 on annual reporting.

Performance management is a process, which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, and measure and review performance indicators to ensure efficiency and effectiveness and the impact of service delivery by the municipality. Therefore, performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organization and its employees, are met. At local government level, performance management is institutionalised through legislative requirements on the performance management process for Local government.

This report reflects performance information for the period 01 July 2023 to 30 June 2024 with specific focus on implementation of the Service Delivery and Budget Implementation Plan (SDBIP), linked to the objectives entrenched in the Municipality's Integrated Development Plan (IDP) for the year under review. The report reflects the actual performance of the Municipality as measured against the performance indicators and targets set in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2023/2024. Furthermore, this report not only reflects on milestones and challenges experienced, but also on-going commitment to progressively strengthen accountability to citizens of the whole Raymond Mhlaba Municipal Area.

In view of the foregoing, Section 46 (1) of the Local Government: Municipal Systems Act 32 of 2000, a municipality must prepare for each financial year an annual report consisting of –

(a) A performance report reflecting -

 (i) the municipality's, and any service providers, performance during that financial year, also in comparison with targets of and with performance in the previous financial year.

(ii) the development and service delivery priorities and the performance targets set by the municipality for the following financial year; and measures that were or are to be taken to improve performance.

1.2 LEGISLATIVE REQUIREMENTS

1.2.1 The SDBIP is defined in terms of Section 1 of the Local Government: Municipal Finance Management Act 56 of 2003 and the format of the SDBIP is prescribed by the MFMA Circular 13 from National Treasury.

1.2.2 Section 41 (1) (e) of the Local Government: Municipal Systems Act 32 of 2000 prescribes that a process must be established for regular reporting to Council. This process is detailed in the Performance Management Policy of the Municipality.

1.2.3 Section 46 (1) of the Local Government: Municipal Systems Act 32 of 2000 dictates that at the end of each financial year that a municipality must prepare an annual report that will be inclusive of an annual performance reporting – reflecting how a municipality performed in the previous financial year.

1.2.4 The Annual Report is [also] defined in terms of Section 121, 127 of the Local Government: Municipal Finance Management Act 56 of 2003.

1.3 INSTITUTIONAL PERFORMANCE MANAGEMENT PROCESS OVERVIEW

During 2023/ 2024 financial year, the municipality made every attempt to ensure that it adheres with legislation concerning the development, operation and maintenance of a performance management system that is commensurate to the institutional service delivery objectives captured in the IDP.

Raymond Mhlaba Local Municipality has continued to maintain the effective operation of the following mechanisms:

1.3.1 the current Integrated Development Plan included strategic objectives, strategies and outcome based key performance indicators as required by the Municipal Systems Act 32 of 2000;

1.3.2 the 2023/ 2024 budget for implementation of the IDP was approved within the prescribed timelines in the Municipal Finance Management Act 56 of 2003;

1.3.3 after approval of the budget, the SDBIP was developed to integrate the IDP and the budget to ensure effective implementation of the institutional strategies;

1.3.4 performance agreements with performance plans were developed, signed and approved by the Mayor as required by the Municipal Planning and Performance Regulations (2001 and 2006);

1.3.5 quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager

1.3.6 quarterly performance reports were objectively and independently audited by the Internal Audit Unit to verify and to confirm performance information as reflected in the reports, the unit also confirmed the credibility of evidence that was submitted quarterly;

1.3.7 the performance audit committee functioned optimally in the year, in line with the committee's approved terms of reference.

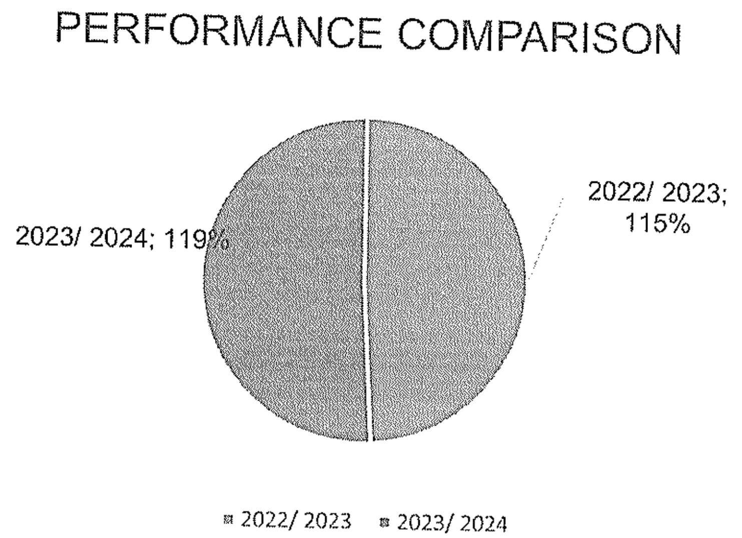
1.3.8 Lastly, performance assessments for managers directly accountable to the Municipal Manager, were conducted on quarterly basis

SECTION 2

COMPARISON SUMMARY OF 2022/ 2023 AND 2023/ 2024 FINANCIAL YEAR'S

COMPARISON OF 2022/ 2023 AND 2023/ 2024 FINANCIAL YEARS

Section 46 (1) (b) of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) requires that at the end of each financial year, a municipality must prepare an annual report that is inclusive of an annual performance reporting – reflecting how a municipality performed in the previous financial year in contrast with the year under review. The following graph illustrates the comparison of municipal performance during 2022 /2023 and 203/2024.



- **During the year under review, the municipality has managed to improve its performance rating from 115% to 119 %.**

Section 3

OVERALL MUNICIPAL PERFORMANCE ON THE IMPLEMENTATION OF THE SDBIP 2023/2024

Planned targets vs actual performance results for the 2023/ 2024 financial year

This section of the Annual Performance Report will report on the Municipality's actual performance against the planned targets as derived from the 2023/2024 Municipal IDP.

For the year under review, the municipality **planned 85 targets** for implementation. Of the 85 targets planned, the municipality achieved **65** whilst **20** were not achieved due to various reasons outlined in the table below. The overall performance of the institution for the year under review was **119%**. The Municipality's performance increased by **4%** from the previous financial year.

To improve on performance planning, implementation and reporting, the municipality implemented the following strategies,

a) In February 2024 , the municipality revised and adopted its 2023/2024 original budget to address budget shortfalls.

b) Revised the 2023/24 SDBIP to align with the adjusted budget.

2023/ 2024 Actual Performance with CCR's
Overalls score is calculated as presented below

80% that constitutes KPA weight and 20% that constitute Core Competence Requirement (CCR) weight. For 2023/ 2024 financial year, RMLM has scored 119% (score with CCR's) against the overall performance.

(112.02 x 80% = 89.61%) + (149.4 x 20% = 29.88%) = **119%**

The table below presents each KPA performance and actual weight assessment scores

KPA 1: INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT (Weight: 15%)												
IDP REF	PRIORITY AREA	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	2022/ 2023 ANNUAL TARGET	2022/ 2023 ACTUAL PERFORMANCE	2023 /2024 ANNUAL TARGET	2023/ 2024 Actual Performance	Rating	Reasons for Variances	Remedial Actions
KPI 1	Human Resources	To ensure effective and efficient workforce by aligning institutional arrangements to the overall strategy to deliver quality services by 2027	Number of female representatives from employment equity groups employed submitted to the Municipal Manager	95%	Quarterly report reflecting the number of females recruited. Appointment letters. Employment Equity Plan. Proof of submission to the MM	8	***Not Achieved***;5 females appointed	4	Achieved; 7 females appointed	4	No action required.	
KPI 2		To ensure effective and efficient workforce by aligning institutional arrangements to the overall strategy to deliver quality services by 2027	Number of people living with disability from employment equity groups employed submitted to the Municipal Manager	3%	Quarterly report reflecting number of people living with disability recruited. Appointment Letters. Employment equity. Proof of submission to the MM.	2	***Not Achieved***; 0	1	Not Achieved; 0	1	The municipality struggled to recruit people living with disabilities.	In addition to the existing recruitment strategies , the municipality will also engage vulnerable group structures to ensure that they apply when there are job opportunities.
KPI 4		To ensure implementation, monitoring and evaluation of the	Number of organizational structure reviewed and	1	Reviewed organisational structure approved by Council	1	***Achieved***; 1 Reviewed organogram	1	Achieved; 1 organizational structure reviewed and approved by Council	3	No action required.	

		Integrated Development Plan by 2027	approved by council									
KPI 5		To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Number of Workplace skills Plans submitted and approved	1	Report on the submitted WSP	1	***Achieved***; 1	1	Achieved; 1 Workplace skills plan submitted and approved		No action required.	
KPI 6		To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Number of workplace skills plan implemented	8	Quarterly report on the implementation of WSP	4	***Achieved***; 4	12	Achieved; 12 workplace skills plan programmes implemented		No action required.	
KPI 7		To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Number of wellness programmes facilitated	4	Quarterly reports on wellness programmes	4	***Achieved***; There 8 wellness programmes facilitated	4	Achieved; 4 wellness programmes implemented		No action required.	
KPI 8	Policies	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Number of policy workshops facilitated	1	Report on the workshop facilitated. Attendance register. List of policies.	1	***Achieved***; 1	2	Achieved; 2 Policy workshop conducted		No action required.	

KPI 9	Fleet Management	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Number of individual vehicle maintenance report submitted and approved by the Municipal Manager.	4	Quarterly comprehensive fleet report on a Fuel use, accidents, controls and breakdowns.	34	***Achieved***; 51 vehicle maintenance report	46	Achieved; 74 vehicles maintenance reports developed		No action required.	
KPI 10	Cost Containment	To ensure effective and efficient workforce by 2027	Number of cost containment plans Developed	New indicator	Developed cost containment plan	New Indicator		1	Achieved; 1 Cost Containment Plan developed		No action required.	
KPI 11	Electricity	To ensure effective and efficient workforce by 2027	Number of electricity master plans developed	New indicator	Developed electricity master plan	New Indicator		1	Not Achieved; Terms of reference were developed	1	The municipality was unable to achieve the target due to the financial position of the municipality.	The municipality will engage external stakeholders to assist with the development of the masterplan.
KPI 12	Performance Management	To ensure effective and efficient workforce by 2027	Number of organizational performance assessments conducted	4	Quarterly organizational performance reports	4	***Achieved***; 4 organizational performance reports	4	Achieved; 4 organizational performance assessments and 4 section 57 performance assessments conducted	5		
KPI 13	Township Economy	To ensure a safe, friendly and sustainable environment by 2027	Number of Developed Township Economy Strategy	0	Approved Township Economy Strategy	1	**Not Achieved**; 0 township economy strategy developed	1	Not Achieved; Terms of reference developed	2	The municipality focussed on finalising the LED strategy and the Township Economy Strategy will find expression on the LED Strategy.	The township economy strategy will be incorporated on the LED Strategy.

KPI 14	Waste Management	To ensure a safe, friendly and sustainable environment by 2027	Number of Developed Integrated Waste Management Plan (IWMP)	0	Approved IWMP	1	***Not Achieved***; 0 IWMP developed	1	Not Achieved; Draft IWMP is in place	2	The department extended contract period of the contracted SP	Final plan will be completed in the second quarter of 2024/2025
KPI 15	Environmental Management	To ensure a safe, friendly and sustainable environment by 2027	Number of Developed Environmental Management Plan (EMP)	0	Approved EMP	1	***Not Achieved***; 0 EMP developed	1	Not Achieved; 1 State of the Environment Report Developed	2	The plan was not developed due to lack of resources.	The final plan will be developed in the 2024/ 2025 FY in collaboration with ADM.
KPI 16	Safety and Security	To ensure effective and efficient workforce by 2027	Number of Developed Security Risk Plan	0	Approved Security risk plan	1	***Achieved***;1 Security Risk Plan developed	1	Achieved; 1 Security Risk Plan developed	3	No action required.	
KPI 17		To ensure effective and efficient workforce by 2027	Number of security programmes implemented	New indicator	Quarterly Report on security risk assessment,	4	***Achieved***;4 security programmes implemented.	4	Achieved; 4 quarterly reports on security risk assessment	3	No action required.	
KPI 18	Advertisement	To ensure effective and efficient workforce by 2027	Number of Developed Billboard Policy	New indicator	Approved Billboard policy	1	***Achieved***;1 Billboard Policy developed	1	Achieved; 1 Signage and advertising policy (Billboard) approved	3	No action required.	
KPI 19	Cemeteries	To ensure effective and efficient workforce by 2027	Number of Developed Cemetery Policy	New indicator	Approved Cemetery Policy	1	***Achieved***;1Cemetery Policy developed	1	Achieved; 1 cemetery policy approved	3	No action required.	
KPI 20	Land and Human	To ensure effective and efficient workforce by 2027	Number of Reviewed Spatial Development Framework (SDF)	0	Approved SDF	1	***Not Achieved***; 1	1	Not Achieved; Draft SDF is in place	2	The finalization of the SDF had a budget shortfall.	The final SDF will be finalized in the 2024/2025 FY

												with the assistance of ADM.
KPI 22		To ensure effective and efficient workforce by 2027	Number of Developed Encroachment Plan	New indicator	Approved Encroachment Plan	1	***Not Achieved***; 0	1	Not Achieved; Policy approved by council	1	Only a policy approved by council	The plan will be developed in the 2024/ 2025 financial year.
KPI 23		To ensure effective and efficient workforce by 2027	Number of Developed Housing Sector Plan	0	Approved Housing Sector Plan	1	***Not Achieved***; 1	1	Not Achieved; TOR developed	1	Only terms of reference were developed due budgetary constraints	The Housing Sector Plan will be developed during 2024/25 with the assistance of Dept of Human Settlements.

KPA 2: BASIC SERVICES DELIVERY AND INFRASTRUCTURE (Weight 40%)

IDP REF	PRIORITY AREA	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	2022/ 2023 ANNUAL TARGET	2022/ 2023 ACTUAL PERFORMANCE	2023 – 2024	2023/ 2024 Actual Performance	Rating	Reasons for Variances	Remedial Actions
KPI 24	Facilities	To ensure accessible and safe municipal facilities by 2027	Number of Community halls renovated	4	Approved maintenance plan, Expenditure report, maintenance report, completion report	1	***Not Achieved***; 0	1	Not Achieved; 0 halls renovated	1	The municipality was unable to renovate any halls during the period under review due to the financial position of the municipality.	Hall renovations will be done in the 2024/ 2025 FY.

KPI 25		To ensure a safe, friendly and sustainable environment by 2027	Number of Municipal Office buildings renovated	New indicator	Report on the renovated building, expenditure report, pictures	1	***Not Achieved***; 0 municipal buildings renovated	1	Achieved; 1 Community Services Department Office renovated	3	No action required.	
KPI 26		To ensure the provision and standardization of fire services by 2027	Number of renovated fire base	2	progress report, expenditure report, pictures,	1	***Achieved***; 1 fire base renovated (Hogsback)	1	Not Achieved; 0 fire bases renovated	1	The previously identified building was not suitable to be converted into a firebase.	The municipality will utilise the new identified building.
KPI 27	Waste Management	To ensure a safe, friendly and sustainable environment by 2027	Number of clean-up campaigns conducted	New indicator	Clean up reports, Before and after photos	28	***Not Achieved***; There 24 clean up campaigns conducted.	28	Achieved; 77 clean up campaigns conducted	5	No action required.	
KPI 28		To ensure a safe, friendly and sustainable environment by 2027	Number of Functional Vehicle testing stations	New indicator	Function report, expenditure report, pictures, Roadworthy certificates produced, Systems generated reports	1	***Not Achieved***;	1	Not Achieved; 0	2	The facility encountered a fault with a sensor cable that connects the brake system to the main machinery.	Final inspection by the Department of Transport will be conducted in July 2024.
KPI 29	Law enforcement	To ensure a safe, friendly and sustainable environment by 2027	Number of traffic enforcement operations to ensure orderly road traffic control	144	1. Detailed Report on Roadblock Conducted. 2. Register (encapsulating car registration and drive names). 3. Report on any fines issued.	144	***Achieved***; 198 traffic enforcement operations	144	Achieved; 369 traffic enforcement operations conducted	5	No action required.	

KPI 30	Cemeteries	To ensure a safe, friendly and sustainable environment by 2027	Number of properly maintained cemeteries.	New indicator	Quarterly maintenance reports, Before and after photos	New indicator		4	Achieved; 4 cemeteries maintained	3	No action required.	
KPI 31	Electricity	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage of INEP projects implemented	100%	Quarterly reports, progress reports, expenditure report, verification reports, pictures	100%	***Achieved***; 100 % INEP project implemented (implemented projects/ total projects*100) 1/ 1*100= 100%)	100%	Achieved; (implemented/ total projects) 5/5*100=100%	3	No action required.	
KPI 32		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Number of illegal connection audits conducted	12	Disconnection report signed by the technician and Director if bypassing is detected. Report on audits conducted	4	***Achieved***; 4 illegal audits conducted	4	Achieved; 4 illegal audits conducted	3	No action required.	
KPI 33		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage of new connections within 21 days of application	New indicator	Quarterly reports, job cards, listing of new connections conducted	100%	***Achieved***; (Connected/ applications received*100) 21/21*100= 100%	100%	Achieved; (received/ connected*100) 41/41*100= 100%	3	No action required.	
KPI 34		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage of reconnections completed within 7 days after settlement of municipal account	New indicator	Quarterly reports, job cards, listing of reconnections conducted	100%	***Achieved***; Reconnections/ total reconnections*100) 17/17*100=100%	100%	Achieved; (reconnections/ disconnections*100) 14/14*100=100%	3	No action required.	

KPI 35		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage of unplanned outages restored within 4 hours	New indicator	Outage report highlighting cause of outage and restoration	70%	***Achieved***; (Restored within 4 hours/ total outages*100) 19/24*100= 79,16%	70%	Achieved; (restored within 4 hours/ total number of outages) 30/36*100= 83%	3	No action required.	
KPI 36		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Number of maintenance 'jobs conducted' for planned or preventative maintenance	New indicator	Maintenance report highlighting repair contents	2	***Achieved***; 3 maintenance 'jobs' for planned or preventative maintenance	1	Achieved; 1 maintenance job conducted	3	No action required.	
KPI 37	Roads	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Number of km maintained (gravel roads)	New indicator	Quarterly reports, progress reports, pictures, listing of municipal roads maintained	300km	***Not Achieved***; 34,262 km re-gravelled	300	Achieved; 306 km of gravel roads maintained	3	No action required.	
KPI 38		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Number of streets where stormwater system has been maintained	300	Quarterly reports, progress reports, pictures, listing of streets maintained	300	***Achieved***; 333 stormwater drainage maintained	160	Achieved; 522 stormwater systems maintained	5	No action required.	
KPI 39		To ensure adequate, efficient, sustainable energy supply and	Number of road markings maintained	New indicator	Report on marked roads inclusive of street names and areas	50	***Not Achieved***; 24 road markings maintained	50	Not Achieved; 14 road markings maintained	2	Few road markings maintained due financial constraints	Outstanding road markings will be done during the first and second

		infrastructure by 2027										quarter of 2024/2025
KPI 40	Land and Human Settlements	To ensure adequate, efficient, sustainable environment by 2027	Number of updated Land Audit Report	New indicator	Approved Land Audit Document	1	***Not Achieved***	1	Not Achieved; No Land audit report developed	1	Land audit could not be carried in the majority areas of the municipality.	Will find expression in the 2024/25 FY.
KPI 41		To ensure adequate, efficient, sustainable environment by 2027	Percentage of Approved Compliant Building Plans	1	Quarterly report, list of building plans received	100%	***Not Achieved***; (approved application/ total applications*100) 25/ 28*100= 89%	100%	Achieved; (approved plans/ total compliant plans) 31/31*100= 100%	3	No action required.	
KPI 42		To ensure adequate, efficient, sustainable environment by 2027	Percentage of Approved Compliant Land Use Applications	50	Quarterly report, list of land use applications received	100%	***Not Achieved***; (approved application/ total applications*100) 7/ 9*100= 77%	100%	Achieved; (approved applications/ total compliant applications) 9/9*100=100%	3	No action required.	
KPI 43	Project Management	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage MIG Capital projects implemented	100%	Quarterly reports, progress reports, expenditure report, verification reports, pictures	100%	***Achieved***; (implemented projects/ total projects*100) 13/ 13*100= 100%	100%	Achieved; (implemented/ total projects) 12/12*100=100%	3	No action required.	
KPI 44	Free Basic Services	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage of qualifying indigents benefiting	90%	Updated indigent register	100%	***Achieved***; 100% Percentage of qualifying indigents benefiting	90%	Achieved; (forms processed/ forms received) 2501/2501*100=100%	3	No action required.	

KPA 3: LOCAL ECONOMIC DEVELOPMENT (Weight 20%)												
IDP REF	PRIORITY AREA	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	2022/ 2023 ANNUAL TARGET	2022/ 2023 ACTUAL PERFORMANCE	2023 – 2024	2023/ 2024 Actual Performance	Rating	Reasons for Variances	Remedial Actions
KPI 45	Unemployment	To ensure sustainable Local Economic Development by 2027	Number of jobs created through LED programmes within the municipality.	500	Quarterly reports. Confirmation of employment from the employer. Listing of people employed.	50	***Achieved***; 100 jobs created through LED initiatives	50	Achieved; 80 jobs created through LED initiatives	4	No action required.	
KPI 46		To ensure sustainable Local Economic Development by 2027	Number of jobs created through Capital Projects	700	Quarterly reports. Contracts of people employed. Listing of people employed.	100	***Achieved***; 507 jobs created through capital projects	100	Achieved; 243 jobs created through Capital Projects	5	No action required.	
KPI 47		To ensure sustainable Local Economic Development by 2027	Number of jobs created through Expanded Public Works Programme	251	Quarterly reports. Contracts of people employed. Listing of people employed.	100	***Achieved***; 1078 jobs created through EPWP	100	Achieved; 483 jobs created through Expanded Public Works Programme	5	No action required.	
KPI 48		To ensure sustainable Local Economic Development by 2027	Number of economic activities supported	4	Quarterly reports. Expenditure Report, Pictures, Concept document approved by the MM	10	***Not Achieved***; 7 economic activities supported	6	Achieved; 6 (1 Cultural week convened in Seymour. 1 Market day and Agricultural Show (X2). 1 Bedford Garden Festival. 1 Co-operative indaba (X2)	3	No action required.	
KPI 49	SMMEs	To ensure sustainable Local Economic Development by 2027	Number of SMMEs supported by the Municipality	23	Quarterly reports. Feedback from the participants. Attendance Register. Proof of support.	10	***Achieved***; 193 SMMEs supported	10	Achieved; 154 SMME's supported	5	No action required.	

KPI 50	Tourism	To ensure sustainable Local Economic Development by 2027	Number of tourism products/ programmes marketed	2	Reports on products/ programmes marketed	2	***Not Achieved***; 1 tourism /programmes supported	3	Achieved; 2 tourism products/ programmes marketed (1 Cultural week and 2 VIC supported)	3	No action required.	
KPI 51	Small Towns Revitalization	To ensure sustainable Local Economic Development by 2027	Number of plans developed to roll over small towns revitalization programmes to other towns	New indicator	1. Concept documents. 2. Report on roll out plans	1	***Not Achieved***; 0 plans to roll over small towns revitalization programmes to other towns	1	Not Achieved; 0	1	The plan was not carried due to lack of resources.	The roll out plan will be developed in 2024/2025 FY.
KPI 52	Agriculture	To ensure sustainable Local Economic Development by 2027	Number of functional Fresh produce markets	1	Quarterly report on production and sales	1	***Not Achieved***; 0 functional fresh produce market	1	Not Achieved; 0	1	The available building that was meant for the fresh produce market was leased out.	The municipality will engage with famers and use the currently leased building.
KPI 53	Supply Chain Management	To ensure the sustainable Local Economic Development by 2027	Percentage of tenders below R200 000 awarded to local SMME's and Vulnerable groups	90%	Quarterly reports with supporting evidence	70%	***Achieved***; (awarded/ total tenders*100) 41/57*100= 71% of tenders below R200 000 awarded to local SMME's and Vulnerable groups	70%	Achieved; (Awarded/ total tenders*100) 281/322*100= 87%	3	No action required.	
KPI 54		To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage of tenders above R200 000 awarded to local SMME's and Vulnerable groups	70%	Quarterly reports with supporting evidence	30%	***Achieved***; (awarded/ total tenders*100) 49/131*100= 37% of tenders above R200 000 awarded to local SMME's and Vulnerable groups	30%	Achieved; (Awarded to local SMME's/ total tenders*100) 21/50*100= 42%	3	No action required.	
KPA 4: MUNICIPAL FINANCIAL VIABILITY (Weight 15%)												

IDP REF	PRIORITY AREA	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	2022/ 2023 ANNUAL TARGET	2022/ 2023 ACTUAL PERFORMANCE	2023 – 2024	2023/ 2024 Actual Performance	Rating	Reasons for Variances	Remedial Actions
KPI 55	Integrated Development Plan and Budget	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Number of MTREF Budget developed	New indicator	Draft Budget. Final Budget. Budget Adjustment	New Indicator		1	Achieved; Final budget submitted and approved	3	No action required.	
KPI 56	Revenue Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage of total collection on outstanding debts	60%	Quarterly report encapsulating billing vs cash collected	70%	***Not Achieved***; 59%	70%	Achieved; (Total receipts/ Total Billing*100) 70%	3	No action required.	
KPI 57	Expenditure Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage spent on FMG operating grant	100%	Quarterly reports. System Generated Report	100%	***Achieved***; (expenditure/ budget) R2 650 000/ R2 650 000* 100= 100%	100%	Achieved; (Expenditure/ budget*100) R2 850 000/ R2 850 000*100= 100%	3	No action required.	
KPI 58		To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage spent on MIG Capital grant	100%	Quarterly reports. System Generated Report	100%	***Not Achieved***; (expenditure/ budget*100) R51 477 497,98/ R54 003 000*100= 95,32%	100%	Achieved; (Budget/ expenditure*100) R43 283 509,35/ R46 395 000*100= 93,29% (all projects complete)	3	No action required. .	
KPI 59		To ensure the financial sustainability in order to fulfil the statutory	Percentage spent on INEP Capital grant	100%	Quarterly reports. System Generated Report	100%	***Not Achieved***; 0	100%	Achieved; (Budget/ expenditure*100) R5 539 48349/ R5 539 48349*100= 100%	3	No action required.	

		requirements by 2027										
KPI 60		To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage spent of EPWP grant	100%	Quarterly reports. System Generated Report	100%	***Achieved***; (expenditure/ budget*100) R2 900 000/ R2 900 000*100= 100%	100%	Achieved; (Budget/ Expenditure*100) R3 885 000/ R3 885 000,00*100= 100%	3	No action required.	
KPI 61	Financial Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage of valid invoices paid within 30 days of invoice date	90%	Quarterly reports with supporting evidence	100%	***Not Achieved***;	100%	Not Achieved; Paid with 30 days/ total invoices*100= 7/80*100=8,75%	2	Due financial position of the institution.	The municipality will implement the revenue enhancement strategy to improve collection of revenue to pay creditors on time.
KPI 62		To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Number of procurement plans developed	New indicator	Developed procurement.	New Indicator			Achieved; 1 Procurement plan developed	3	No action required.	
KPI 63		To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage of cost containment measures implemented	50%	Quarterly reports with supporting evidence	50%	***Not Achieved***; 0	50%	Achieved; 80% saved	4	No action required.	

IDP REF	PRIORITY AREA	STRATEGIC OBJECTIVE	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	2022/ 2023 ANNUAL TARGET	2022/ 2023 ACTUAL PERFORMANCE	2023 – 2024	2023/ 2024 Actual Performance	Rating	Reasons for Variances	Remedial Actions
KPI 64		To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Number of Annual Financial Statements developed	New indicator	Approved Annual Financial Statements	New Indicator		1	Achieved; 1 Annual Financial Statements Developed	3	No action required.	
KPI 65	Asset Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Number of approved Annual Asset Management Plan	New indicator	Approved Annual Asset Management Plan.	1	***Achieved***; 1 approved asset management plan	1	Achieved; 1 annual asset management plan approved	3	No action required.	
KPI 66	Asset Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Number of GRAP Compliant Asset Register	1	Quarterly Reports on management of institutional assets (Loss register and new acquisitions register). Updated Assets register	4	***Achieved***; 1compliant register	4	Achieved; 1 updated GRAP register	3	No action required.	
KPI 67	Waste Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Number of skip bin acquired	New indicator	Expenditure Reports. Pictures. Delivery note.	4	***Achieved***; 5 Skip bins acquired	4	Achieved; 5 skip bins acquired	3	No action required.	
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (Weight 10%)												

KPI 68	Integrated Development	To entrench the culture of good governance by 2027	Number of reviewed Integrated Development Plans	New indicator	Approved Integrated Development Plan	New Indicator		1	Achieved; 1 IDP/ Budget developed and approved by Council	3	No action required.	
KPI 69	Governance	To entrench the culture of good governance by 2027	Number of developed Annual Reports	New indicator	Approved Annual report	New Indicator		1	Achieved; 1 Annual Report developed and approved by Council	3	No action required.	
KPI 70		To entrench the culture of good governance by 2027	Percentage of actions implemented on the audit action plan	2022/ 2023 Management letter	Progress report on the Implementation of Audit Action. Plan verified by Internal Audit.	New Indicator		100%	Not Achieved;	1		
KPI 71		To entrench the culture of good governance by 2027	Number of unqualified audit opinions obtained from the Auditor General	New indicator	Audit Report	Unqualified	***Not Achieved***; Qualified	1	Not Achieved; Qualified	2	Few new items were raised by AG.	Areas of concern from AG were addressed in the 2023/2024 financial years
KPI 72		To entrench the culture of good governance by 2027	Number of councillors who have declared their financial interests	New indicator	Signed declaration forms. Report on declaration forms.	45	***Achieved***; 45 councillors who have declared their financial interests	45	Achieved; 45 Councillors have declared financial interests	3	No action required.	
KPI 73		To entrench the culture of good governance by 2027	Percentage of internal audit recommendation s implemented	100%	Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	100%	***Not Achieved***; (total sum/ count*100) 150/4*100= 37,5%	100%	Not Achieved; 80% Internal audit recommendations implemented	2	Some recommendations can only be implemented in the long term.	Develop an Internal Audit Action Plan – similar to that of AGSA and strengthen quarterly follow up audits.

KPI 74		To entrench the culture of good governance by 2027	Percentage of AC resolutions implemented	100%	Quarterly Report. AC resolution matrix.	100%	***Achieved***; 100%	100%	Achieved; 100% of AC resolutions implemented	3	No action required.	
KPI 75		To ensure proper governance, accountability and public participation	Number of risk assessment conducted	4	Quarterly report. Risk assessment report. Attendance Register.	1	***Achieved***; 1 risk assessment conducted	1	Achieved; 1 institutional risk assessment conducted	3	No action required.	
KPI 76	Public Participation	Improve the municipal responsiveness to service delivery breakdowns	Percentage of official complaints responded to through the municipal complaint management system	New indicator	Quarterly reports. Reconciliation of complaints received and attended to.	100%	***Not Achieved***; 25%	100%	Achieved; 100% of official complaints responded through the municipal complaint management system	3	No action required.	
KPI 77		Improve the municipal responsiveness to service delivery breakdowns	Number of average days in responding to complaints received	3	Quarterly Report. System Generated report on number of days taken to respond.	3 days	***Achieved***; average 3 days	3	Achieved; 3 average days in responding to complaints received	3	No action required.	
KPI 78		To improve community participation by 2027	Number of community consultations conducted	4	Quarterly reports. Attendance Register.	4	***Achieved***; 4 community consultations conducted	4	Achieved; 10 community consultations conducted	5	No action required.	
KPI 79		To improve community participation by 2027	Percentage of wards that have held at least one councillor-convened community meeting	New indicator	Quarterly reports. Attendance Register.	100%	***Not Achieved***; (total sum/ count*100) 156,63/4*100= 39%	100%	Achieved; 100% of ward community meeting convened	3	No action required.	

KPI 80	Information Communication and Technology	To improve information sharing to communities to the people RMM by 2027	Number communication plans developed	1	Developed communication plan	1	***Achieved***; 1 communication plan developed	1	Achieved; 1 communication plan developed	3	No action required.	
KPI 81	Information Communication and Technology	To improve information sharing to communities to the people RMM by 2027	Number of communication programs implement as per the Communication Plan	15	Quarterly reports. Pictures. Copy of the publication	12	***Achieved***; 24 communication programs implement as per the Communication Plan	4	Achieved; 107 communication programmes implemented	5	No action required.	
KPI 82	Information Communication and Technology	To maintain healthy trusted brand	Number of Municipal profiles developed	New indicator	Quarterly Report. Developed Municipal Profile	1	***Not Achieved***; 1	1	Achieved; 1 Umhlali developed	3	No action required.	
KPI 83	Intergovernmental Relations	To ensure proper governance and accountability by 2027	Number of IGR meetings convened	20	Quarterly reports. Attendance Register. Resolution Matrix	4	***Not Achieved***; 1	4	Achieved; 4 IGR meetings convened	3	No action required.	
KPI 84	Sport	To entrench social cohesion through vulnerable groups by 2027	Number of sport programmes implemented	3	Quarterly reports. Expenditure Report. Feedback forms on training.	4	**Not Achieved**; 1 sport programme implemented	3	Achieved; 3 sport programmes implemented.	3	No action required.	
KPI 85	Special Programmes	To entrench social cohesion through vulnerable groups by 2027	Number Special programmes model developed	New indicator	Quarterly Report. Developed Special Programmes Model	1	***Not Achieved***; 1	1	Achieved; 1 SPU model developed	3	No action required.	

KPI 86		To entrench social cohesion through vulnerable groups by 2027	Number of vulnerable groups programme implemented	3	Quarterly reports. Attendance Register. Expenditure report	5	***Achieved***; 6	5	Achieved; 5 programmes implemented	3	No action required.	
KPI 87	Law enforcement	To ensure proper governance, accountability and public participation	Number of by-laws developed	14	Quarterly reports with supporting evidence	2	***Not Achieved***; 0	2	Not Achieved; 0 by laws developed	1	There were no new by-laws developed.	The municipality will request COGTA to assist with the development of by-laws.

CONCLUSION

The Raymond Mhlaba Municipality is proud to present this Annual Performance Report 2023/ 2024 to the Raymond Mhlaba community. The Municipality remains committed to be "**A service excellence driven municipality"** which responds to the expectations of the residents and local business fraternity by providing access to quality and affordable basic services whilst doing utmost to maintain and improve on the existing levels of infrastructure investment. The Raymond Mhlaba Municipality is a well-functioning local government institution because of the effective, efficient, but most importantly, responsible use of its resources.

Yours in Good Governance

MS. U.T MALINZI
MUNICIPAL MANAGER
RAYMOND MHLABA LOCAL MUNICIPALITY