Richmond Annual Report

2023/2024



RICHMOND

Local Municipality

CONTENTS

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY 11

1.1 COMPONENT A: MAYOR'S FOREWORD 11

1.2 COMPONENT B: EXECUTIVE SUMMARY 14

1.3 MUNICIPAL OVERVIEW 16

CHAPTER 2: GOVERNANCE 31

COMPONENT A: GOVERNANCE STRUCTURE 31

2.1 POLITICAL GOVERNANCE STRUCTURE 31

2.2 ADMINISTRATIVE GOVERNANCE STRUCTURE 36

COMPONENT B: INTERGOVERNMENTAL RELATIONS 39

2.3 INTERGOVERNMENTAL RELATIONS 39

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION 40

2.4 PUBLIC MEETINGS 40

2.5 IDP PARTICIPATION AND ALIGNMENT 41

2.5 WARD COMMITTEESS 42

COMPONENT D: CORPORATE GOVERNANCE 43

2.6 RISK MANAGEMENT 43

2.7 INTERNAL AUDIT 43

2.8 ANTI – CORRUPTION AND FRAUD 44

2.9 SUPPLY CHAIN MANAGEMENT 45

2.10 BY – LAWS 45

2.11 WEBSITES 47

2.12 PUBLIC SATISFACTION ON MUNICIPAL SERVICES 48

2.13 ALL MUNICIPAL OVERSIGHT COMMITTEES 50

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I) 50

3.1 MUNICIPAL MANAGER'S DEPARTMENT 51

3.2 DEVELOPMENT PLANNING 63

3.3 TECHNICAL AND INFRASTRUCTURE SERVICES 67

WATER SERVICES 67

WATER SERVICES (SANITATION) 67

ELECTRICITY 68

WASTE MANAGEMENT, REFUSE COLLECTION, WASTE DISPOSAL AND STREET CLEANING SERVICES 69

HOUSING PROJECTS 70

PROJECTS IN PLANNING STAGE 71

FREE BASIC SERVICES AND INDIGENT SUPPORT – ADDING VALUE THROUGH FREE BASIC SERVICES 75

ROADS AND OTHER INFRASTRUCTURE 76

3.4 PUBLIC SAFETY AND EMERGENCY 78

3.5 COMMUNITY AND SOCIAL SERVICES 80

Mayoral Cup Competition 82

3.6 ORGANISATIONAL SCORECARD 85

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II) 93

COMPONENT A: INTRODUCTION TO MUNICIPAL WORKFORCE 93

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES 93

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE 94

4.2 POLICIES 94

4.3 INJURIES, SICKNESS AND SUSPENSIONS 96

4.4 PERFORMANCE REWARDS 96

COMPONENT C: CAPACITATING MUNICIPAL WORKFORCE 97

4.5 SKILLS DEVELOPMENT AND TRAINING 97

COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE 98

4.6 EMPLOYEE EXPENDITURE 98

CHAPTER 5 – FINANCIAL PERFORMANCE 99

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE 99

5.1 STATEMENTS ON FINANCIAL PERFORMANCE 99

5.2 GRANTS 101

5.3 ASSET MANAGEMENT 102

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS 103

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET 109

5.5 CAPITAL EXPENDITURE 109

5.6 SOURCES OF FINANCE 110

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS 111

5.8 BASIC SERVICES AND INFRASTRUCTURE BACKLOGS 111

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS 111

5.9 CASHFLOW 111

5.10 BORROWINGS AND INVESTMENTS 113

5.11 PUBLIC PRIVATE PARTNERSHIP 114

5.12 COST CONTAINMENT MEASURES 115

COMPONENT D: OTHER FINANCIAL MATTERS 115

5.13 SUPPLY CHAIN MANAGEMENT 115

5.14 GRAP COMPLIANCE 116

5.15 ACCOUNTING OFFICER'S ASSESSMENT OF THE MUNICIPALITY'S DEBTORS AND RATES TAXES 117

CHAPTER 6 – AUDITOR – GENERAL AUDIT FINDINGS 119

6.1 AUDITOR GENERAL REPORT (PREVIOUS YEAR) 119

6.2 REMEDIAL ACTION TAKEN (PREVIOUS YEAR) 121

6.3 AUDITOR GENERAL'S REPORT (CURRENT YEAR) 122

- Project: Maintenance of urban roads by pothole patching & repairs - KPI: Number of square metres of potholes patched and repaired

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

19. 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 presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

20. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

21. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

22. I draw attention to the matter below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

..... 125

24. 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 reasons for any underachievement of targets are included in the annual performance report on pages xx to xx.

Basic service delivery and infrastructure development

Targets achieved: 81%

Budget spent: 100%

Key service delivery indicator not achieved	Planned target	Reported achievement
Slahla - Sigcakini Electrification Project - Ward 2 (100 Connections)	100	0
Mthunzini - Lindelani Electrification Project - Ward 3 (100 Connections)	100	0
Mcsteel - Masonite Electrification Project - Ward 4 (100 Connection)	100	0
Mpofane - Nkumane Electrification Project - Ward 5 (100 Connection)	100	0

Report on compliance with legislation

25. 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.

26. 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.

27. 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.

28. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

29. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report

..... 126

and those selected material indicators in the scoped-in key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.

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

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

32. If, based on the work I have performed, I conclude that there is a material misstatement in this other information; I am required to report that fact.

33. I have nothing to report in this regard.

Internal control deficiencies

34. 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.

35. I did not identify any significant deficiencies in internal control.

Auditor-General

Pietermaritzburg

29 November 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

..... 127

6.4 REMEDIAL ACTION TAKEN (CURRENT YEAR) 128

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1 COMPONENT A: MAYOR'S FOREWORD



HIS WORSHIP THE MAYOR – CLLR. MK NGCONGO

Dear Residents and Stakeholders of Richmond Local Municipality, I am proud to report that Richmond Local Municipality has made significant strides in delivering on our commitment to improve the lives of our residents and enhance the quality of public services. Despite the many challenges we face, our collective dedication to progress and sustainability remains steadfast.

One of the highlights of this year's performance is that we have received a clean audit opinion from the Auditor-General for the 2023/24 financial year. This is a testament to our commitment to financial accountability, transparency, and good governance, and it reaffirms our ongoing efforts to manage municipal finances responsibly.

Over the course of the year, we set a total of 175 targets, and I am pleased to report that 154 of these targets were successfully achieved, resulting in an impressive overall performance of 89%. This demonstrates our determination to implement the Service Delivery and Budget Implementation Plan (SDBIP) effectively, ensuring that we stay on track in our pursuit of the municipality's development goals.

Some of the key achievements that stand out include the construction of 396 RDP houses in Ward 4, providing much-needed housing to our community. We have also made significant progress in infrastructure development, including the practical completion of a sports field in Ward 7 and the upgrade of 1.5km of the Magoda/Siyathuthuka main road. The upgrade of 0.52km of stormwater infrastructure in Ward 7, as well as the rehabilitation of the Highover Wildlife Sanctuary in Ward 6, further demonstrates our commitment to creating a sustainable, well-planned, and liveable environment for our residents.

We also continue to prioritize energy efficiency and sustainability, as evidenced by the installation of 10 solar LED street lights, which not only enhance safety but also reduce the municipality's carbon footprint.

While we celebrate these successes, we are acutely aware of the challenges that still lie ahead. Addressing development backlogs, managing economic constraints, and tackling poverty remain key priorities. However, I am confident that with the continued hard work of our municipal officials, council members, and stakeholders, we will overcome these challenges and continue to make progress.

In closing, I want to express my gratitude to all those who have contributed to this year's achievements. Together, we have made significant progress, and we are well-positioned to continue building a better Richmond for all its citizens. Our work is far from over, but we are committed to improving our performance and meeting the expectations of our stakeholders as we move forward in the years ahead.

Thank you for your continued support.

His Worship the Mayor
Cllr. Melikhaya Knowledge Ngcongo

1.2 COMPONENT B: EXECUTIVE SUMMARY



MUNICIPAL MANAGER: B E MSWANE

It is with great pleasure that I present the achievements of the municipality during the year under review. This year marked a significant turning point in several key areas of performance. In our pursuit of greater efficiency and effectiveness, the municipality successfully consolidated and finalized the Annual Financial Statements, as well as the Annual Performance Report, all completed in-house without the assistance of external consultants. We take great pride in maintaining an unqualified audit report, which keeps us firmly on track toward our goal of achieving clean audits in the years to come.

This report provides a comprehensive overview of the performance and progress made by the Richmond Local Municipality in fulfilling its strategic objectives and priorities, as outlined in the Integrated Development Plan (IDP). It is aligned with the National Development Plan (NDP) and the Provincial Growth and Development Plan (PGDP), ensuring that our efforts contribute to broader national and provincial goals. The report has been prepared in accordance with Section 121 of the Local Government: Municipal Finance Management Act (No. 56 of 2003), along with the relevant circulars and guidelines.

The 2023/2024 financial year has been a year of notable achievements for the municipality. A key milestone was receiving a clean audit opinion from the Auditor-General for the 2023/2024 financial year, reflecting our commitment to financial accountability, transparency, and effective governance. This clean audit is a strong endorsement of our financial management practices and operational efficiency.

We extend our sincere thanks to the Council, our staff, and the community for their continued support and collaboration. Working together, we have been able to fulfil the municipality's mandate and make meaningful strides in improving service delivery for all our residents.

Municipal Manager
Bhekani Errol Mswane

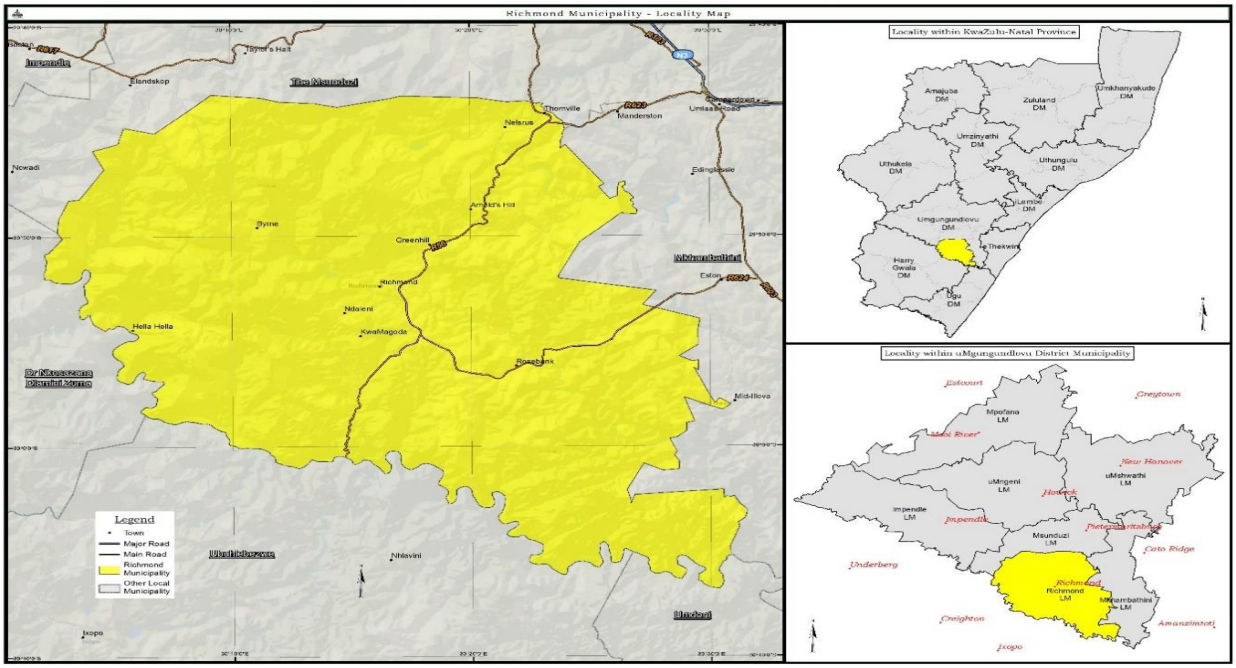
1.3 MUNICIPAL OVERVIEW

MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

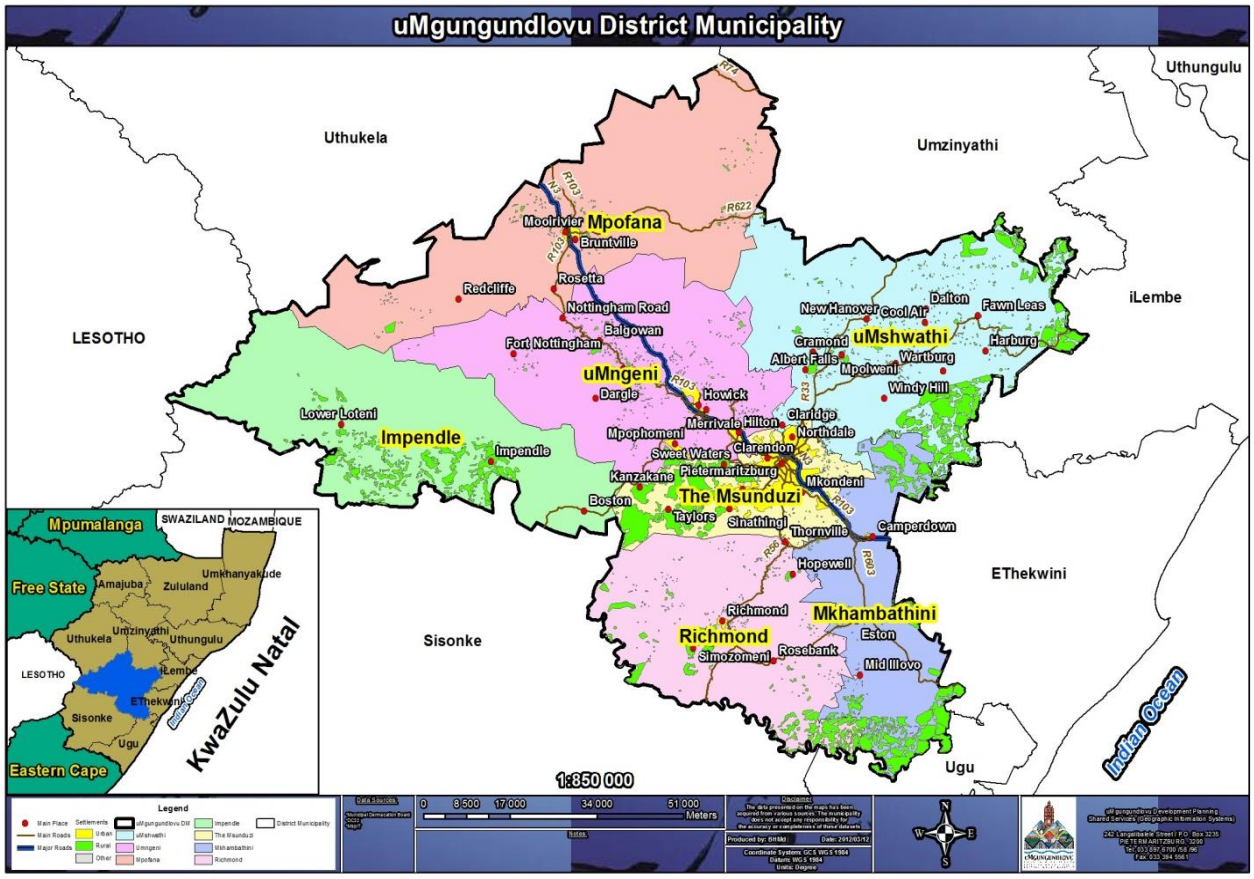
The Richmond Municipality (KZ227) is one of the category B municipalities and comprises of seven (7) wards. It is located on the southern part of the UMgungundlovu District Municipality (DC22) and is approximately 38 kilometres south of Pietermaritzburg which is the capital of the KwaZulu-Natal Province. It is bordered by Msunduzi Municipality to the north, to the west, Dr Nkosazana Dlamini-Zuma Municipality, Mkhambathini Municipality to the east and Ubuhlebezwe Municipality to the south. It is approximately 1232 square kilometres in extent with an estimated population of 62 754 people accommodated within 13 580 households according to Statistics South Africa Census 2022 data. It is the fourth smallest Municipality within the uMgungundlovu District Municipality family of Municipalities.

The map below provides a geographic illustration of the location of the Richmond Municipality in relation to provincial, district and municipal levels:

Map 1. Richmond Municipality locality map



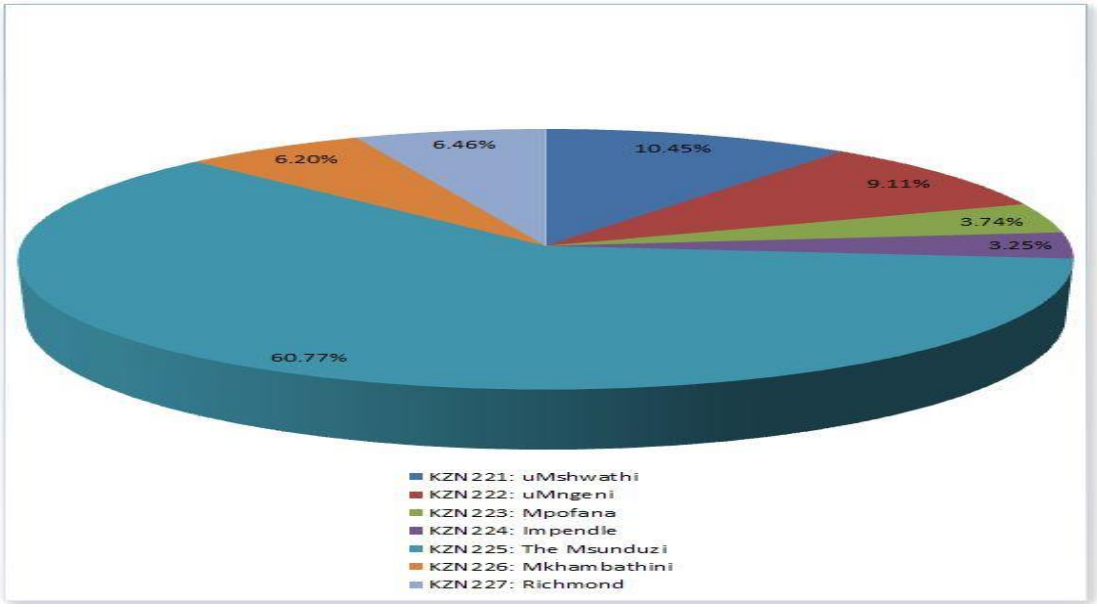
Map 2. District Locality Map



The majority of the population resides in areas which are predominantly rural in nature and characterized by low levels of basic services and facilities with a high unemployment rate. The Town of Richmond in Ward 1 is the only urban centre which is recognized as the primary economic node as presented by the service provision and its mixed land uses i.e. commercial services, legal services, primary health care, pension pay point, education and welfare office and similar government services. Land uses within the primary node are typically urban mixed uses with high levels of limited infrastructural and services development and an adequate provision of social facilities and services to support the resident populations.

Richmond is located on the southern part of the UMgungundlovu District Municipality (DC22) and is approximately 38 kilometers south of Pietermaritzburg which is the capital city of the KwaZulu-Natal Province.

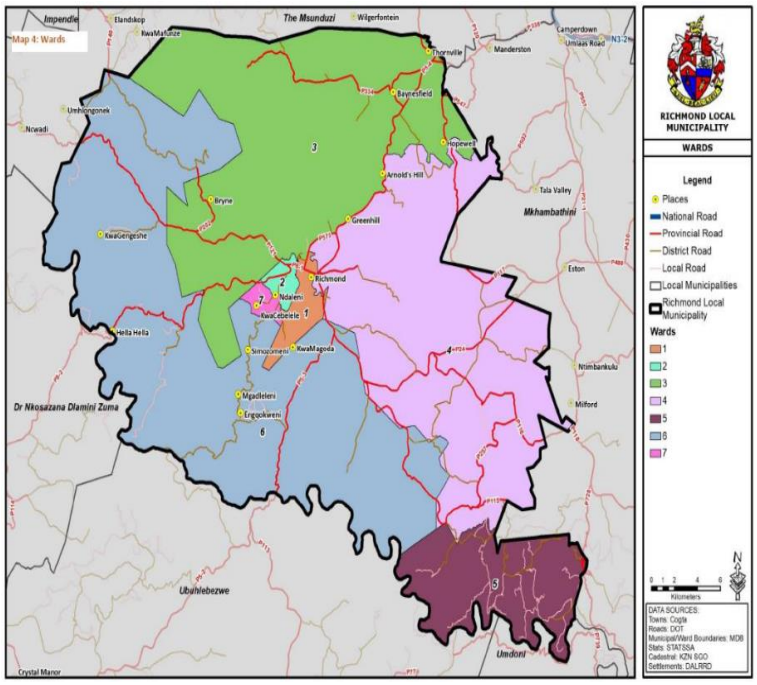
Figure 1. District Population

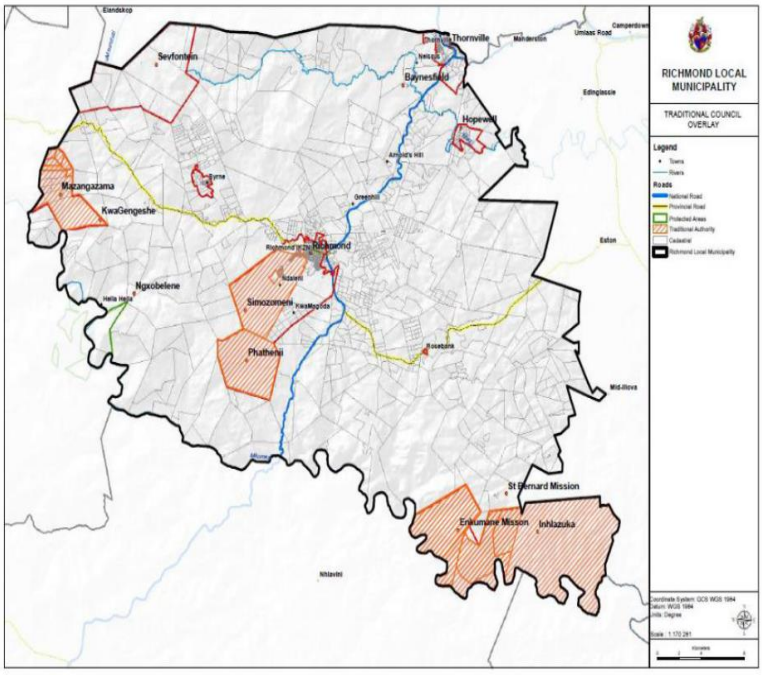


Source: (Census 2022)

The figure above indicates that Msunduzi is the most populated local Municipality within the District.

Map 3. Richmond Municipality by Ward





Source: uMgungundlovu GIS

A large portion of the municipal area is used for agricultural activities, which is the largest employment sector for the municipality. Agriculture is the backbone of the Municipality's economy. This suggests that preservation of high-quality agricultural land is very important and development should therefore be responsive to the need of preservation.

Richmond Municipality has seen a decrease in economic investments, which has directly resulted in an increase in unemployment, dependency and poverty. Added to this is the unmistakable absence of municipal resources needed to meet the demand of the ever-increasing need for service delivery.

In order to achieve success from its locational advantages and to counteract its current status quo, The Richmond Municipality must focus on strengthening its working relations with its business sectors and adopt measures of attracting foreign investment through creating welcoming environment for businesses. The Municipality must also continually strive towards a positive change of the larger society's mind-set and gear towards marketing the constructive attributes of the municipality in terms of spatial assets, which includes and are not limited to:

- Identified industrial nodes,
- Location in terms of identified corridors (proximity to N3 and R56),
- Availability of vacant land for development needs,
- Agriculture and agro processing, and
- Nature based tourism.

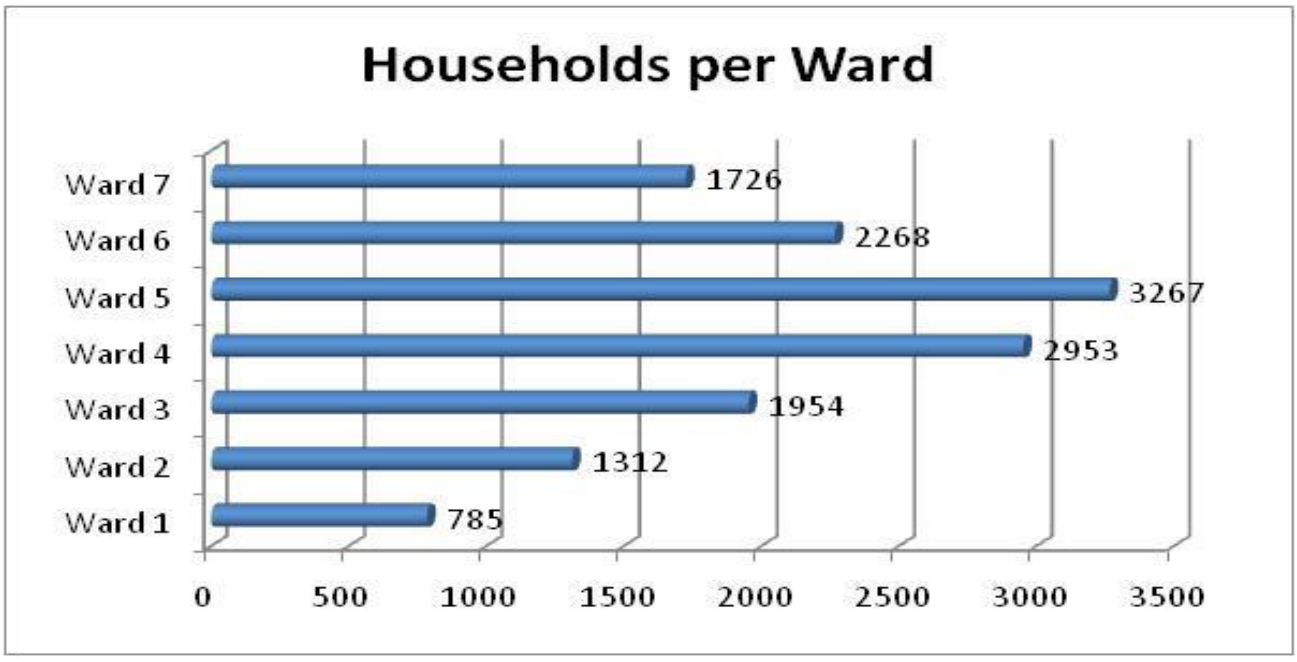
The Council of Richmond Municipality adopted a long-term vision to align itself to National goals and policies. The municipal's long-term vision is translated into the municipal's Spatial Development Framework, which breaks it down into 5year manageable visions to assist in the attainment of the long-term vision. The adopted vision inspires and focuses municipal's attention in mobilising all residents, communities, stakeholders, politicians and officials in creating the desired future based on the implementation of projects and programmes in a sustainable manner in order to create a viable municipality focused on attaining its developmental mandate. This is to meet the needs of all citizens in response to the requirements of legislation in that local government needs to be developmental in its approach.

The adopted IDP long term vision of Richmond Municipality reads as follows:

"By 2042 Richmond Municipality will be an economically vibrant Smart Town and an Agricultural Hub offering its citizens a safe, healthy and social environment."

MISSION

Richmond Municipality will improve the livelihood of citizens by continuously providing affordable and sustainable service delivery through innovation stakeholder relations and good governance.



Household populations in Richmond Municipality are dominated by blacks (90.8%), followed by whites (5.3 %) as presented in the following table.

Ethnic Group	Number of Households	Percentage
Black Households Totals	12952	91%
Coloureds Households Total	293	2%
Asian Households Total	264	2%
White Households Total	756	5%
Total Households	**14265**	100%

Source: Quantec Easy Data 2010

Household sizes in Richmond Municipality vary from 2 to 6 members, with Indian and black households leading with 6 and 4 members per household respectively as presented in the following table:

Household Size

Population Groups	Household Size/Population Group
Black Household Size	4,4
Coloured Household Size	3,1
Asian Household Size	6,2
White Household Size	2,1

Source: Quantec Easy Data 2010

Education Levels

Levels of Education	Percentage
No Schooling	22%
Some Primary Education	32%
Complete Primary Education	8%
Some Secondary Education	27%
Grade 12	7%
Higher Education	4%
Total	**100%**

Source: Community Survey 2007

With regard to the level of education by gender groups, the following table shows that there is a balance between males and females in the Richmond Municipality as their levels of education are almost similar.

Level of Education by Gender

Levels of Education	Male	Female
No Schooling	29%	33%
Some Primary Education	22%	25%
Complete Primary Education	16%	15%
Some Secondary Education	13%	11%
Grade 12	11%	9%
Higher Education	9%	7%
Total	**100%**	**100%**

Source: Community Survey 2007

The following table shows that illiteracy is more common amongst Indians and coloured compared to other population groups.

Level of education by population groups.

Levels of Education	Blacks	Coloureds	Asians	Whites
No Schooling	34%	30%	4%	5%
Some Primary Education	22%	21%	9%	8%
Complete Primary Education	17%	19%	33%	15%
Some Secondary Education	14%	13%	21%	22%
Grade 12	11%	10%	22%	31%
Higher Education	2%	7%	11%	19%
Total	**100%**	**100%**	**100%**	**100%**

Source: Community Survey 2007

POPULATION

Data from Statistics South Africa previously indicated that the population of Richmond Municipality experienced a steady growth rate from 1996 to 2011 (a 1.2% growth rate was recorded between the years 1996 and 2001, a 3.6% growth rate was recorded between the years 2001 and 2011), however the recently published Census 2022 data reveals the opposite, where a negative growth rate of - 4.2% (which amounts to 2 786 less people) was recorded between the years 2011 to 2022. This is alarming as such data indicates that the decline of -4.2% over the 10years period (between 2011 to 2022) was almost the same as the growth rate of 4.8% experienced over the 15years period (from 1996 to 2011). Although the latest StatsSA Data has not been fully released for us to investigate further on the causes of decline, we can speculate that it may be a direct result of migration for educational purposes and better economic opportunities.

The population structure of the Richmond Municipality comprises of a youthful population, where a larger proportion of the population is younger than 35 years.

Table 10. Population Distribution by Age and Gender

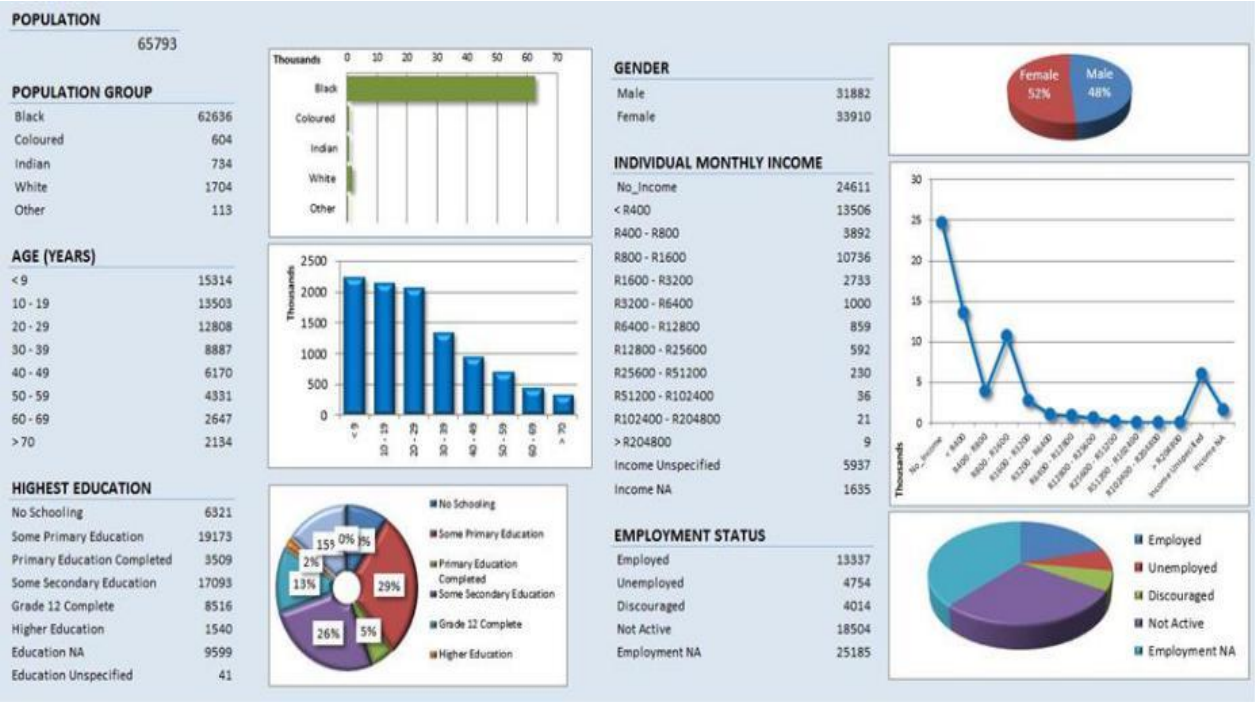
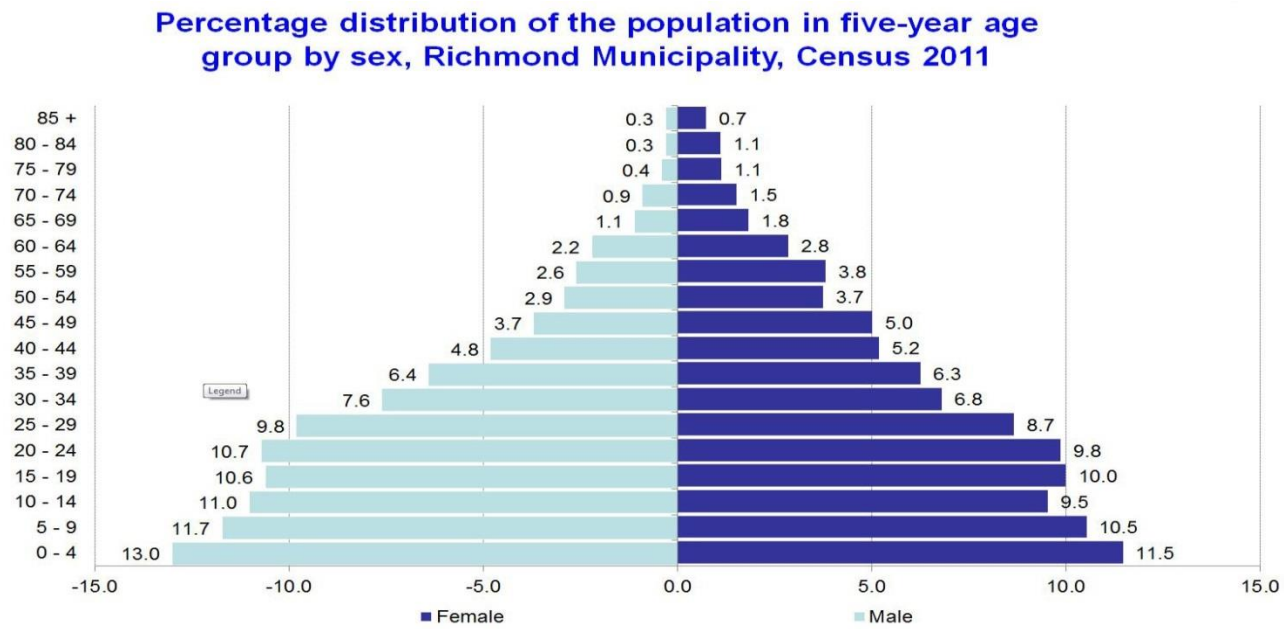


Table 11. Age Structure

Age Group	Male	Female	Total
00 – 04	4 138	3 888	8 026
05 – 09	3 718	3 570	7 288
10 – 14	3 515	3 233	6 748
15 – 19	3 369	3 387	6 756
20 – 24	3 421	3 340	6 760
25 – 29	3 112	2 936	6 047
30 – 34	2 424	2 306	4 730
35 – 39	2 033	2 124	4 157
40 – 44	1 541	1 759	3 300
45 – 49	1 170	1 699	2 869
50 – 54	938	1 268	2 206
55 – 59	832	1 293	2 125
60 – 64	694	964	1 658
65 – 69	366	622	989
70 – 74	285	519	804
75 – 79	134	383	517
80 – 84	91	373	464
85+	101	248	349
Total	**31 883**	**33 910**	**65 793**

Source: Stats S A: Census 2011

Figure 2. Population pyramid



Source : Stats SA Census 2011

The figure above shows that the gender distribution in Richmond, with females making up the majority of the population. Gender distribution is also a determinant factor in assisting the various tiers of government to focus investment especially to vulnerable groups like women.

The population of Richmond is dominated by the youth (15 to 35 years of age) which accounts for 21 606 people or 38% of the total population. This therefore has serious implications in terms of development planning and requires the development and implementation of programs addressing the needs of a youthful population which may include educational facilities, creation of job opportunities and improving access to social facilities.

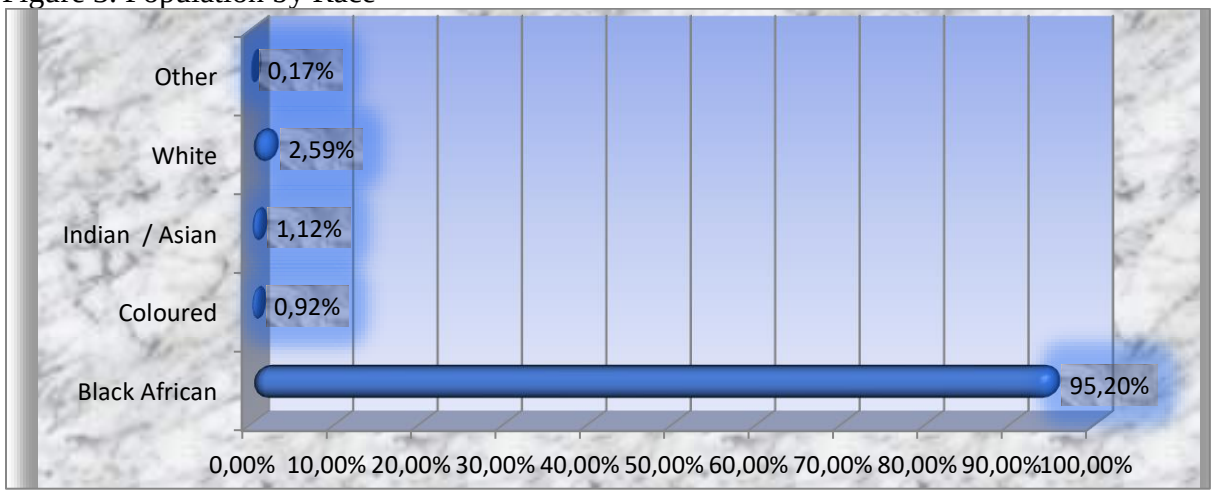
Table 12. Population Group by Race

Population Group	KZN227: Richmond (Population)	Percentage
Black African	62635	95.20%
Coloured	605	0.92%
Indian / Asian	735	1.12%
White	1705	2.59%
Other	113	0.17%
Total	*65793*	*100.00%*

Source: Stats S A: Census 2011

Racial Population Distribution

Figure 3. Population by Race



Source : Stats SA Census 2011

It is indicated in the figure above that the Blacks dominates the population group in Richmond.

WARD INFORMATION

The following information provides a synopsis of each ward e.g. population, age, education level, gender, employment rate etc.

Ward 1

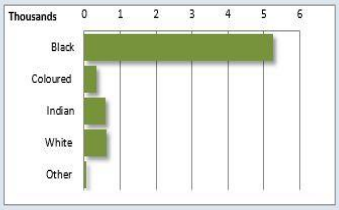
POPULATION

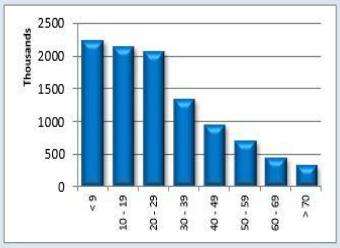
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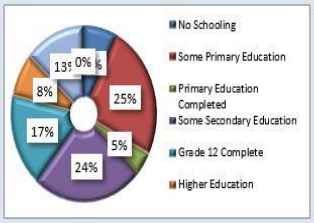
POPULATION GROUP	
Black	5246
Coloured	330
Indian	590
White	619
Other	50

AGE (YEARS)	
< 9	1251
10 - 19	1217
20 - 29	1408
30 - 39	1021
40 - 49	730
50 - 59	533
60 - 69	378
> 70	296

HIGHEST EDUCATION	
No Schooling	520
Some Primary Education	1698
Primary Education Completed	299
Some Secondary Education	1666
Grade 12 Complete	1180
Higher Education	550
Education NA	910
Education Unspecified	14



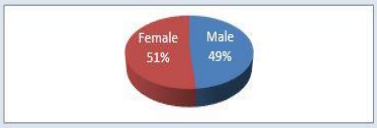


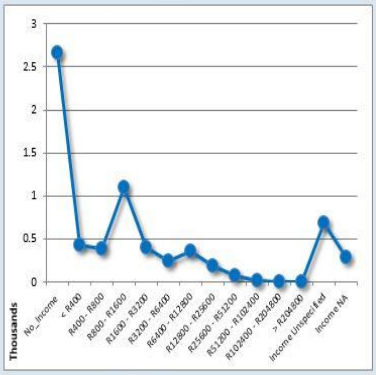


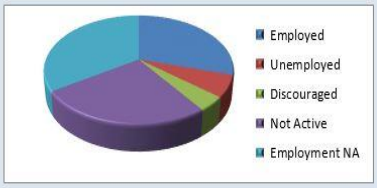
GENDER	
Male	3321
Female	3515

INDIVIDUAL MONTHLY INCOME	
No_Income	2662
< R400	435
R400 - R800	387
R800 - R1600	1102
R1600 - R3200	397
R3200 - R6400	245
R6400 - R12800	364
R12800 - R25600	186
R25600 - R51200	68
R51200 - R102400	14
R102400 - R204800	4
> R204800	1
Income Unspecified	683
Income NA	289

EMPLOYMENT STATUS	
Employed	2018
Unemployed	443
Discouraged	285
Not Active	1752
Employment NA	2338







Ward 2

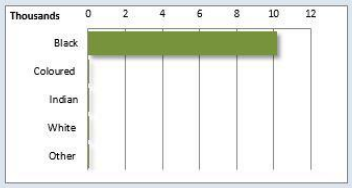
POPULATION

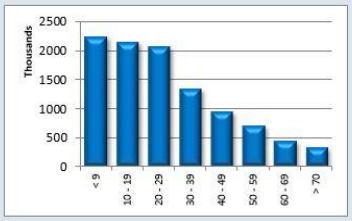
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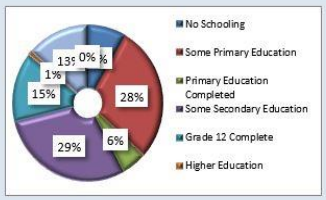
POPULATION GROUP	
Black	10155
Coloured	81
Indian	23
White	4
Other	23

AGE (YEARS)	
< 9	2537
10 - 19	2143
20 - 29	2138
30 - 39	1533
40 - 49	909
50 - 59	493
60 - 69	308
> 70	225

HIGHEST EDUCATION	
No Schooling	860
Some Primary Education	2911
Primary Education Completed	554
Some Secondary Education	2995
Grade 12 Complete	1478
Higher Education	100
Education NA	1372
Education Unspecified	14



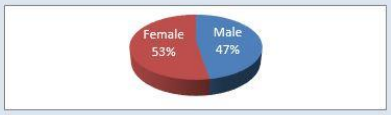


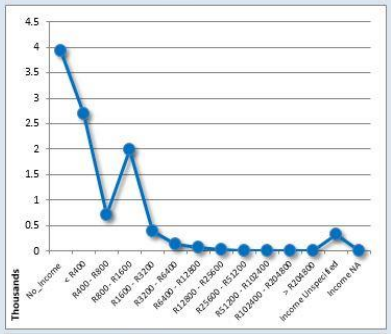


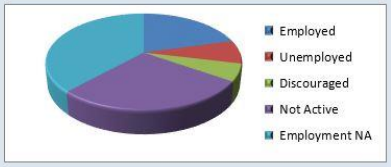
GENDER	
Male	4856
Female	5429

INDIVIDUAL MONTHLY INCOME	
No_Income	3925
< R400	2683
R400 - R800	714
R800 - R1600	1984
R1600 - R3200	400
R3200 - R6400	129
R6400 - R12800	78
R12800 - R25600	28
R25600 - R51200	9
R51200 - R102400	0
R102400 - R204800	0
> R204800	2
Income Unspecified	333
Income NA	0

EMPLOYMENT STATUS	
Employed	2141
Unemployed	807
Discouraged	595
Not Active	2840
Employment NA	3903







Ward 3

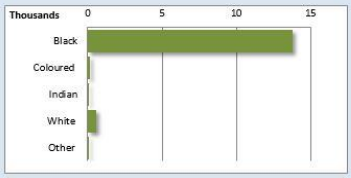
POPULATION

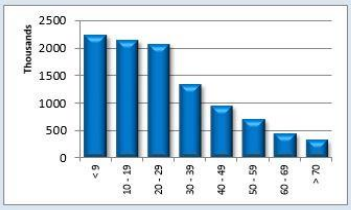
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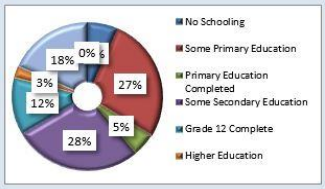
POPULATION GROUP	
Black	13807
Coloured	153
Indian	86
White	547
Other	19

AGE (YEARS)	
< 9	3026
10 - 19	2613
20 - 29	3117
30 - 39	2479
40 - 49	1595
50 - 59	965
60 - 69	451
> 70	366

HIGHEST EDUCATION	
No Schooling	966
Some Primary Education	3968
Primary Education Completed	754
Some Secondary Education	4033
Grade 12 Complete	1823
Higher Education	378
Education NA	2683
Education Unspecified	7



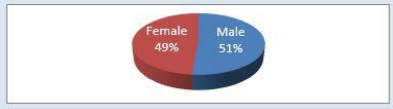


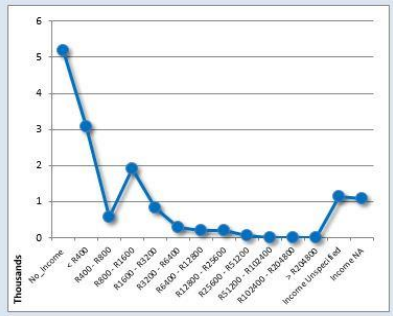


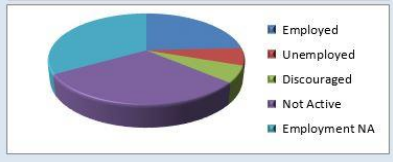
GENDER	
Male	7497
Female	7116

INDIVIDUAL MONTHLY INCOME	
No_Income	5167
< R400	3070
R400 - R800	581
R800 - R1600	1921
R1600 - R3200	842
R3200 - R6400	298
R6400 - R12800	219
R12800 - R25600	199
R25600 - R51200	62
R51200 - R102400	8
R102400 - R204800	4
> R204800	1
Income Unspecified	1148
Income NA	1093

EMPLOYMENT STATUS	
Employed	3529
Unemployed	899
Discouraged	867
Not Active	4462
Employment NA	4856







Ward 4

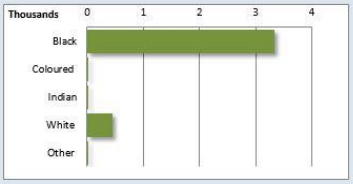
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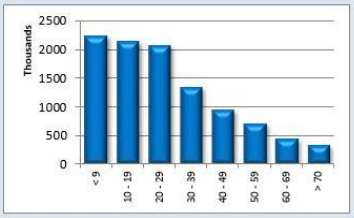
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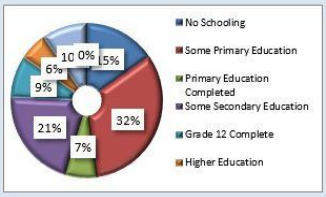
POPULATION GROUP	
Black	3341
Coloured	7
Indian	9
White	457
Other	9

AGE (YEARS)	
< 9	677
10 - 19	474
20 - 29	865
30 - 39	747
40 - 49	491
50 - 59	304
60 - 69	171
> 70	95

HIGHEST EDUCATION	
No Schooling	585
Some Primary Education	1241
Primary Education Completed	264
Some Secondary Education	802
Grade 12 Complete	333
Higher Education	225
Education NA	368
Education Unspecified	3



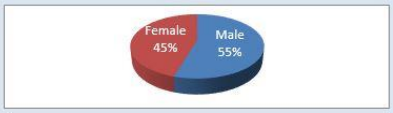


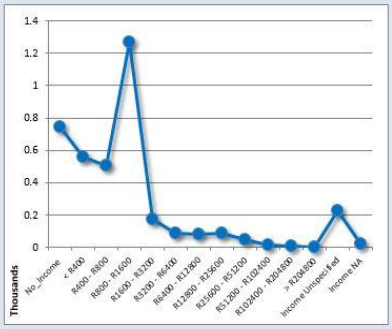


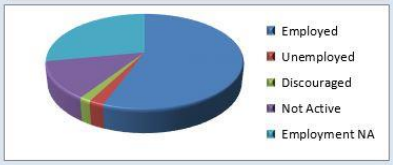
GENDER	
Male	2091
Female	1732

INDIVIDUAL MONTHLY INCOME	
No_Income	743
< R400	557
R400 - R800	508
R800 - R1600	1267
R1600 - R3200	172
R3200 - R6400	88
R6400 - R12800	80
R12800 - R25600	91
R25600 - R51200	47
R51200 - R102400	12
R102400 - R204800	7
> R204800	2
Income Unspecified	224
Income NA	25

EMPLOYMENT STATUS	
Employed	2130
Unemployed	79
Discouraged	61
Not Active	483
Employment NA	1069







Ward 5

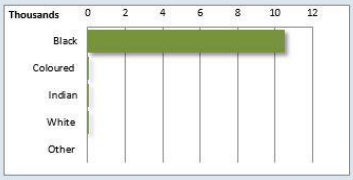
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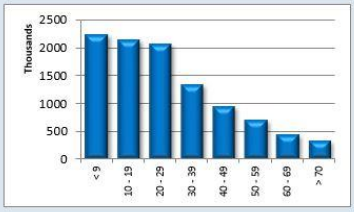
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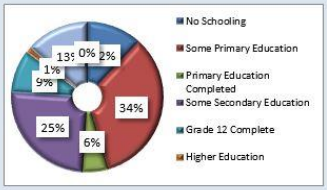
POPULATION GROUP	
Black	10509
Coloured	7
Indian	10
White	58
Other	0

AGE (YEARS)	
< 9	2723
10 - 19	2355
20 - 29	1828
30 - 39	1179
40 - 49	883
50 - 59	715
60 - 69	487
> 70	414

HIGHEST EDUCATION	
No Schooling	1258
Some Primary Education	3554
Primary Education Completed	592
Some Secondary Education	2646
Grade 12 Complete	979
Higher Education	128
Education NA	1429
Education Unspecified	0



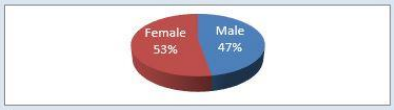


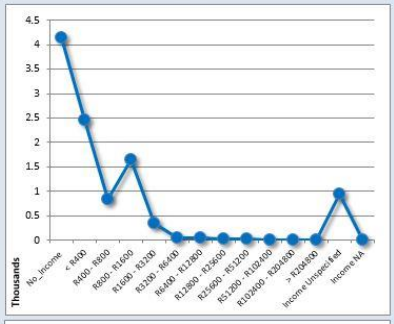


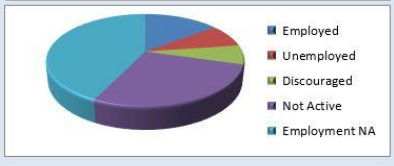
GENDER	
Male	5000
Female	5584

INDIVIDUAL MONTHLY INCOME	
No_Income	4148
< R400	2465
R400 - R800	833
R800 - R1600	1653
R1600 - R3200	352
R3200 - R6400	56
R6400 - R12800	54
R12800 - R25600	37
R25600 - R51200	19
R51200 - R102400	1
R102400 - R204800	2
> R204800	1
Income Unspecified	954
Income NA	10

EMPLOYMENT STATUS	
Employed	1559
Unemployed	852
Discouraged	712
Not Active	2929
Employment NA	4533







Ward 6

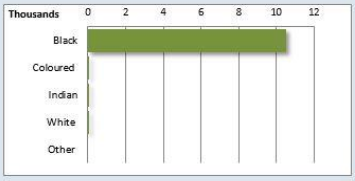
POPULATION

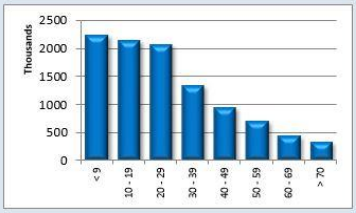
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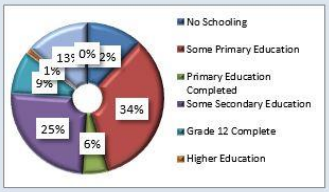
POPULATION GROUP	
Black	10509
Coloured	7
Indian	10
White	58
Other	0

AGE (YEARS)	
< 9	2723
10 - 19	2355
20 - 29	1828
30 - 39	1179
40 - 49	883
50 - 59	715
60 - 69	487
> 70	414

HIGHEST EDUCATION	
No Schooling	1258
Some Primary Education	3554
Primary Education Completed	592
Some Secondary Education	2646
Grade 12 Complete	979
Higher Education	128
Education NA	1429
Education Unspecified	0



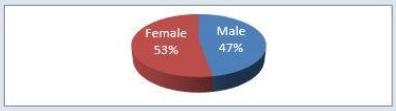


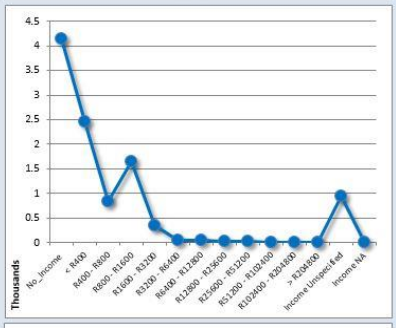


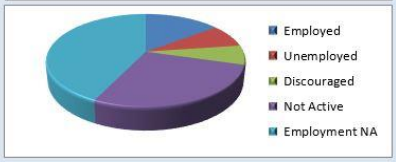
GENDER	
Male	5000
Female	5584

INDIVIDUAL MONTHLY INCOME	
No_Income	4148
< R400	2465
R400 - R800	833
R800 - R1600	1653
R1600 - R3200	352
R3200 - R6400	56
R6400 - R12800	54
R12800 - R25600	37
R25600 - R51200	19
R51200 - R102400	1
R102400 - R204800	2
> R204800	1
Income Unspecified	954
Income NA	10

EMPLOYMENT STATUS	
Employed	1559
Unemployed	852
Discouraged	712
Not Active	2929
Employment NA	4533







Ward 7

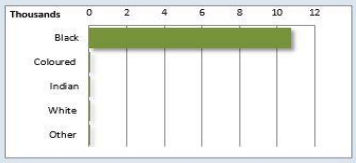
POPULATION

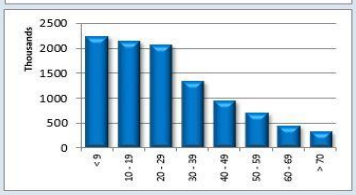
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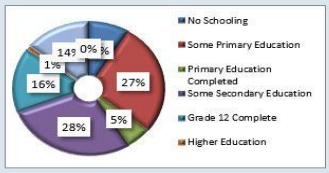
POPULATION GROUP	
Black	10738
Coloured	21
Indian	10
White	12
Other	3

AGE (YEARS)	
< 9	2609
10 - 19	2562
20 - 29	2088
30 - 39	1199
40 - 49	858
50 - 59	673
60 - 69	422
> 70	376

HIGHEST EDUCATION	
No Schooling	950
Some Primary Education	2900
Primary Education Completed	593
Some Secondary Education	3018
Grade 12 Complete	1699
Higher Education	107
Education NA	1518
Education Unspecified	1



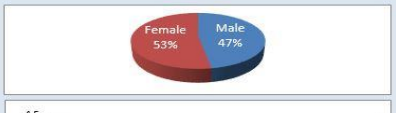


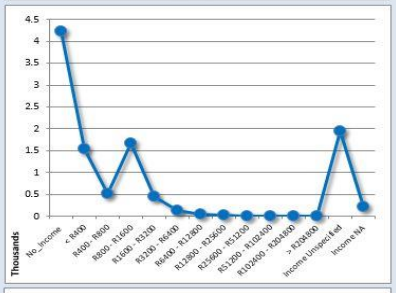


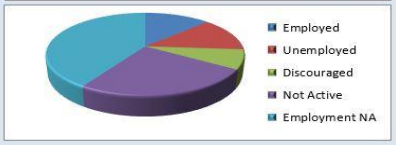
GENDER	
Male	5103
Female	5682

INDIVIDUAL MONTHLY INCOME	
No_Income	4225
< R400	1546
R400 - R800	519
R800 - R1600	1669
R1600 - R3200	455
R3200 - R6400	126
R6400 - R12800	46
R12800 - R25600	30
R25600 - R51200	12
R51200 - R102400	1
R102400 - R204800	0
> R204800	0
Income Unspecified	1939
Income NA	218

EMPLOYMENT STATUS	
Employed	1387
Unemployed	1438
Discouraged	823
Not Active	2721
Employment NA	4416







Source: Stats SA Census 2011

CHAPTER 2: GOVERNANCE

COMPONENT A: GOVERNANCE STRUCTURE

2.1 POLITICAL GOVERNANCE STRUCTURE

Introduction

In terms of Section 40 of the Constitution, Government in South Africa is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated. All spheres of government must observe and adhere to the principles of the Constitution and must conduct their activities within the parameters that the Constitution provides. Richmond Municipality represents the local sphere of government.

The Richmond Municipal Council

Municipalities in South Africa are governed by Municipal Councils. Richmond Municipal Council is therefore the governing body of the Richmond Local Municipality (RLM) and the custodian of its powers, duties and functions, both legislative and administrative. Essentially, Council performs a legislative and executive role. The Constitution of the Republic of South Africa, 1996, Chapter 7, Section 160 (1) defines the role of the Council as being:

a) (making) decisions concerning the exercise of all the powers and the performance of all the functions of the Municipality

b) (electing) its chairperson

c) (electing) an executive committee and other committees, subject to national legislation

d) (employing) personnel that are necessary for the effective performance of its functions

Richmond Municipal Council is constituted by 14 elected Councillors; 7 Councillors are ward representatives and 7 represent their political parties on a proportional basis (PR).

The parties in Council are illustrated in Table below.

Political Party	No. of Seats	No. of Wards	PR Seats
African National Congress	9	6	3
Independent	1	1	0
Democratic Alliance	1	0	1
Economic freedom fighter	2	0	2
Inkatha Freedom Party	1	0	1
Totals	**14**	**7**	**7**

The party-political and demographic representation of Councillors is reflected in the table below:

POLITICAL PARTY	ALLOCATION OF SEATS	GENDER DISTRIBUTION	
		MALE	FEMALE
African National Congress (ANC)	9	6	3
Democratic Alliance (DA)	1	1	0
Independent	1	1	0
Economic Freedom Fighters (EFF)	2	1	1
Inkatha Freedom Party	1	1	0
TOTAL	**14**	**10**	**4**

There are 3 portfolio committees appointed by the Council. These committees are aligning to the functions of various departments of the Municipality;

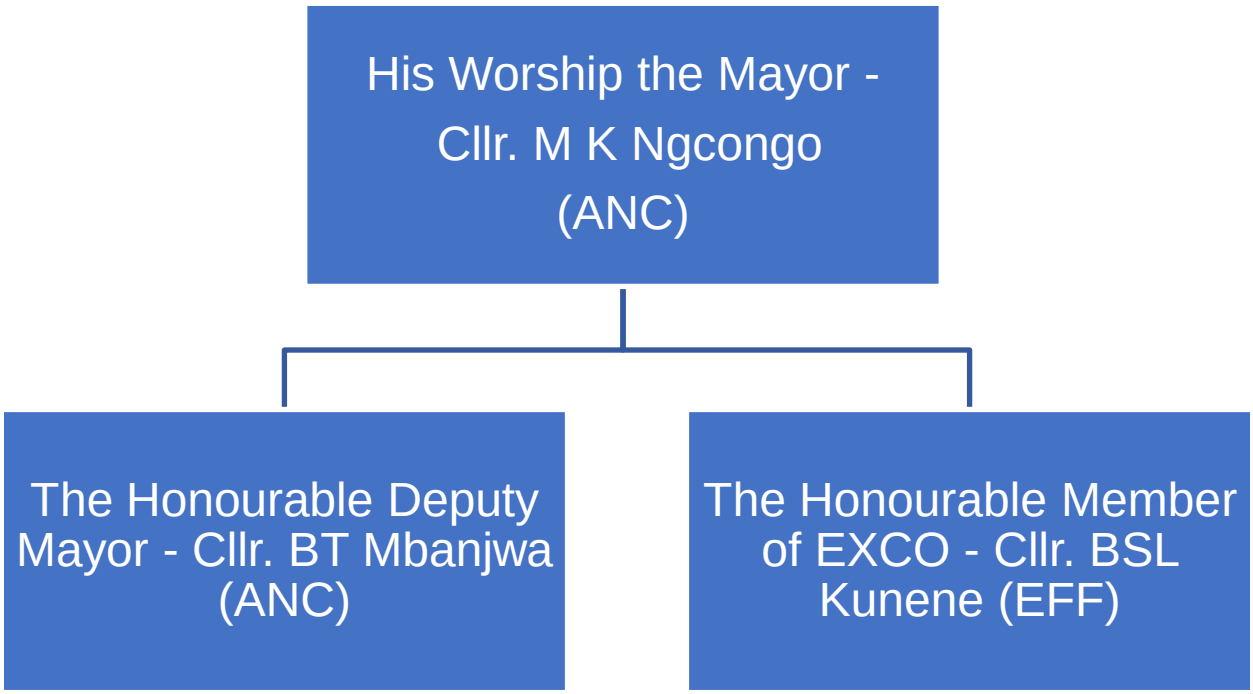
PORTFOLIO COMMITTEE	RESPONSIBLE OFFICIAL	STATUS OF PORTFOLIO
Finance Portfolio	Chief Financial Officer	Functional
Community/ Social and Corporate Services Portfolio	Director: Community Services and Director Corporate Services	Functional
Economic Development, Planning and Infrastructure Portfolio	Director: Technical Services Manager and Municipal Manager	Functional

There are other subcommittees that are operational in the Municipality, and they are as follows:

- Local Labor Forum;
- Asset Disposal Committee

SYSTEM OF GOVERNANCE

Richmond Municipality uses a collective executive system. In this system, the municipal Council elects an Executive Committee, and then delegates executive responsibilities to the Executive Committee. The Executive Committee takes decisions on matters that fall within its delegated powers. The establishment of a separate executive structure enables a small group of Councilors (those who sit on the Executive Committee) to deal with the day-to-day business of running the Municipality. In a collective executive system, the municipal Council must elect one member of the Executive Committee as the Chairperson of that committee. The Chairperson of the Executive Committee is the Mayor.



The Executive Committee of Richmond Municipality comprises of three (3) members:



Cllr. MK Ngcongo



Cllr. BT Mbanjwa



Cllr. BSL Kunene

CHAIRPERSON/SPEAKER OF COUNCIL

Richmond Municipality has a Speaker of Council who is the Chairperson elected in terms of section 36 of the Municipal Structures Act, Act No. 117 of 1998 as envisaged in section 160 of the Constitution of the Republic of South Africa.



The Honourable Speaker Cllr. KE Mkize

The Speaker's role in a Municipality is key to ensuring oversight, accountability, integrity, discipline of office, and the efficient running of Council meetings. As such, impartiality in the exercise of his or her function is essential for the Speaker. The Speaker must distinguish between her activities as a politician and her functions as a Speaker. It also means that the function of the Speaker and the non-partisan exercise of that function must be respected by members, parties and interests represented in the Council.

The key principles underlying the role of the Speaker are:

a) Chair of Council meetings;
b) Implementation of the Code of Conduct; and
c) Exercise of delegated functions including -
    i. facilitating public participation in legislative matters;
    ii. establishment and functioning of ward committees; and
    iii. support to Councilors.

The Speaker is the guardian of the integrity of the Council and the guardian of members' privileges and interests as Council members. The privileges and interests of Councillors include freedom of speech and immunity in the Council as well as the use of Council facilities, receipt of allowances, training and support, etc. Importantly, this role, combined with the Speaker's role in terms of the Code of Conduct (Schedule 1 to the Systems Act), requires the Speaker to guard against the abuse of Councillors' privileges and interests.

2.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The administration is headed by the Municipal Manager as the Accounting Officer. The Municipal Manager is also responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration as well as management of the provision of services in a sustainable and equitable manner within the Municipality.

The administration is made up of the following directorates headed by executive management teams: Office of the Municipal Manager, Budget and Treasury Office, Corporate Services, Community Services and Technical Services.

NAME	DESIGNATION	FUNCTIONS
Bhekani Errol Mswane	**Municipal Manager**	The Municipal Manager is the Accounting Officer of the Municipality. The office of the Municipal Manager has the following functions: • Risk Management; • Internal Audit; • Performance Management (PMS); • Planning and Development; • Communication; • Housing Development; • Public Participation; And • Local Economic Development

NAME	DESIGNATION	FUNCTIONS
Msizi Gerald Ngcobo	**Chief Financial Officer**	The Chief Financial Officer is responsible for managing the financial affairs of the Municipality. The Budget and Treasury Office has the following functions: • Asset Management • Supply Chain Management • Expenditure Management • Debtors and Credit Control • Budget and Financial Reporting • Information Communications Technology

Vusumuzi Wiseman Sibisi	**Director: Community Services**	Director: Community Services is responsible for the management and delivery of social and community services to the public. It has the following functions: • Library Services • Protection Services • Disaster Management • Traffic Services • Learners Centre • Motor Licensing • Youth Services
NAME	**DESIGNATION**	**FUNCTIONS**
Muziwandile Ntanzi	**Director: Technical Services**	Director: Technical Services is responsible for ensuring that basic services and infrastructure development is delivered timeously to the community. The Technical Services Department has the following functions: • Project Management • Solid Waste • Urban and Rural Roads Maintenance • Cemetery and Parks • Landfill Services • Street Cleaning • Taxi Rank

Gugu Maphumulo	**Director: Corporate Services**	Director: Corporate Services is responsible for providing support to other departments within the Municipality in terms of administration and resources. Corporate Services has the following functions: • Human Resources • Administration and Secretariat • Council Support Services

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

The Inter-Governmental Relations Framework Act, (Act No 13 of 2005), requires all spheres of government to coordinate, communicate, align and integrate service delivery effectively, to ensure access to services. In this regard the Municipality complies with the provisions of the Act.

Richmond Municipality strives to uphold its legislative authority and co-operative governance as required by the Constitution and other relevant legislation. In doing so, the Municipality maintains good co-operative and intergovernmental relations with its district and neighbouring municipalities, provincial authority, national government and intergovernmental agencies.

DISTRICT INTERGOVERNMENTAL STRUCTURES

uMgungundlovu District IGR Structures are in existence and functional. The IGR structures are as follows:

Intergovernmental Relations Forum		
Forum	**Frequency**	**Directorate**
Premiers Coordinating Forum	Quarterly	Municipal Manager, Finance
MUNIMEC	Quarterly	Municipal Manager
District MMs Forum	Quarterly	Municipal Manager
District Development Model-Technical Hub and Political Hub	Quarterly	Municipal Manager
DDM-Social Cluster	Quarterly	Engineering
Eskom Alignment meetings	Quarterly	Engineering
Coastal Working Group	Quarterly	Planning & Development
DDM – Economic and Infrastructure Cluster	Quarterly	Planning & Development
DDM –Justice, Crime and Social Security Services Cluster	Quarterly	Community Services
DDM – Governance Cluster	Quarterly	Corporate Service

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC MEETINGS

We consider public meetings as the core in obtaining service infrastructure delivery inputs from the community. Despite the legislative requirement of the Constitution and the Municipal Systems Act, local government would not exist without undertaking community meetings because the Municipality exist for the people who reside in that particular municipal area.

The Council interacts with its stakeholders by means of ward committees, budget and IDP meetings. Public and stakeholder engagements are an ongoing process throughout the year. The Municipality ensures that these meetings are well attended by informing the public and stakeholders on time and in their local languages. This also ensures meaningful and constructive participation

All documents that are required to be made public in terms of the Municipal Systems Act (MSA) are placed on the municipal website. Public meeting schedules are also placed on the website and are also advertised through local newspapers, posters and loud hailing. Public meetings include Council meetings, ward committee meetings and budget and IDP meetings.

2.5 IDP PARTICIPATION AND ALIGNMENT

The Municipal Systems Act (as amended) has prompted changes in the way in which the Council plans for the future of the Municipality. It also provides greater scope for communities to make their own choices about what the Council does and how. This legislation requires the Richmond Municipal Council to undertake an exercise, at least once in every year, to identify community development priorities. These development priorities are determined with active participation by affected communities. These priorities form the basis for the long-term integrated development plan.

Richmond Municipality Council continues to consult with members of the community, local business community and community organizations to determine the priorities of the people of Richmond. Along with the development priorities of the Council, these priorities were formulated based on the information gathered on social dynamics, service provision and people's perception of the Municipality's strengths, weaknesses, opportunities, and threats.

The IDP Public Participation meetings were successfully conducted in all seven wards.

Table: IDP Izimbizo

Ward	Date	Venue	Time
1	14/11/2023	KwaMagoda Hall	12h00
2	14/11/2023	Siyathuthuka Hall	14h00
3	14/11/2023	Nsongeni Hall	10h00
4	14/11/2023	Argosy Hall	13h00
5	14/11/2023	Shiyampahla PS	12h00
6	14/11/2023	KwaGengeshe Hall	10h00
7	14/11/2023	Ndabikhona PS	14h00

2.5 WARD COMMITTEESS

Richmond Municipality uses the Ward Committee system comprehensively to develop the flow of information between the Municipality and community and vice versa. This is to allow public participation in matters of the Municipality such as the IDP and budget and implementation thereof as well as focusing on ward-based needs analyses, project identification and prioritisation. All 70 Ward Committee members were elected. According to the CoGTA assessment 70% of Ward Committees were functional and the contributing wards being ward 1 and 7 were meetings were held but evidence present showed that some meetings were without date. To address the challenges the following corrective measures were implemented, establishing standardized documentation guidelines, drafting a tracking system to ensure proper recording of meeting details, and conducting regular audits to verify accuracy. Training Ward Committee members on the importance of accurate record-keeping and implementing a feedback mechanism to promptly address discrepancies can further improve documentation practices.

COMPONENT D: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

Richmond Municipality with regards to Risk Management, has an important function that contributes to the achievement of the Municipality's objective and provides assurance that key risks are being identified and assessed with effective controls that are put in place to mitigate risks. To date, Richmond Municipality has Risk Management Policy, Framework, Fraud Prevention Policy and Plan and Whistle Blowing Policy as tools to assist the Municipality to proactively identify any uncertainties that could prevent it from achieving its objectives or that could impact negatively on the desired level of service delivery.

In the 2023/2024 financial year the Richmond Municipality reviewed the Risk Management Strategy which was adopted by Council, the document sets the stance of the Municipality with regards to Risk Management. The Municipality has a dedicated person to deal with issues of risk management in compliance with the provisions of the MFMA and the incumbent ensures that the top 10 risks are identified and monitored by the accounting officer on a quarterly basis, in the form of risk management meetings.

The Municipality has functional a Risk Management Committee. The Chairperson appointed to chair this committee is an independent member who is not employed by the Municipality.

2.7 INTERNAL AUDIT

The Municipality has a fully-fledged in-house internal audit unit. The unit provides independent and objective internal audit services that are designed to add value and improve the Municipality's operations.

The internal audit unit operates in terms of the internal audit charter that has been approved by the Municipality's Performance and Audit Committee as well as a risk-based plan that is also approved by the Performance and Audit Committee.

In the 2023/2024 financial year the internal audit strengthened the internal controls through its recommendations to management in the following areas:

- UIFW Investigation;
- Annual Financial Statements Review;
- Annual Performance Report Review;
- Performance Management Quartely Reviews;
- Records Management;
- Security Management;
- Internal Control Quarterly Reviews;
- Annual Report Review;
- Traffic Fines Processing;
- ICT General Controls; and
- Compliance.

2.8 ANTI – CORRUPTION AND FRAUD

The Municipality is committed to a corruption and fraud free environment. The municipality has developed the Fraud Prevention Plan and Policy to guide the municipality on matters pertaining to fraud, the development of these two documents is an illustration that the municipality does not tolerate fraudulent or corrupt activities whether internal or external to the municipality. The Internal Audit Activity assisted in communicating the policy and workshops were conducted The Municipality is committed to fighting any form of fraud and corruption and should any information suggesting that there is fraud and corruption; such matter must be brought to the attention of the Municipality. Alternatively, people with such information can call using national Fraud hotline 0800701701.

2.9 SUPPLY CHAIN MANAGEMENT

The Municipality has a Supply Chain Management Unit, that falls within the Budget and Treasury Office. The unit is responsible for the procurement of goods and services in terms of the Municipal Finance Management Act, (No 56 of 2003) which includes the Supply Chain Management Policy and Regulations that ensures goods and services are procured in a manner which is transparent, competitive, equitable, cost effective and fair, the SCM Policy which is reviewed on a regular basis.

Regular meetings of all Bid Committees are managed by this unit. The maintenance of supplier's database and compliance with all relevant legislation forms an integral part of this unit**.**

Staff members serve on the various bid committees in terms of proper delegations and are appointed in terms of legislation. The bid committees function well. All members of the Bid Specification, Bid Evaluation and Bid Adjudication Committees are delegated in writing by the Municipal Manager to serve on these respective committees. These delegations are accepted in writing and record thereof is available.

The municipality is striving to empower local businesses and cooperatives to improve our Local Economic Development. The suppliers are rotated in terms of the National Treasury regulations to ensure that everyone is getting equal chance however there are challenges since most of our local businesses are not well established and therefore cannot supply or provide certain goods or services.

2.10 BY – LAWS

The by-laws of Richmond Municipality provide a step by step process for the formulation of new by-laws or amendment of existing by-laws. Draft or reviewed by-laws are considered by the relevant decision-making structures once these have met the requirements.

A draft version of the by-law is submitted to the Portfolio Committees for discussion and

referred for public participation. These are presented to the public via the Ward Committees**,** which provide a forum for written, oral and/or electronic feedback. Once this is complete, they return to the portfolio committee for further refinement and are then sent on to Council's Executive Committee (EXCO) for debate and possible amendment. After they have been considered by EXCO, it is necessary to ascertain whether they comply with the constitutional requirement for the publication of by-laws for public comment. Once this is established, they are recommended to Council for approval. These By-Laws are then gazetted and published in the newspaper and municipal website.

Copies of Municipal by-laws are available to the members of the public and other stakeholders on request.

RICHMOND MUNICIPALITY BY-LAWS PUBLISHED IN AN EXTRAORDINARY PROVINCIAL GAZETTE OF KWA-ZULU NATAL ON 1 NOVEMBER 2010 GAZETTE NO. 516

NO.	MUNICIPAL NOTICES	Pg.
108	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Pollution Control By-laws	3
109	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Parking Grounds By-laws	18
110	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: By-laws Relating to the Keeping of Dogs	30
111	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Street Trading By-laws	34
112	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: By-laws Relating to the Removal of Refuse	43
113	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Cemetery By-laws	51
114	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Public Road and Miscellaneous By-laws	66
115	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Encroachment on Property By-laws	77
116	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Waste Management By-laws	85
117	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Advertising Signage By-laws	119
118	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Funeral Undertakers By-laws	135
119	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Pound By-laws	146
120	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: By-laws for the Hire and Use of Community, Arts and Cultural Facilities	150

121	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Credit Management and Debt Collection By-laws	164
NO.	**MUNICIPAL NOTICES**	**Pg.**
122	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Credit Management By-laws	196
123	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Public Health By-laws	209
124	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: By-laws Relating to Public Meetings and Gatherings, Processions and the Like	270
125	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Library and Information Services By-laws	274
126	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Public Spaces By-laws	290
127	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: By-laws Relating to Nuisances	310

2.11 WEBSITES

Richmond Municipality has a website with a web address www.richmond.gov.za. It is a requirement of the Municipality Finance Management Act that each Municipality establishes its own website where crucial information will be publicized to be accessed by different stakeholders for their different needs. Information published on the website include but not limited to the following: Annual Reports, Budgets, Service Delivery and Budget Implementation Plans (SDBIP), Municipal Services, MFMA Reports, Policies, Advertised Tenders, Employment Opportunities, Integrated Development Plans and any other information as prescribed by different local government legislations. Richmond Municipality remains committed to technological advancements and to introducing a number of online facilities to enable citizens to transact with it electronically.

Information Technology services are rendered to all departments to ensure efficiency in communication internally and externally. The systems and equipment are reviewed regularly to ensure that the Municipality is utilizing the latest technology within financial means.

The municipal website contains information about the Municipality, the IDP, budgets, financial statements, audit reports, capital projects and other matters thereby providing the community with access to this information. The web site is updated regularly.

Documents published on the Municipality's Website	Yes/No
Current Annual and Adjustment Budgets and all budget related documents	Yes
All current budget related policies	Yes
The previous Annual Report	Yes
The current Annual Report	Yes
All current performance agreements required in terms of section 57 (1)(b) of the Municipal Systems Act and resulting score cards	Yes
All service delivery agreements	Yes
All long-term borrowing contracts	N/A
All supply chain management contracts above a prescribed value	Yes
All information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4)	Yes
Contracts agreed in current year which sub section (1) of section 33 apply, subject to subsection (3) of that section	No
Public-private partnerships agreements referred to in section 120 made in current year	N/A
All quarterly reports tabled in the Council in terms of section 52 (d) during the year	Yes

2.12 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The aim of the Richmond Municipality Public Satisfaction Survey was to assess the current living conditions of the respondents of Richmond and thus to interpret the holistic view of these conditions. Another aim of the survey was to evaluate the service quality of the municipality and gain an understanding of the perceptions of the respondents in light of the municipal services being provided by the municipality. Since Richmond was grouped naturally by 7 wards, these 7 wards served as strata.

The community of Richmond continues to experience a lot of changes when it comes to Municipal service delivery and Izimbizo for the community. All of the development that took place in Richmond was in line with the inputs and contributions from the community. The communication department always make sure that the community is aware and participate in the affairs of the Municipality in line with the provisions of the Constitution of South Africa. The Municipality has put up suggestions' boxes in all wards where members of the public can voice their satisfaction regarding the service of the Municipality. The suggestion boxes are cleared on a regular basis and complains referred to the relevant departments. It is the policy of the Municipality to respond to issues within reasonable time.

Municipality conducted on the satisfaction of community with regards to municipal services. The results were as follows:

Satisfaction Surveys Undertaken during June 2024 (Friday)				
Subject matter of survey	Survey method	Survey date	No of people included in survey	Survey results indicating average, excellent or poor (%) *
Overall satisfaction with:				
(a) Municipality	written form	07-June 2024	50	Good 55%
(b) Municipal Service Delivery	written form	07-June 2024	50	Poor 40%
(c) Mayor	written form	07-June 2024	50	Good 57%
(d) Deputy Mayor	written form	07-June 2024	50	Good 55%
Satisfaction with:				
(a) Refuse Collection	written form	07-June 2024	50	Average 50%
(b) Road Maintenance	written form	07-June 2024	50	Poor 46%
(c) Electricity Supply	written form	07-June 2024	50	Poor 40%
(d) Water Supply	written form	07-June 2024	50	Poor 35%
(e) Sanitation	written form	07-June 2024	50	Good 59%
(f) Information supplied by municipality to the public	written form	07-June 2024	50	Good 58%
(g) Opportunities for consultation on municipal affairs	written form	07-June 2024	50	Poor 44%

2.13 ALL MUNICIPAL OVERSIGHT COMMITTEES

Richmond Municipality has two other committees which support the effective functioning of the Council. The table below shows the two different committees and their chairpersons:

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)	
Cllr V Maphumulo **(ANC)**	MPAC Chairperson
Cllr FZ Zondi **(ANC)**	MPAC Member
Cllr ST Mkhize **(ANC)**	MPAC Member
Cllr L Ngubo **(ANC)**	MPAC Member
Cllr SL Latha **(Independent)**	MPAC Member

PERFORMANCE AND AUDIT COMMITTEE (PAC)	
Mr. PL Buthelezi	PAC Chairperson
Mrs. N Ragunanan	PAC Member
Ms N Msane	PAC Member
Mr. M Litile	PAC Member

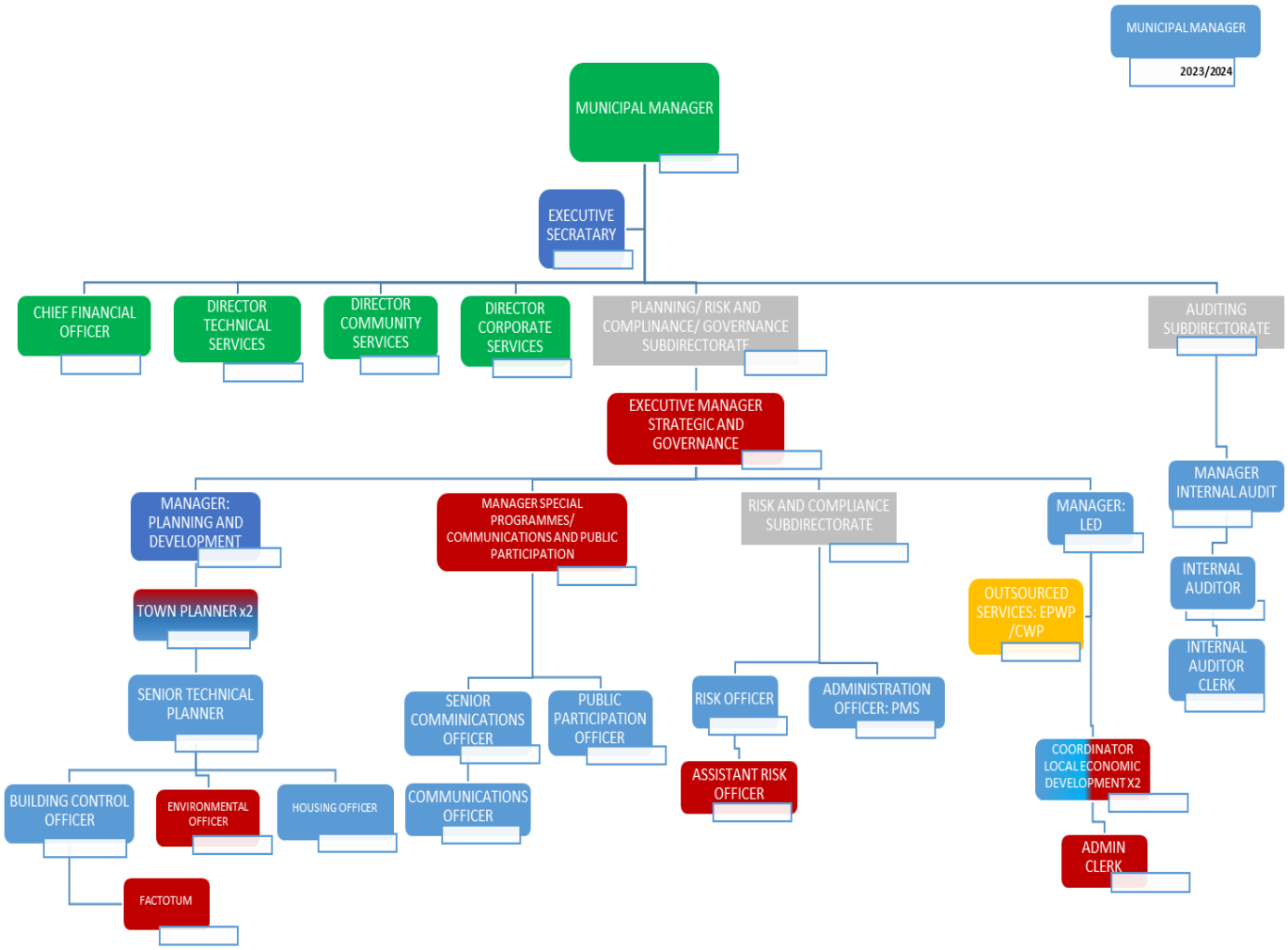
CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

FOCUS ON SERVICE DELIVERY

3.1 MUNICIPAL MANAGER'S DEPARTMENT

The Municipal Manager's department consists of governance structures like internal audit, risk management,performance management, communication as well as public participation. Service delivery units within the Municipal Manager's department are mainly the Local Economic Development (LED) unit as well as Planning and Development.

Development planning is discussed in detail in 3.2 of this document and governance structure are discussed in detail in Chapter 2 of this document.



The focus will then be on the Local Economic Development unit. For the 2023/2024 financial year the LED unit achieved the following targets:

Local Economic Development

Local economic development can be defined as a participatory process where the local role-players interact to develop, grow, and strengthen the local economic. It is about creating a conducive environment for all business based in that local area.

The main economic sectors in Richmond are Agriculture and agricultural land potential, Tourism, Manufacturing and Informal Economy, bellow are all LED departmental activities for the year under review.

1. AGRICULTURE

Agri-Forum

LED unit now has a functional Agri-forum which sits on a quarterly basis to address all agricultural related issues. The forum is well represented as it is attended by commercial farmers, small scale farmers, sector departments (Department of Agriculture and Rural development).

Farmers Information Day

As part of supporting small businesses in the agricultural sector and other economic sectors, LED hosted an informative session to assist small medium and micro enterprises (SMMEs) that gave them knowledge and support for their businesses. The programme was hosted succesfully and was it was attended by local farmers and SMMEs in all sectors. The event also attracted local artists who came to market their talent.







2. SMME Incubation Centre

The overall aim of the project is to provide an enabling and conducive environment for rejuvenation of the economy of Richmond Municipality through the development of the Small Business Incubation Centre in order to give support to small businesses.

- Provision of Business Linkages as well as an interactive information centre
- Provision of administrative services to all local businesses
- Market of local crafters (display craft work).
- Leasing out of office space to SMMEs
- Provision of comprehensive support to SMME's and co-operatives to ensure that the enterprises are fully supported and receive the required training and mentorship (BBBEE Certificates, CIDB, SEDA, CSD, etc.)

The incubation centre continues to assist businesses with formulation of business plans, training requirements, linking small scale farmers with market opportunities etc.

3. Accredited Capacity Building Training

Richmond Municipality-LED Unit is offering trainings on annual basis that are SETA accredited.the purpose of these trainings is to help SMMEs as part of capacity building. The trainings offered were based on a training needs analysis that is filled by walk-in clients on daily basis. Once participants completed training where possible the LED Unit linked them with institutions who would assist with practical work.

The purpose of the accredited training is for all entrepreneurs to acquire knowledge and skills needed in their businesses. Trainings are also done in partnership with other government institutes. Training provided by the LED unit and SANRAL has been done for the aim of developing business that are in the construction industry to up skill. Richmond municipality, all wards had to submit company documents to participate in the training programme. Training applications are ongoing.





5. LED and Tourism Strategy

LED and Tourism Strategy has been developed and adopted by council. The strategy has a strong focus on the development of R56 as an economic route and is inline with the municipal 2042 vision. The strategy emphasizes the need to develop land pockets along R56 to have truck stop with petrol station, development of shopping centre, establishment of livestock auction facility and installation of solar street lights along entrances of Richmond, within CBD and within Indaleni for the purposes of economic development. There are other projects which are in pipeline and requires a prolonged effort between the local municipality, provincial government, national government and private sector to commit in assisting the municipality reach its 2042.

1.1 Initiate Recycling project- the aim is to have cooperatives which will be involved in recycling and the municipality should source funding for their starting operations and later source for recycling machine which will be placed at landfill site.

1.2 Develop and agri processing programme- create a value chain of activities to sustain the local economy and interacting with local formal businesses such as Boxer, Spar, Shoprite and Evergreen market, regarding developing some form of a working synergy with the local farmers / cooperatives.

1.3 Development of manufacturing firm- currently in Richmond we have a group of young people who are involved in dress making and shoe making. These young people can be formalized and establish local firm. Local schools are potential market for the proposed initiative or sector. It will be vital to get into an agreement with the local schools regarding making or sawing uniforms, tracksuits and T shirts for pupils.

1.4 Furniture making project- similar principle can be used as there are many pupils who have been provided training through LED Unit and negotiations could be done to local shops to buy their products and eventually be able to be sustained and have their own businesses.

1.5 Informal sector facilities- Facilities to host business support services information/training centers which are linked to SMME Support and Development center and an integral part of it and creation of more trading

space-trading stalls especially in CBD, Ward5 (Nhlazuka Thusong Centre) and Ward 4 Hopewell.

6. Tourism

The municipality has re-established the Community Tourism Organisation (CTO). Tourism sector is privately driven and the municipality plays a facilitation role to ensure that tourism needs are catered for and well taken care of. The CTO is still at a growing stage however it has managed to make inputs to the LED and Tourism Strategy and has managed to represent Richmond LM at district structures such as MCTOF and has been registered with the Department Economic Development Tourism and Environmental Affairs.

LED hosted a craft show where all crafters showcased their work as part of awareness and exhibition.

The CTO has identified three tourism routes in Richmond with tourism product namely, R56, UMKHO route and Sakabula circuit. The Sakabula circuit tour was conducted in August 2022, the aim was to discovery Tourism establishments within the route.






Sakabula Circuit Tour







7. Community Ward Engagements Sessions

The LED unit partnered with municipal departments together with extended stakeholders such as the department of EDTEA, NYDA, UMDM Fire, Ward councillors and held awareness sessions with communities of ward 1,2,3, 4,5, 6 and 7. The purpose of the awareness sessions was to inform the community of the activities conducted by various departments within the municipality and other stakeholders especially youth in businesses to gain information on how and where funding can be sourced.






8. LED Forum

The LED Forum has remained functional and held its meetings as scheduled, convening four times during the review period. This regular engagement has been crucial for fostering collaboration on local economic development within Richmond. A functional forum is particularly important as it serves as a vital platform for various stakeholders, including municipal leaders and business representatives, to address challenges, share resources, and align on strategies for economic growth. For the municipality, the forum facilitates better-informed decision-making, while for the business community, it provides opportunities for networking, investment, and creating a more favourable business environment. The forum's continued activity strengthens the municipality's economic development efforts and supports a thriving business ecosystem in Richmond.

9. Business Inspections Conducted

In pioneering initiatives to bolster public safety, the LED Unit has forged a dynamic partnership with the municipal security and disaster unit, UMgungundlovu District Municipality inspectors, and Health Officials. Together, they conduct comprehensive inspections of both informal and formal businesses, ensuring strict adherence to municipal bylaws and Department of Health regulations. This collaborative effort aims to create safer environments for businesses and the community at large by addressing various aspects of safety and regulations, this initiative not only illuminates areas for improvement but also sets a precedent for comprehensive and community-focused governance.

The joint inspections cover a broad spectrum of parameters, including lighting compliance, overall business conduct, and adherence to health regulations. By addressing these aspects collectively, the initiative seeks to enhance overall safety, promote responsible business practices, and ensure the well-being of the community.





10. Handover of Equipment to SMMEs

In a significant move towards empowering Small, Medium, and Micro Enterprises (SMMEs), the Municipality, orchestrated a momentous equipment handover ceremony. Chaired by Mayor Councillor MK Ngcongo, the event was attended by esteemed ward councillors and key figures from municipal management. This collaborative initiative represents a dedicated effort to bolster local businesses and stimulate economic growth.

The primary objective of this collaboration is to provide essential equipment to local SMMEs, ensuring they have the tools necessary to thrive in their respective industries. This initiative aligns with the municipality's commitment to fostering economic

development and supporting local entrepreneurship. Mayor Councillor MK Ngcongo delivered an inspiring address, emphasizing the municipality's dedication to supporting local businesses and the role of SMMEs in driving economic progress. The handover ceremony featured a showcase of the equipment provided, ranging from machinery to tools, tailored to meet the diverse needs of local SMMEs and as per requests received from SMMEs.

The equipment handover is expected to have a transformative impact on local SMMEs, empowering them to enhance productivity, expand operations, and contribute to the overall economic vibrancy of the town. This initiative is a testament to the belief that investing in local businesses is a strategic investment in community prosperity.

The ceremony concluded with a commitment from Municipality to explore further collaborations and initiatives aimed at supporting SMMEs. This seeks to create an environment conducive to sustained growth and success for local entrepreneurs.





3.2 DEVELOPMENT PLANNING

INTRODUCTION TO DEVELOPMENT AND PLANNING

Development and Planning function at the Municipality includes Land Use Management, Spatial Development Planning, GIS, IDP, Building Control and the Housing unit. The Municipality is experiencing a lack of human resources to perform its legislative requirements for GIS. Some of these functions (GIS) is performed on a basic level and the municipality is supported by uMgungundlovu District Municipality.

This unit is under the Office of the Municipal Manager and is involved with the developmental duties of municipalities, as outlined in section 153 of the Constitution, including to 'give priority to the basic needs of the community, and to promote the social and economic development of the community' and 'participate in national and provincial development programmes'. The unit's strategic and operational service delivery objectives include the following:

STRATEGIC

- Dynamically lead in shaping the Municipality's short- and longer-term growth and development in order to ensure improved quality of life;
- Mainstream the Municipality's Economic Development Strategy, and ensure alignment
- with both internal and external plans and partners;
- Develop a 'green economy' policy and framework to ensure that the Municipality
- optimises economic growth and job creation;
- Ensure that the Municipality's unique economic and social asset – its natural environment – is protected, integrated and optimised within the urban landscape.

OPERATIONAL

Deliver efficient and effective service to the developers and property owners of Richmond, reducing approval turnaround time for land use management applications and building development;

Improve the Municipality's building development and land use regulation functions, and drive coordinated and integrated environmental enforcement;

Lead law reform planning processes by implementing and continuously reviewing the new Richmond Zoning Scheme and drafting the planning bylaw;

Improve environmental compliance with relevant environmental legislation, using best practice environmental technologies and processes; and

Formulate the Municipality's Integrated Development Plan (IDP).

The Integrated Development Plan (IDP) is regarded as the principle strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the Municipality. The approach to strategic planning that involves the entire municipality and its citizens is to find the best solution to achieve go od long-term development. It aims to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in an area, and should consider the existing conditions and resources available for development.

The Richmond Municipality is responsible for drafting the IDP Process Plan, which is aligned to the UMDM Framework Plan. The framework with the IDP/Budget process plan was approved by Council. Quarterly public interaction was experienced at IDP engagements, e.g. izimbizo and representative forums.

SMART MUNICPALITY

Working together with the department of Economic Development and Environmental Affairs, the municipality has taken a resolution to become a smart municipality and has established a Smart Municipality Committee which is composed of stakeholders from: Planning & Development, Technical Services, Human settlements; ICT; Safety and GIS.

The Smart City/ Municipality concept can be defined as the use of Smart Computing technologies to make the critical infrastructure components and services of a city which include: city administration; education; healthcare; public safety; real estate; transportation; and utilities to be more intelligent, interconnected, and efficient.

LAND INVASION

Land invasions continue to be problematic for the municipality. This is more especially in areas outside of Richmond town, such as the Greater Indaleni area. However, the municipal staff together with municipal councillors, ward committees and the community, are working together to mitigate the issue more especially through public awareness campaigns.

Detail	SPLUMA Applications	Building Plan Applicatations
	2023/2024	2023/2024
Planning application received	6	18
Determination made in year of receipt	1	5
Determination made in following year	1	13
Applications withdrawn	0	0
Applications outstanding at year end	4	13

CEMETORIES AND CREMATORIUMS

Richmond Municipality manages, administers and develops Cemeteries. Plans and implements the development of new cemeteries. Prepares burial sites for burial. Manage the pauper burials within the municipal duristiction. Maintains the cemeteries by cutting grass. Enforces the cemeteries by-laws. There are two formal municipal cemeteries in ward one and other communal cemeteries in all wards which are not controlled by the Municipality.

3.3 TECHNICAL AND INFRASTRUCTURE SERVICES

WATER SERVICES

Water is provided by uMgungundlovu District Municipality as a water service authority (WSA) in the Richmond area of jurisdiction. Almost 70% - 80% of areas within Richmond Municipality have access to clean water.



WATER SERVICES (SANITATION)

UMGUNGUNDLOVU District Municipality has a contingency plan of water trucks to deliver portable water to the community. A bulk pipeline from PMB to Richmond has been constructed in order to close the gap of possible shortage of water in Richmond.
The above report touches all the wards of Richmond Municipality. There are few sections within these wards which have not benefited from the toilet projects however these areas

are currently on the IDP of uMgungundlovu District since sanitation is a project of the district in terms of the Municipal Structures Act and will be rolled out as soon as funding has been sourced.

ELECTRICITY

The Department of Mineral Resources and Renewable Energy (DMRE) had under the INEP program transferred a total amount of R 17 350 000.00 to Richmond Local Municipality for the Electrification Project for the 2023/2024 financial year.

The Department of Mineral Resources and Renewable Energy approved the application for an amount of R 17 350 000.00 to implement the following projects under Electrification programme

PROJECT NAME	NUMBER OF PLANNED CONNECTION	PROJECT COST	STATUS
Slahla-Sigcakini Electrification Project - Ward 2	100	R 2,480,000	Project at 60% completion
Mthunzini-Lindelani Electrification Project - Ward 3	100	R 2,480,000	Completed awaiting energising
Mcsteel - Masonite Electrification Project - Ward 4	100	R 2,480,000	Project at 50% completion
Mpofane - Nkumane Electrification Project - Ward 5	100	R 2,480,000	Completed awaiting energising
TOTAL ALLOCATION		**R9 920 000**	

According to information from Statistics South Africa from 2011 census data, Richmond is 80% electrified. The municipality depends on grants to electrify the areas which currently do not have access to electricity.

These projects were meant to have been completed by the end of the 2023/2024 financial year due to delayed in transfer of grant which resulted in the project overlapping to the 2023/2024 financial year.

WASTE MANAGEMENT, REFUSE COLLECTION, WASTE DISPOSAL AND STREET CLEANING SERVICES

Access to Various Types of Refuse Removal

Description of Refuse Removals	No of Households	Percentage %
Unspecified / other	259	1,80%
Removed by local authority at least once a week	1582	11,10%
Removed by local authority less often	129	0,90%
Communal refuse dump	425	3,00%
Own refuse dump	11051	77,50%
No rubbish disposal	817	5,70%
Total	**14263**	**100%**

Source: Quantec Easy Data 2010

The following table presents the types of refuse removal by population groups in the Richmond Municipality.

Access to Refuse Removal by Population Groups

Types of Refuse Removals	Blacks	Coloureds	Asians	Whites
Unspecified / other	1,90%	0,20%	0,10%	1,50%
Removed by local authority at least once a week	7,70%	72,80%	84,40%	20,10%
Removed by local authority less often	0,60%	0,00%	1,00%	7,20%
Communal refuse dump	2,70%	6,40%	6,60%	5,80%
Own refuse dump	81,10%	20,60%	7,40%	59,70%
No rubbish disposal	6,00%	0,00%	0,50%	5,70%
Total	**100,00%**	**100,00%**	**100,00%**	**100,00%**

Source: Quantec Easy Data 2010

Refuse removal takes place in formalized areas like Byrne Village, Siyathuthuka Low-cost Houses, Richmond CBD and Residential area within the village. Street cleaning takes place in the CBD only. The Municipality currently has a refuse truck which services the residential areas and businesses. The Skipper truck is used to service the rural areas with a total of twenty (21) skipper bins, the intention of the Municipality is to expand the service to all the rural areas and add more skipper bins in the following financial years.

HOUSING PROJECTS

Provision of housing in Richmond is a function and responsibility of the KwaZulu Natal Department of Human Settlements. The Department and the Municipality currently have one MOA in place with department of human settlements to facilitate the provision of housing within the Municipality's area of jurisdiction. The MOA was for the Argosy Rehabilitation housing projects.

The following project was approved for the 2023/2024 financial year:

PROJECT	NO. OF BENEFICIARIES	LOCATION	PROJECT DESCRIPTION	STATUS
Argosy Rehabilitation	**396**	Argosy Farm Ward 4	In-situ upgrade	Construction stage

PROJECTS IN PLANNING STAGE

Projects in Planning	Ward	Yield	Previous progress	Progress to date
KwaMagoda	01	1000	HDA (housing development agency) compiled a report of pre-feasibility study, which concluded that some land parcels are not suitable for a housing project due to environmental constraints such as wetlands and very steep slopes HDA to do land audits, land verification, land claims and disputes.	Richmond to request a letter from landowners stating they are willing to sell their land parcels so that housing developments can take place
Hopewell	03	1000	HDA (housing development agency) compiled a report of pre-feasibility study, which concluded that some land parcels are not suitable for a housing project due to environmental constraints such as wetlands and very steep slopes HDA to do land audits, land verification, land claims and disputes	Beneficiary list of locals residing in Hopewell was created after HDA had advised that we have one for feasibility study purposes. Landowners have written a letter to Richmond Municipality stating they are willing to sell the land occupied by locals so housing developments can be established. Municipality has sent an application to the Department of Human Settlements for assistance to purchase the land for a proposed housing project.

Bhongoza Slump and Umkhuzana	01	200	Bageso consultants and Gudluza have completed their study of informal upgrading plans for both settlements. Municipality sent a letter to the Department to request that interim basic services be implemented in the new site rather than where they are currently residing and transit camps be erected. The Department is currently working on the submission made by Municipality, looking into existing services thereafter it will be taken to the board for approval.	The relocation to commonage 5319 site appointed by Municipality was approved by the Department. A community agreement was signed by locals in July regarding the relocation. All locals are willing to move to a proper structure and they understand that no developments are implemented in private land The project is approved for stage 1 (Planning), the Department requested a Council resolution and MM's signing authority to draw up a tripartite agreement for appointment of implementing agent to execute planning work. Seed Consulting is appointed to execute detailed planning.

St Bernard and Amundus Projects	05	400	The Land Affairs Director requested two letters from the church before assigning surveyors. A letter for re-subdivision and a letter of intention to donate. Unfortunately, the church hasn't been able to provide these letters due internal issues.	The Church submitted required letters to Land affairs. Awaiting for feedback from Land Affairs
Gengeshe	06	500	The Department requested letters from the CPA (community property association) The letter has been sent, waiting for feedback from the planning board	The project is approved for stage 1(Planning) by the Department of Human Settlements. They have requested a Council resolution and MM's signing authority to draw up a tripartite agreement. Iqhina consulting is appointed to execute detailed planning.
uMzinolovu	01	500	The Department requested letters from the CPA (community property association the letter has been sent, waiting for feedback from the planning board	The project is recommended by the Department, they are still waiting for SCM processes to be finalized.


952



FREE BASIC SERVICES AND INDIGENT SUPPORT – ADDING VALUE THROUGH FREE BASIC SERVICES

Richmond Municipality continues to provide free basic services, such as refuse removal, Electricity, and rates assistance, to its citizens. The allocation of these free basic services is determined by means of either the municipal value of the property, or on application by those with limited income whose property values exceed the set valuation levels.

The valuation method is preferred, as it helps to prevent the creation of a bloated and costly administration to deal with large number of applications that would likely be received if a purely application-based process were followed. Instead, the valuation

system allows the Municipality to aid those residents assumed to be in need. While it is likely that some households that receive the benefit may fall outside the qualifying criteria, this approach is still the most practical for the Municipality. A further benefit of the valuation-based approach is that it provides certainty in terms of budgets and reduces the risk of fraud and the costs involved in preventing it.

The benefits vary based on the valuation of the properties at R50 000 or below, and the recipients are all households who stay in the low-cost houses and those that stay in Ingonyama Trust land.

Residents whose property values are too high for them to automatically to qualify for the free services are also entitled to apply for these services, provided their gross monthly household income is R1 300 or less. The application process involves registering as indigent. Once approved, these households receive the same benefits as if their property values were below R50 000. To date, 456 residents have registered via this process. This relatively low number demonstrates that the valuation driven measures are effective in reaching the less-fortunate residents at whom they are targeted.

ROADS AND OTHER INFRASTRUCTURE

The Department of Cooperative Governance and Traditional Affairs (CoGTA) had allocated the municipality an amount of R19 266 000.00 on the Municipal Infrastructure Grant (MIG) to be received by the Richmond Local Municipality to implement infrastructure projects. Furthermore the Department of Mineral Resources and Renewable Energy (DMRE) had under the INEP program transferred a total amount of R 17 350 000.00 to Richmond Local Municipality for Electrification Projects for the 2023/2024 financial year.

As per the Division of Revenue Act (DoRA) Treasury gazetted R19 266 000.00 for the Richmond Local Municipality under MIG Grant funding for the implementation of infrastructure projects within the municipality.

During the 2023/2024 financial year the Technical Services department submitted an implementation plan for the following projects to be implemented:

No.	PROJECT	DESCRIPTION	BUDGET	STATUS
1.	**MIG PROJECTS: Fibre Ward 7 Sports field**	Construction of Sports field	R 8,786,100	Practically Completed
2.	**MIG PROJECTS: MIG PROJECTS: Upgrading of Siyathuthuka/Magoda phase 2**	Upgrading of Siyathuthuka / Magoda main road	R 6,940,176	Completed
3.	**MIG PROJECTS: Upgrading of Stormwater and roads in ward 7 Khetho to Mjintini**	Construction of stormwater and road	R 24 463 18,84	Ongoing project (0.52km completed)
4.	**Rehabilitation of Highover Wildlife Sanctuary**	Rehabilitation of 5 cottages and 1 wooden deck	R 3 000 000	Completed
5.	**Small Town Grant: Installation of 10 Solar LED Street Lights**	Installation of 10 solar LED streetlights	R 400 416,55	Completed

ROADS

The National, Provincial and District collector roads fall under the Department of Transport, known as N roads, P roads and D roads and Richmond Municipality is responsible for urban roads and rural access roads within the Municipal area. The Municipality is responsible for the planning, construction and rehabilitation of urban road networks and the gravel road network.

The Technical Services Department is responsible for the planning, construction and routine maintenance (rehabilitation) of all tarred and gravelled roads in the municipal area. The main strategic objective is to provide road infrastructure services to the community of Richmond.

GRAVEL ROADS INFRASTRUCTURE

Gravel access roads are continuously maintained with the Grader programme. The Municipality assists the communities by grading gravel roads which are damaged due to inclement weather conditions. During the year under review, the Province of KwaZulu Natal was hit hard by heavy rainfall resulting in flooding that left parts of the province with severe damage and Richmond Municipality was part of those local areas that were hit hard by the floods causing a huge damage to the road infrastructure.

3.4 PUBLIC SAFETY AND EMERGENCY

TRAFFIC POLICE

Richmond Municipality has a number of programs aimed at promoting compliance with Road Safety Act. Hereunder are some of the programs:

- Road Safety Awareness Campaign targetting schools.
- Road blocks, especially during the feastive season and Easter holidays.

These programs are aimed at dealing with drunk driving, overload,vehicle fitness and so on.



Community Policing Forum

Richmond Municipality has a functional community forum. The forum meets once a month. The aim of the forum is to address crime issues in the area of the Municipality. Stakeholders who are part of the forum are:

South African Police Services (SAPS)

Municipal Traffic Police

Councillors

Non – Governmental Organisations

Ward Committee Members

DISASTER MANAGEMENT AND ANIMAL CONTROL

Disaster Management falls under the Disaster Management Act 57 of 2002. The Act requires an integrated and effective response to disasters. Disaster Management aims to reduce the risk of disasters, mitigate the severity of disasters, plan and prepare for emerging crisis, events or disasters, respond rapidly and effectively to disasters and to implement post disasters recovery and rehabilitation by monitoring, integrating, co-ordinating the disaster risk management activities of all role-players. The overall implementation of Disaster Risk management initiatives is a shared responsibility of all employees, department, relevant external role-players and the participation of the community. Richmond Municipality has a fully fledged disaster management unit which is now covering Richmond and its surroundings.

During the 2023/2024 financial year, the Municipality recorded a total of (52) incidents. The majority of incidents were caused by Structural Fire (29), heavy rainfall (18), strong winds (04) and hailstorm (1). The incidents affected 96 households and a population of approximately 640 people. A total of 01 fatality and 04 injuries were also reported resulting from these incidents. The following emergency relief material was issued to affected households: 461 blankets, 96 food parcels, 115 rolls of plastic sheeting and 219 matrasses/sponges.

SUMMATIVE INCIDENT STATISTICS	
Incidents	**52**
Households Affected	**96**
Partially Damaged Houses	**78**
Totally Damaged Houses	**33**
People Affected	**640**
Homeless	**06**
Fatalities	**01**
Injuries	**04**

3.5 COMMUNITY AND SOCIAL SERVICES

COMMUNITY FACILITIES

Community facilities consist of municipal halls and sports fields. There are eleven (15) halls owned and controlled by the Municipality in all seven (7) wards. There are four (4) halls in ward one (1) which are:

The Memorial hall;

The Agricultural hall;

Magoda hall and;

Richmond Sports complex

There are two (2) halls in ward two which are:

Slahla hall; and

Siyathuthuka hall

There are two (2) halls in ward three which are:

Ntsongeni

Mzinolovu

There are four (4) halls in ward five (1) which are:

Nkumane hall;

Thusong Centre;

Malizayo hall; and

Mpofana

There are three (3) halls in ward six which are:

Smozomeni hall;

Phatheni hall; and

Mgxobeleni hall

Ward seven (7) has no community hall and there are sport fields located in ward one, two, three, five and six.

DEPARTMENT OF HEALTH

The Department of Health provides health services in Richmond. The following health facilities are found in the Municipal area:

- Richmond Hospital
- Provincial clinics in Richmond, Ndaleni, Phatheni and Mbuthisweni
- Private Clinic in Nkumane
- Six mobile clinic ports

SPORTS AND RECREATION

The geographic spread of sport facilities within the Richmond Municipality indicates that the majority of areas have access to the sport facilities. Sport fields are found at Hopewell,

Argosy Farm, Ndaleni, KwaGengeshe, Mzinolovu, Phatheni, Richmond Village and Nhlazuka.

On top of the above, Richmond Municipality has been involved in a number of cultural and sporting activities. The most critical event which the Municipality has participated since is the SALGA Games. These games aspire to promote sound inter-Municipalities relationship and social cohesion between the Municipalities by using sport as a vehicle to forge sustainable partnership and further strengthen existing relations.

Richmond Municipality works hand in hand with the Sports Federations and local SAFA to promote/ develop the following sports codes:

- Male/Female soccer
- Male/Female Netball
- Indigenous Games
- Chess
- Mayoral Cup
- Golden games
- Facilitation of Annual Reed Dance.

Mayoral Cup Competition

The Mayoral Cup targeting teams from all 7 Wards of Richmond Municipality from the above participating codes, the mayoral cup was held on the 19 October 2024 at the Richmond Primary School grounds.




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Telephone Number: 033 - 212 2155
Website: www.richmond.gov.za



HEALTH, HIV/AIDS AND OTHER SOCIAL PROGRAMMES

Guided by the District as well as the Richmond Municipality's HIV/AIDS Strategy, the municipality implemented the following activities in the financial year under review:

OPERATION SUKUMASAKHE

The Operation Sukuma Sakhe programme is a governmental integrated approach to fast tracking service delivery. This programme brings together local and provincial government as well as civil society organizations to bring together their efforts to address social ills such as poverty, crime, HIV/AIDS, food insecurity, drugs and any other emerging social challenges.

The Richmond municipality has a Local Task Team which meets monthly or quarterly to:

- Monitor and track delivered integrated services to individuals, households, and communities.

- Monitor and ensure profiling of households at ward level and build a database of the different services required by communities.
- Ensure that the required interventions are delivered to communities.

All wards have Community Care Givers (CCGs) and 6 and 7 have Community Development Workers (CDW) who among other things, have the responsibility of ensuring that households are profiled, and that required interventions are reported to the War Rooms for coordination. All war rooms were fully functional during the period under review. Other government departments such as DSD, DHA, DOH, Agriculture, DHS and SASSA also attended to households needing their interventions.

GENDER PROGRAMME

Richmond Municipality is currently in the process of resuscitating the Municipal Gender Forum. This will assist with implementation of ward-based gender programs.

3.6 ORGANISATIONAL SCORECARD

The IDP is supported by the Municipal Scorecard which sets out the Key Performance Areas, Key Performance Indicators and targets showing responsibilities on all activities to be undertaken by the Municipality during the particular period for 12 months in line with municipal financial year from July to June and this is developed on annual basis.

The Scorecard also facilitates performance monitoring, thereby enabling the municipality to be able to easily detect any signal for underperformance as it provides for time-frames and responsibilities on implementation of planned performance. Reporting is also enabled and it is also for this purpose that the municipality provided how the planned KPIs and targets were implemented during the year under review (2023/24) as an attachment to the annual report.

Richmond Annual Report

2023/2024

RICHMOND LOCAL MUNICIPALITY ORGANISATIONAL SCORECARD FOR 2023/2024															
IDP Ref	**National KPA**	**Objective**	**Strategy Focus Area**	**Project/ Programme/ Measurable Output**	**Key Performance Indicator**	**Demand**	**Baseline**	**Backlog**	**Performance Target (ANNUAL)**	**Q 1 Target**	**Q2 Target**	**Q3 Target**	**Q4 Target**	**Responsible Department**	**Ward Information**
OUTCOME 9 - IMPROVED ACCESS TO BASIC SERVICES															
NATIONAL KPA - BASIC SERVICES															
B2B PILLAR 2 - DELIVERING BASIC SERVICES															
COM12		To provide sustainable human settlements	Address housing shortages	Constructed and completed Argosy Farm Rehabilitation project	Number of houses constructed	**80**	60	0	**80 houses to be built by implementing agent**	**80**	N/A	N/A	N/A	Community Services	**Ward 4**
PMU03		To provide access to proper community facilities	To implement service delivery programmes and reduce services and infrastructure backlogs	**MIG PROJECTS:** Construction of Fibre Ward 7 Sports field	Number of sports fields completed	**1**	0	1	**1**	N/A	N/A	N/A	**1**	Technical Services	**Ward 7**
PMU08				MIG PROJECTS: Appointment of Contractor for Construction of Khetho and Mjintini Stormwater	Date of appointing contractor	**31-Dec-23**	New Indicator	New Indicator	**31-Dec-23**	N/A	**31-Dec-23**	N/A	N/A	Technical Services	**Ward 2 and 7**
ELEC01		To ensure the role-out of electrification projects throughout the municipality	To implement service delivery programmes and reduce services and infrastructure backlogs	Slahla Sigcakini Electrification Project - Ward 2 (100 Connections)	Number of completed connections	**100**	New Indicator	New Indicator	**100**	N/A	N/A	N/A	**100**	Technical Services	**Ward 7**
ELEC02				Mthunzini-Lindelani Electrification Project - Ward 3 (100 Connections)	Number of completed connections	**100**	New Indicator	New Indicator	**100**	N/A	N/A	N/A	**100**	Technical Services	**Ward 6**
ELEC03				Mcsteel - Masonite Electrification Project - Ward 4 (100 Connection)	Number of completed connections	**100**	New Indicator	New Indicator	**100**	N/A	N/A	N/A	**100**	Technical Services	**Ward 3**
ELEC04				Mpofane - Nkumane Electrification Project - Ward 5 (100 Connection)	Number of completed connections	**100**	New Indicator	New Indicator	**100**	N/A	N/A	N/A	**100**	Technical Services	**Ward 4**
OMU-01		To improve accessibility through maintenance and road infrastructure provision	To implement service delivery programmes and reduce services and infrastructure backlogs	ACCESS ROADS: WARD 1 Maintenance of access road	Number of kilometers of gravel roads maintained	**4,4km**	4km	0	**4,4KM**	N/A	N/A	**4,4KM**	N/A	Technical Services	**Ward 1**
OMU-02				ACCESS ROADS: WARD 2 Maintenance of access road	Number of kilometers of gravel roads maintained	**4,7km**	4km	0	**4,7KM**	N/A	4,7KM	N/A	N/A	Technical Services	**Ward 2**
OMU-03				ACCESS ROADS: WARD 3 Maintenance of access road	Number of kilometers of gravel roads maintained	**5,3km**	4km	0	**5,3KM**	**5,3KM**	N/A	N/A	N/A	Technical Services	**Ward 3**
OMU-04				ACCESS ROADS: WARD 4 Maintenance of access road	Number of kilometers of gravel roads maintained	**4,7km**	4km	0	**4,7KM**	**4,7KM**	N/A	N/A	N/A	Technical Services	**Ward 4**
OMU-05				ACCESS ROADS: WARD 5 Maintenance of access road	Number of kilometers of gravel roads maintained	**9,5km**	5.5km	0	**9,5KM**	**9,5KM**	N/A	N/A	N/A	Technical Services	**Ward 5**
OMU-06				ACCESS ROADS: WARD 6 Maintenance of access road	Number of kilometers of gravel roads maintained	**4,7km**	6km	0	**4,7KM**	N/A	**4,7KM**	N/A	N/A	Technical Services	**Ward 6**
OMU-07				ACCESS ROADS: WARD 7 Maintenance of access road	Number of kilometers of gravel roads maintained	**4,3km**	2km	2km	**4,3KM**	N/A	N/A	**4,3KM**	N/A	Technical Services	**Ward 7**
OMU-08		To provide safe and reliable waste management services	To implement service delivery programmes and reduce services and infrastructure backlogs	Maintenance of Overgrown Grass and Vergers	Number of squaremeters of streets maintained(Grass Cutting, Brush Cutting)	**100 000m2**	48	0	**100 000m2**	**25000m2**	**25000m2**	**25000m2**	**25000m2**	Technical Services	**All Wards**
OMU-09				Collection of planned refuse removal	Number of billed households with access to daily solid waste removal (ward 1 and	**1036**	48	0	**1036**	**1036**	**1036**	**1036**	**1036**	Technical Services	**Ward 1 and 2**
OMU-10				Collection of Refuse Removal using Skippers	Number of wards serviced with a skipper bin	**6**	48	0	**6**	**6**	**6**	**6**	**6**	Technical Services	**All Wards**
OMU-11		To improve accessibility through maintenance and road infrastructure provision		Maintenance of urban roads by pothole patching & repairs	Number of square meters of potholes patched and repaired	**1000m2**	2000m2	0	**1000m2**	**250m2**	**250m2**	**250m2**	**250m2**	Technical Services	**All Wards**

OUTCOME 9 - DIFFERENTIATED APPROACH TO MUNICIPAL PLANNING AND SUPPORT NATIONAL KPA - MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT B2B PILLAR 5 - BUILDING CAPABLE LOCAL GOVERNEMNT															
CORP03			Update and implement the workplace skills plan in accordance with training and development needs and municipal agreements	Work place skills plan developed and submitted to LGSETA	Date of submission to LGSETA of the WSP (2023 - 2024)	30-Apr-24	30-Apr-23	0	30-Apr-24	N/A	N/A	N/A	30-Apr-24	Corporate Services	Institutional
CORP04	MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	To update and communicate systems that drive institutional development and enhance staff recruitment, retention and motivation.	To conduct needs based training programs and boost municipal capacity	Trained and Development staff members	Number of trained stuff	20	44	0	20	5	5	5	5	Corporate Services	Institutional
CORP05				Educated staff through continuous development and provision of staff bursaries	Number of approved bursary applications	5	9	0	5	N/A	N/A	5	N/A	Corporate Services	Institutional
CORP06				Reports compiled and submitted to portfolio committees	Number of reports submitted to IT , HR and Community Services Portfolio meetings held	12	12	0	12	3	3	3	3	Corporate Services	Institutional
CORP09			Assessment of status quo, develop and implement remedial measures	Staff climate survey conducted throughout the municipality	Number of surveys done	1 survey completed	1 survey completed	0	1 survey completed	N/A	N/A	N/A	1 survey completed	Corporate Services	Institutional
CORP10				Employee Wellness programme conducted in the municipality	Number of Employee wellness programmes conducted	2	1	1	2	1	N/A	1	N/A	Corporate Services	Institutional
CORP11				Compliant Employment Equity report submitted to Department of Labour	Number of reports submitted to Department of Labour	1	1	0	1	N/A	N/A	1	N/A	Corporate Services	Institutional
CORP12				Compliance with the 2% legislation of people with disability of total number of staff representation	Number of Staff with disability appointed	1	0	5	1	N/A	N/A	N/A	1	Corporate Services	Institutional
CORP13			Update of existing OD systems to enhance their effectiveness and develop policies to preserve institutional memory.	Human Resource Management Plan formulated and adopted by Council	Date of adoption of HR management plan by Council	30-Jun-23	30-Jun-22	New Indicator	30-Jun-23	N/A	N/A	N/A	30-Jun-23	Corporate Services	Institutional
CORP14				Organisational policies are developed / reviewed and approved by council	Percentage of reviewed policies	100%	100%	0	100% Reviewed Policies	N/A	N/A	N/A	100% Reviewed Policies	Corporate Services	Institutional
CORP15				Communication of updated policies and procedures to all employees	Number of workshops conducted	1	1	0	1 workshop	1 workshop	N/A	N/A	N/A	Corporate Services	Institutional
CORP16				Purchase of capital resources for the enhancement of the human resources Unit	Date of Purchase of recording system	30-Sep-23	New Indicator	New Indicator	30-Sep-23	30-Sep-23	N/A	N/A	N/A	Corporate Services	Institutional
CORP17					Date of Purchase of shredder	30-Sep-23	New Indicator	New Indicator	30-Sep-23	30-Sep-23	N/A	N/A	N/A	Corporate Services	Institutional
CORP18					Date of Purchase of time and attendance corp	30-Sep-23	New Indicator	New Indicator	30-Sep-23	30-Sep-23	N/A	N/A	N/A	Corporate Services	Institutional
CORP24		To effectively manage the information communication technology systems and Information Communications Technology infrastructure of the municipality.	Develop and drive implementation of the Information Communications Technology strategy and plan.	Enhanced support and maintenance of Information Communications Technology Infrastructure	Number of WAN/LAN Reports Submitted	4	4	0	4	1	1	1	1	Corporate Services	Institutional
CORP25				GCIS Compliance and Responsive Website	Number of Website Compliance Checklist Reports submitted as per GCIS Legislative requirements	4	4	0	4	1	1	1	1	Corporate Services	Institutional
CORP26				Functional Information Communications Technology Steering	Number of Information Communications Technology Steering Committee	4	4	0	4 meetings	1	1	1	1	Corporate Services	Institutional

OUTCOME 9 - DIFFERENTIATED APPROACH TO MUNICIPAL PLANNING AND SUPPORT															
NATIONAL KPA - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT															
B2B PILLAR 4 - SOUND FINANCIAL MANAGEMENT															
FIN01	Municipal Financial Viability and Financial Management	To improve sound financial viability and financial management as per legislative prescripts	Implement systems and processes which ensure clean audits, compliance to legislation and high performance	Compliance with Section 65(2)(e) of the MFMA	Percentage of Creditors paid within 30 days of invoice date	**100% Percentage processing of invoices received**	100% of creditors paid within 30 days	0	**100%**	**100%**	**100%**	**100%**	**100%**	Financial Services	**Institutional**
FIN02				Reconciled and reviewed monthly creditors' reconciliations	Number of months reconciled within the quarter	**12 Monthly Reconciliations**	12 Monthly Reconciliations	0	**12**	**3**	**3**	**3**	**3**	Financial Services	**Institutional**
FIN03				Financial Reporting to STATS SA	Number of quarterly reports submitted to STATS SA	**4 Quarterly Reports**	4 Quarterly Reports	0	**4**	**1**	**1**	**1**	**1**	Financial Services	**Institutional**
FIN04				Timely and accurate processing of Employee Related Cost and compliance with legal prescripts	Number of months Employee Related Costs processed in a timely manner.	**12 timely successful payroll runs**	12 timely successful payroll runs	0	**12**	**3**	**3**	**3**	**3**	Financial Services	**Institutional**
FIN05			Reduced dependency on grants and increase revenue collection and alternative revenue generation sources	Improved debtors collection rate	Amount collected in respect of old debt	**42000000**	0	42000000	**15 000 000**	**3 750 000**	**3 750 000**	**3 750 000**	**3 750 000**	Financial Services	**Institutional**
FIN06					Percentage of current billing collected on a monthly basis	**95%**	95%	0	**95%**	**95%**	**95%**	**95%**	**95%**	Financial Services	**Institutional**
FIN07				Improved municipal liquidity position	Number of times that cash reserves can cover monthly expenditure	**Average of 3 Times**	Average of 3 Times	0	**Average of 3 Times**	**3 times**	**3 times**	**3 times**	**3 times**	Financial Services	**Institutional**
FIN08			Prepare financial plans and provide reports in terms of applicable legislation	Approved budget process Plan by Council by 31 August	Date of approving IDP/Budget Process Plan	**31-Aug-23**	**31-Aug-22**	0	**31-Aug-23**	**31-Aug-23**	N/A	N/A	N/A	Financial Services	**Institutional**
FIN09				Approved Draft budget in compliance with MFMA	Approval of draft budget	**31-Mar-24**	**31-Mar-23**	0	**31-Mar-24**	N/A	N/A	**31-Mar-24**	N/A	Financial Services	**Institutional**
FIN10				Approved Annual Budget in compliance to MFMA	Date of approval of final budget	**31-May-24**	**31-May-23**	0	**31-May-24**	N/A	N/A	N/A	**31-May-24**	Financial Services	**Institutional**
FIN11				Approved Mid year assessment report in compliance with MFMA	Date of submission of Mid year performance assessment report	**31-Jan-24**	**31-Jan-23**	0	**31-Jan-24**	N/A	N/A	**31-Jan-24**	N/A	Financial Services	**Institutional**
FIN12				Approved Adjustment budget in compliance with the MFMA	Date of approval of adjustment budget	**28-Feb-24**	**28-Feb-23**	0	**28-Feb-24**	N/A	N/A	**28-Feb-24**	N/A	Financial Services	**Institutional**
FIN13				All monthly returns submitted	Number of monthly returns submitted	**12**	**12**	0	**12**	**3**	**3**	**3**	**3**	Financial Services	**Institutional**
FIN14				All quarterly returns submitted with zero errors	Number of returns submitted	**4**	**4**	0	**4**	**1**	**1**	**1**	**1**	Financial Services	**Institutional**
FIN15				Annual Financial Statements submitted on time to AGSA	Date of submission of AFS to Auditor General	**31-Aug-23**	**31-Aug-22**	0	**31-Aug-23**	**31-Aug-23**	N/A	N/A	N/A	Financial Services	**Institutional**
FIN16		To effect SCM policy in a way that is fair, equitable, transparent, competitive and cost-effective	Improve systems for demand and supply chain management	Improved SCM Procurement Turnaround times for an order below R30 000	Number of days to place an order below R30 000	**5 days**	5 days	0	**12 days**	**12 days**	**12 days**	**12 days**	**12 days**	Financial Services	**Institutional**
FIN17				Improved SCM Procurement Turnaround times for an order above R30 000 but below R200 000	Number of days to place an order (above R30 000 but below R200 000) starting from the date SCM receives specification from end user department	**21 days**	21 days	0	**21 days**	**21 days**	**21 days**	**21 days**	**21 days**	Financial Services	**Institutional**
FIN18				Improved SCM Procurement Turnaround times t finalize evaluation to bid tender	Number of days to finalize evaluation to bid to tender starting from the closing date of the tender.	**10 days**	10 days	0	**21 days**	**21 days**	**21 days**	**21 days**	**21 days**	Financial Services	**Institutional**
FIN19				Improved SCM Procurement Turnaround times between tender evaluation and adjudication	Number of days between tender evaluation and adjudication starting From date of the finalisation of the evaluation committee	**7 days**	7 days	0	**14 days**	**14 days**	**14 days**	**14 days**	**14 days**	Financial Services	**Institutional**
FIN20				Irregular, fruitless and wasteful Expenditure Eliminated	No Irregular, fruitless and wasteful expenditure Incurred	**0**	0	0	**No Irregular, Fruitless and Wasteful Expenditure Incurred**	**0**	**0**	**0**	**0**	Financial Services	**Institutional**

Richmond Annual Report

2023/2024

OUTCOME 9 - DIFFERENTIATED APPROACH TO MUNICIPAL PLANNING AND SUPPORT															
NATIONAL KPA - GOOD GOVERNANCE, COMMUNITY PARTICIPATION AND WARD COMMITTEE SYSTEMS															
B2B PILLAR 1 - PUTTING PEOPLE FIRST & PILLAR 3 - GOOD GOVERNANCE															
COMM01		To ensure effective communication by strategically profile the Municipality in line with the Mission and vision	Communication of municipal programmes and projects through the Municipal Newsletter	Quarterly Municipal Newsletter	Number of newsletters issued per quarter	2000 newsletters	6000 newsletters	6000 newsletters	2000 newsletters	500 newsletters	500 newsletters	500 newsletters	500 newsletters	Office of the Municipal Manager	Institutional
COMM02			Public engagements through Mayor on Air program	Mayor on Air program	Number of Mayoral radio slots conducted	1	2	0	2 radio slot for the Mayor	N/A	1 radio slot	N/A	1 radio slot	Office of the Municipal Manager	Institutional
COMM04			Visibility of Municipal corporate branding	Municipal corporate branding	Number of campaigns and surveys conducted	1 survey and 3 campaigns	1 survey and 3 campaigns	0	1 survey and 3 campaigns	1 survey	1 campaign	1 campaign	1 campaign	Office of the Municipal Manager	Institutional
COMM05			Tabling of the Annual Report to Council to ensure compliance with legislation	Tabled Annual Report to Council	Date of tabling of Annual report	31-Mar-24	31-Mar-23	0	31-Mar-24	N/A	N/A	31-Mar-24	N/A	Office of the Municipal Manager	Institutional
IAR1		To provide reasonable assurance on the adequacy and the effectiveness of internal controls, risks and performance management	Effective and operational Internal Audit Unit	Approval of planning internal audit documents	Date of adoption of the internal audit strategic and operational plan as well as audit charters	30-Sep-23	30-Sep-22	0	30-Sep-23	30-Sep-23	N/A	N/A	N/A	Office of the Municipal Manager	Institutional
IAR5			Implementation of the internal audit plan	Audit plan implementation	Percentage of audit reviews completed as per the internal audit plan per quarter	100%	100%	0	100%	100%	100%	100%	100%	Office of the Municipal Manager	Institutional
IAR6			Established quality assurance and improvement programs	Quality assurance	Number of quality assurance programs developed	1	1	0	1	N/A	N/A	N/A	1	Office of the Municipal Manager	Institutional
IAR7			Annual Review of the Risk Management Framework and the Anti-Fraud and Anti-Corruption Strategy by the Risk Committee and Council	Risk and Anti Fraud/ Corruption Strategy and Framework	Date of adoption of the Risk Management Framework and Anti - Fraud/ Anti - Corruption Strategy	30-Jun-24	30-Jun-23	0	30-Jun-24	N/A	N/A	N/A	30-Jun-24	Office of the Municipal Manager	Institutional
IAR9			Risk workshop convened once a year	Risk Workshop	Number of workshops to be held	1 Workshop	1 Workshop	0	1 Workshop	N/A	N/A	N/A	1 Workshop	Office of the Municipal Manager	Institutional
PMS01		To ensure and public participation and awareness	Ensure compliance to all legislative mandates and implementing processes and programmes to promote public awareness	Submission of Draft and Final SDBIP to Mayor	Date of submission of Draft SDBIP to Mayor	14-Jun-24	14-Jun-23		14-Jun-24	N/A	N/A	N/A	14-Jun-24	Office of the Municipal Manager	Institutional
PMS02					Date of submission of Draft SDBIP to Mayor	28-Jun-24	28-Jun-23		28-Jun-24	N/A	N/A	N/A	28-Jun-24	Office of the Municipal Manager	Institutional
PMS03				Publication of final SDBIP 2022/2023	Date of publication of Approved Final SDBIP	30-Jun-24	30-Jun-23		30-Jun-24	N/A	N/A	N/A	30-Jun-24	Office of the Municipal Manager	Institutional
PMS04			Establish governance structures and develop protocols for all processes and participate in all IGR to share knowledge best practices and promote integrated development	Submission of APR to The office of the Auditor General of South Africa	Date of submission of Annual Performance Report to Auditor General	31-Aug-23	31-Aug-22	0	31-Aug-23	31-Aug-23	N/A	N/A	N/A	Office of the Municipal Manager	Institutional
PMS05				Quarterly SDBIP Reports submitted to Council.	Number of quarterly SDBIPs submitted to Council	4	4	0	4 Reports submitted to Council	1	1	1	1	Office of the Municipal Manager	Institutional
PMS06				Signing of Section 56/57 Managers Performance Agreements	Number of signed Performance Agreements	5	4	0	5 signed performance agreements	5	N/A	N/A	N/A	Office of the Municipal Manager	Institutional
PMS07				Adoption of the oversight report by Council	Date of adoption of the Oversight report by Council	31-Mar-24	1	0	31-Mar-24	N/A	N/A	31-Mar-24	N/A	Office of the Municipal Manager	Institutional
PMS08				Publication of the Oversight Report	Date of publication of the oversight report	07-Apr-24	1	0	07-Apr-24	N/A	N/A	N/A	07-Apr-24	Office of the Municipal Manager	Institutional
PP01			Ensure compliance to all legislative mandates and implementing processes and programmes to promote public awareness	Participation on IDP and Budget of local residents	Number of reports on the participation of local residents in decision making process	4 reports	4 reports	0	4 reports	1	1	1	1	Office of the Municipal Manager	Institutional
PP02				Community awareness campaigns on social ills within the community	Percentage of community awareness campaigns supported	100%	100%	0	100%	100%	100%	100%	100%	Office of the Municipal Manager	Institutional
PP03				Community feedback meetings on service delivery	Number of community feedback meetings convened	4 Meetings	4 Meetings	0	4 Meetings	1	1	1	1	Office of the Municipal Manager	Institutional
PP04				Ward committee meetings inputs	Number of ward committee meetings held	12 Meetings	12 Meetings	0	12 Meetings	3	3	3	3	Office of the Municipal Manager	Institutional
PP05				Sectoral reports from ward committee members	Percentage of sectoral reports submitted	100%	100%	0	100%	100%	100%	100%	100%	Office of the Municipal Manager	Institutional
PP06				Ward operational plans for the ward committees	Number of reports on implementation of WOPs	4 reports	4 reports	0	4 reports	1	1	1	1	Office of the Municipal	Institutional

OUTCOME 9 - COMMUNITY WORK PROGRAMME IMPLEMENTED AND COOPERATIVES SUPPORTED															
NATIONAL KPA - LOCAL ECONOMIC DEVELOPMENT															
B2B PILLAR 1 - PUTTING PEOPLE FIRST															
LED 04	LOCAL ECONOMIC DEVELOPMENT	To promote economic development and economic growth	Job creation, investor attraction, and economic growth	Implementation of LED Strategy and programmes	Number of business plans submitted for funding applications	**2**	0	2	**2**	N/A	N/A	**1**	**1**	Office of the Municipal Manager	**Institutional**
LED 05		To support skills development and economic growth	Facilitate improved literacy rate and better standard of living	Capacity building for SMMEs and Co-operatives	Date of training programme formulated	**30-Sep-23**	**30-Sep-22**	0	**30-Sep-23**	**30-Sep-23**	N/A	N/A	N/A	Office of the Municipal Manager	**Institutional**
LED 06					Number of training programmes conducted/facilitated through external stakeholders	**2**	**2**	0	**2**	**1**	N/A	**1**	N/A	Office of the Municipal Manager	**Institutional**
LED 08					Number of trained beneficiaries	**40**	50	0	**40**	20	N/A	**20**	N/A	Office of the Municipal Manager	**Institutional**
LED 09			To support small businesses and start-ups	Provision of support to SMMEs and business start ups, by procurement of machinery, equipment, implements, seeds, inputs etc..	Date of procurement of SMME equipment	**31-Dec-23**	**31-Dec-22**	0	**31-Dec-23**	N/A	**31-Dec-23**	N/A	N/A	Office of the Municipal Manager	**Institutional**
LED 10					Date of handover of SMME equipment	**31-Mar-24**	**31-Mar-23**	0	**31-Mar-24**	N/A	N/A	**31-Mar-24**	N/A	Office of the Municipal Manager	**Institutional**
LED 11				Registration of companies for SMME's on CIPC	Number of SMME companies registered on CIPC	**20**	20	0	**20**	**5**	**5**	**5**	**5**	Office of the Municipal Manager	**Institutional**
LED 12				To insure functional and effective Business forum	Number of meetings held by the forum	**4**	4	0	**4**	**1**	**1**	**1**	**1**	Office of the Municipal Manager	**Institutional**
LED 13				To ensure a functional and effective LED Forum	Date of launch of LED Forum	**31-Dec-23**	0	1	**31-Dec-23**	N/A	**31-Dec-23**	N/A	N/A	Office of the Municipal Manager	**Institutional**
LED 14					Number of meetings held by the forum	**4**	4	0	**4**	**1**	**1**	**1**	**1**	Office of the Municipal Manager	**Institutional**
LED 15				Ensuring a functional and effective Richmond Agricultural Forum	Number of meetings held by the agricultural forum	**4**	4	0	**4**	**1**	**1**	**1**	**1**	Office of the Municipal Manager	**Institutional**
LED 16				To ensure compliance with the operations of the regulatory compliance forum	Number of joint quarterly business inspections held	**4**	4	0	**4**	**1**	**1**	**1**	**1**	Office of the Municipal Manager	**Institutional**
LED 17				To develop and support SMME's informal economy	Number of informal traders permits issued	**100**	50	0	**100**	**100**	N/A	**N/A**	N/A	Office of the Municipal Manager	**Institutional**
LED 18				To support and address issues and challenges faced by informal economy	Number of meetings held by informal economy	**4**	4	0	**4**	**1**	1	1	**1**	Office of the Municipal Manager	**Institutional**
LED 19				To ensure compliance with the informal traders allocations policy	Percentage of lease agreement signed for new tenants at the SMME Units	**100%**	100	0	**100%**	**100%**	**100%**	**100%**	**100%**	Office of the Municipal Manager	**Institutional**
LED 20				To ensure compliance with informal traders lease agreements	Percentage of signed handover letter of demand and eviction notices	**100%**	1	0	**100%**	**100%**	**100%**	**100%**	**100%**	Office of the Municipal Manager	**Institutional**
LED 21				To ensure compliance with informal traders policy (allocations policy)	Number of monthly informal traders inspections done	**12**	12	0	**12**	**3**	**3**	**3**	**3**	Office of the Municipal Manager	**Institutional**
LED 22				To ensure compliance with municipal Bylaws	Percentage of business licences issued	**100%**	100%	0	**100%**	**100%**	**100%**	**100%**	**100%**	Office of the Municipal Manager	**Institutional**
LED 23				To ensure functionality of the incubation centre	Percentage of lease agreements signed for new tenants at incubation centre	**100%**	100%	0	**100%**	N/A	N/A	N/A	**100%**	Office of the Municipal Manager	**Institutional**
LED 24				The hosting of SMME Fair	Date of SMME fair hosted	**30-Jun-24**	30-Jun-22	0	**30-Jun-24**	N/A	N/A	N/A	**30-Jun-24**	Office of the Municipal Manager	**Institutional**
LED 25				The hosting of Agricultural Farmers Day	Date of Agricultural farmers day hosted	**31-Mar-24**	30-Mar-22	0	**31-Mar-24**	N/A	N/A	**31-Mar-24**	N/A	Office of the Municipal Manager	**Institutional**
LED 26				The hosting of the Commemoration of	Date of Commemoration of Heritage Day	**30-Sep-23**	**30-Sep-22**	0	**30-Sep-23**	**30-Sep-23**	N/A	N/A	N/A	Office of the Municipal	**Institutional**

OUTCOME 9 - IMPROVED MUNICIPAL FINANCIAL AND ADMINISTRATION CAPABILITY															
NATIONAL KPA - CROSS CUTTING INTERVENTIONS															
B2B PILLAR 1 - PUTTING PEOPLE FIRST															
DEV01		To ensure and public participation and awareness	Ensure compliance to all legislative mandates and implementing processes and programmes to promote public awareness	Public notification of the IDP Process Plan	Date of publication of IDP process plan	**30-Sep-23**	**30-Sep-22**	0	**30-Sep-23**	**30-Sep-23**	N/A	N/A	N/A	Office of the Municipal Manager	**Institutional**
DEV02				Submission of the Draft IDP to Council to ensure compliance with legislation	Date of approved Draft IDP by Council	**31-Mar-24**	**31-Mar-23**	0	**31-Mar-24**	N/A	N/A	**31-Mar-24**	N/A	Office of the Municipal Manager	**Institutional**
DEV03				Community/Public consultation sessions	Number of IDP meetings held	**7 meetings to be held**	**7 meetings to be held**	0	**7 meetings to be held**	N/A	**7 meetings**	N/A	N/A	Office of the Municipal Manager	**Institutional**
DEV04				Submission of the Final IDP to Council to ensure compliance with legislation	Date of Final IDP adopted by Council	**31-May-24**	**31-May-23**	0	**31-May-24**	N/A	N/A	N/A	**31-May-24**	Office of the Municipal Manager	**Institutional**
DEV06		To ensure compliance with Municipal by-laws	Approval of building plans and Compliance with building plans regulations	Approved building plans	Percentage of building plans approved compared to the plans received	**100%**	100%	N/A	**100%**	**100%**	**100%**	**100%**	**100%**	Office of the Municipal Manager	**Institutional**
DEV07			Compliance with Town Planning Scheme and Building regulations	Contravention letters issued	Number of contravention letters issued	**60**	60	N/A	**60**	**15**	**15**	**15**	**15**	Office of the Municipal Manager	**Institutional**
DEV08			Compliance with building regulations	Compliance certificates issued	Percentage of compliance certificates issued on the approved building plans and completed buildings	**100%**	100%	N/A	**100%**	**100%**	**100%**	**100%**	**100%**	Office of the Municipal Manager	**Institutional**
DEV09			Compliance with Town Planning Scheme	Inspections conducted to prevent illegal activities (Illegal construction of buildings)	Number of physical site inspections conducted	**60**	60	N/A	**60**	**15**	**15**	**15**	**15**	Office of the Municipal Manager	**Institutional**
DEV10				Inspections conducted to prevent illegal activities (Illegal land use)	Number of physical site inspections conducted	**60**	60	N/A	**60**	**15**	**15**	**15**	**15**	Office of the Municipal Manager	**Institutional**
DEV11		To ensure sustainable and coordinated development throughout the municipality	Compliance with Spatial Planning Land Use management Act (SPLUMA)	Processed and Approved SPLUMA applications by authorised officer or JMPT	Percentage of SPLUMA applications processed	**100%**	100%	0	**100%**	**100%**	**100%**	**100%**	**100%**	Office of the Municipal Manager	**Institutional**
DEV12					Date of submitting Draft Spatial Development Framework (SDF) to Council for adoption	**31-Dec-23**	**New Indicator**	**New Indicator**	**31-Dec-23**	**N/A**	**31-Dec-23**	**N/A**	**N/A**	Office of the Municipal Manager	**Institutional**
COM01		To implement disaster management programmes	Promote health and safety and provide disaster relief through awareness campaigns	Reviewed Disaster Management Policy and Disaster Management Plan	Date of reviewing the disaster Management policy and Plan	**30-Jun-24**	**30-Jun-23**	0	**30-Jun-24**	**N/A**	**N/A**	**N/A**	**30-Jun-24**	Community Services	**Institutional**
COM02				Disaster Management programmes implemented	Number of awareness Campaigns to be done in each ward	**7**	7	0	**7**	**2**	**3**	**1**	**1**	Community Services	**Ward based (1,2,3,4,5,6,7)**
COM03				Reduced turn around time in responding to disaster incidents	Number of Hours taken to respond to disaster incidents	**5**	5	0	**5 hours to respond to disaster incidents**	**5**	**5**	**5**	**5**	Community Services	**Institutional**
COM04				Disaster Advisory Forum Meetings Convened	Number of Meetings convened	**4**	**4**	0	**4**	**1**	**1**	**1**	**1**	Community Services	**Institutional**
COM05	**CROSS CUTTING ISSUES**			Disaster Management Incident reports tabled at portfolio committee	Number of reports submitted to MANCO and Portfolio committee on the functionality of Disaster	**12**	4	0	**12**	**3**	**3**	**3**	**3**	Community Services	**Institutional**
COM06				Disaster Management reports on support relief provided to community members affected by disaster incidents	Number of monthly reports on disaster relief support provided submitted to MANCO and Portfolio committee on the functionality of Disaster	**12**	4	0	**12**	**3**	**3**	**3**	**3**	Community Services	**Institutional**
COM07		To promote the use of libraries facilities and dissemination of information	Improved opportunities for better livelihood and improved knowledge	Enhancing library educational programmes	Number of library programmes conducted in the communities	**12**	8	**0**	**12**	**3**	**3**	**3**	**3**	Community Services	**Institutional**
COM08					Number of book exchanges	**6**	**6**	**0**	**6**	**1**	**1**	**2**	**2**	Community Services	**Institutional**
COM09				Monitoring of the Arts and Culture Grant spending received by the municipality for libraries	Number of expenditure reports submitted	**4**	4	0	**4**	**1**	**1**	**1**	**1**	Community Services	**Institutional**
COM10		To enhance law enforcement and Security Services, road safety and promote the driver's license/ testing Centre	Revenue generated through learners licensing	Revenue Generation and enhancement	Number of reports submitted to Council committees	**4**	**4**	0	**4**	**1**	**1**	**1**	**1**	Community Services	**Institutional**
COM11			To enhance and promote road safety as per National Road Traffic Act 93/96	Visibility campaigns and road blocks programmes conducted	Number of roadblocks conducted	**40**	40	0	**40**	**10**	**10**	**10**	**10**	Community Services	**Institutional**
COM12			To enhance and educate the community through road safety education awareness programmes and visiting of schools		Number of road safety education awareness programmes conducted	**20**	20	0	**12**	**3**	**3**	**3**	**3**	Community Services	**Institutional**

Richmond Annual Report

2023/2024

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

COMPONENT A: INTRODUCTION TO MUNICIPAL WORKFORCE

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

The table below shows the employee totals and vacancies in the 2023/2024 financial year. The Municipality has a high staff turnover rate.

Department	2023/2024			
	No. of Approved Posts	No. of employees	No. of Vacancies	Vacancies %
Council	14	13	1	7%
Budget and Treasury office	32	28	4	13%
Office of the Municipal Manager	26	18	8	31%
Community Services	107	58	49	46%
Corporate Services	29	19	10	34%
Technical Services	69	50	19	28%
Total Permanent Staff	**277**	**186**	**91**	**33%**

Position/Category	No. of Staff	Permanent/Contract	Gender		Race			
			M	F	A	W	C	
Municipal Manager	1	Contract	1	0	1	0	0	
S56/57 Managers	4	Contract	3	1	4	0	0	
Managers	12	Permanent	6	6	9	0	3	
Other	169	Permanent	86	77	156	0	7	
Total	**186**							

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

The Municipality reviewed and adopted the following human resources, risk and information technology policies for the 2023/2024:

No.	Name of the Policy	Date adopted by Council
1.	Acting Allowance Policy	30 June 2023
2.	Gender Equality Policy	30 June 2023
3.	Health And Safety Policy	30 June 2023
4.	HIV/AIDS Policy	30 June 2023
5.	Training and Development Policy	30 June 2023
No.	**Name of the Policy**	**Date adopted by Council**
6.	Leave Policy	30 June 2023
7.	Recruitment Policy	30 June 2023

8.	Staff Bursary Scheme Policy	30 June 2023
9.	Usage Of Telephone Policy	30 June 2023
10.	Overtime Policy	30 June 2023
12.	Membership Of Medical Schemes and Registration Policy	30 June 2023
13.	Standby Allowance Policy	30 June 2023
14.	Task Job Evaluation Policy	30 June 2023
15.	Uniform Protective Clothing Policy	30 June 2023
16.	Communication Device Policy	30 June 2023
17.	Computer Equipment Policy	30 June 2023
18.	Employee Wellness Policy	30 June 2023
19.	Job Creation Policy	30 June 2023
20.	Labour Relations Policy	30 June 2023
21.	Sexual Harassment Policy	30 June 2023
No.	**Name of the Policy**	**Date adopted by Council**
22.	Travel Allowance Policy	30 June 2023
23.	Smoking In the Workplace Policy	30 June 2023
24.	PMS Framework/Policy	30 June 2023

25.	Risk Management Framework and Policy	30 June 2023
26.	ICT Strategy Policy	30 June 2023
27.	Information Systems and Security Policy	30 June 2023
28.	ICT Governance Policy	30 June 2023
29.	ICT Backup Policy	30 June 2023
30	ICT Change Management Policy	30 June 2023
31.	Firewall and Antivirus Policy	30 June 2023
32.	Patch Management Policy	30 June 2023
33.	IT Disaster Recovery Policy	30 June 2023
34.	IT Business Continuity Policy	30 June 2023

4.3 INJURIES, SICKNESS AND SUSPENSIONS

The Municipality did not record any injury for the 2023/2024 financial year. In terms of sickness the Municipality did not record any serious illness of its employees. The Municipality did not have any suspensions in the year.

4.4 PERFORMANCE REWARDS

A Performance Management Policy has been adopted by Council and incorporates an Organizational Score Card and is being implemented across all levels of human capital for the Municipality. Performance Contracts and Agreements for Section 57 employees, Work Plans for all other employees as well as a Performance Plan/Scorecard in terms of a Service Delivery and Budget Implementation Plan (SDBIP) are signed.

The Organizational Scorecard is in place and the following accomplishments can be recorded:

- A developed SDBIP catering for the inclusion of activities and deliverables with associated milestones and as close as possible realistic targets.
- The formulation, extension and review of Municipal Policies and Procedures
- Municipal Bylaws have been reviewed, translated, and promulgated in the Provincial Government Gazette.

The Municipality has a performance management policy which is linked to performance incentives for senior management. In the year under review there were no performance rewards paid as the municipality did not budget for performance bonuses due to limited budget.

COMPONENT C: CAPACITATING MUNICIPAL WORKFORCE

The Municipality identifies skill shortages and training needs through the written submissions submitted by the employees. This information feeds the workplace skills plan in which then trainings are scheduled.

4.5 SKILLS DEVELOPMENT AND TRAINING

The Municipality developed a Workplace Skills Plan for the financial year under review. The budget that was allocated for this purpose during the financial year of 2023/2024 was utilized to conduct the following trainings for employees and Councillors.

- Municipal Finance Management Programme for eleven (11) employee

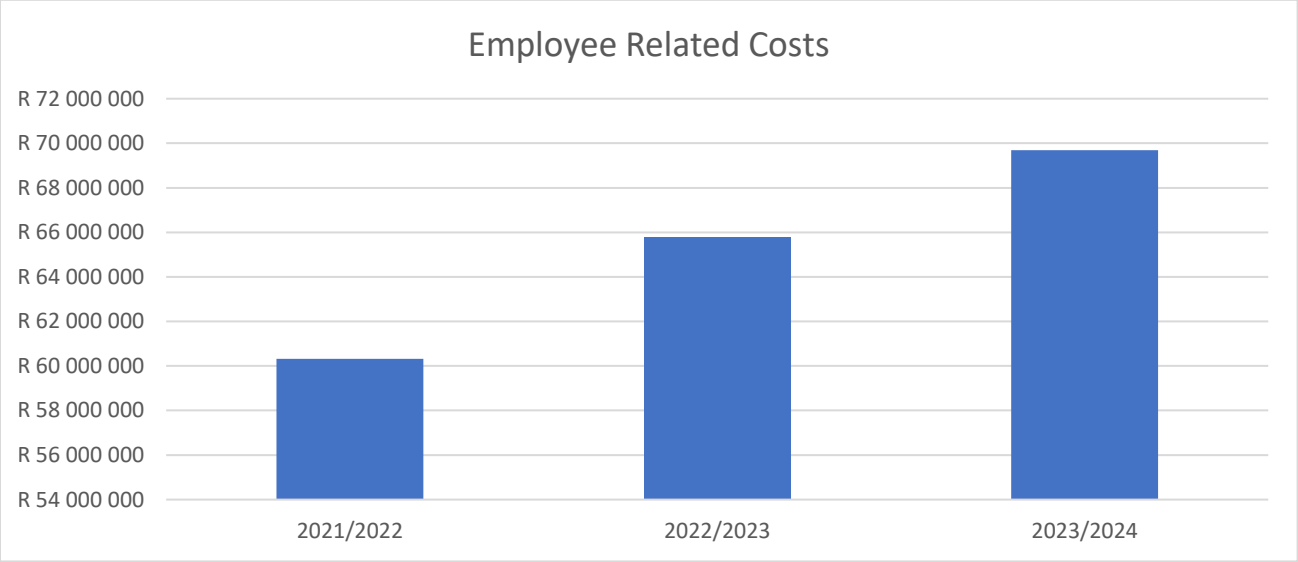
The Municipality also provides internal bursaries to employees for skills development and in the 2023/2024 financial year seven (14) bursaries were awarded to employees to further their studies.

COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

Employee expenditure for the past three (3) financial years is broken down as follows:

Financial Years	Employee Costs
2021/2022	R60 805 140
2022/2023	R65 110 840
2023/2024	R69 694 476



CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

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

5.1 STATEMENTS ON FINANCIAL PERFORMANCE

Richmond Municipality generated a surplus of R 5.3 million compared with the budgeted surplus of R 9.5 for the year under review as depicted in the table below.

Description	2022/23	Current Year 2023/24		
R thousands	**Audited Outcome**	**Original Budget**	**Adjusted Budget**	**Audited**
Financial Performance				
Property rates	27 115	28 446	28 446	28 871
Service charges	966	1 145	1 145	1 023
Investment revenue	2 779	2 740	3 693	2 939
Transfers recognized – operational	93 616	100 757	102 991	99 341
Other own revenue	17 125	10 982	17 582	15 178
Total Revenue (excluding capital transfers and contributions)	**127 713**	**144 070**	**153 857**	**133 914**
Description	**2022/23**	**Current Year 2023/24**		
R thousands	**Audited Outcome**	**Original Budget**	**R thousands**	**Audited Outcome**

Employee costs	65 111	68 613	68 613	69 694
Remuneration of Councillors	6 051	6 881	6 881	6 549
Depreciation & asset impairment	16 682	22 241	19 500	18 443
Finance charges	360	402	402	851
Inventory consumed and bulk purchases	3 089	8 664	5 164	4 694
Transfers and subsidies	556	0	600	523
Bad debt written off	12 801	5 000	7 000	5 547
Other expenditure	61 020	54 334	68 861	63 847
Total Expenditure	165 670	166 135	177 021	170 148
Surplus/(Deficit)	(37 957)	(22 065)	(23 164)	(36 234)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	25 303	20 189	22 196	22 740
Actuarial (gains)/losses	(1 828)	10 432	10 432	83
Landfill site provision (gains) or losses	(1 568)	0	0	(407)
Loss on non-current assets held for sale or disposal groups	196	0	0	124
Surplus/(Deficit) after capital	130 549	22 485	9 974	5 329

transfers & contributions				
Share of surplus/ (deficit) of associate	0	0	0	0
Surplus/(Deficit) for the year	**130 549**	**8 556**	**9 465**	**5 329**

5.2 GRANTS

The Municipality received all budgeted grants in the 2023/24 financial year. There were no grants that were withheld.

Description	**2022/23**	**Current Year 2023/24**			
R thousand	**Audited Outcome**	**Original Budget**	**Adjusted Budget**	**Audited**	**Variance %**
Operating Transfers and Grants					
National Government:	**89 653**	**95 994**	**95 994**	**95 994**	**100%**
Local Government Equitable Share	86 416	92 919	92 919	92 919	100%
Expanded Public Works Programme Integrated Grant	1 287	1 125	1 125	1 125	100%
Local Government Financial Management Grant	1 950	1 950	1 950	1 950	100%
Provincial Government:	**6 454**	**3 700**	**3 700**	**3 700**	**100%**
Library Grant	3 454	3 200	3 200	3 200	100%
High Over Grants	3 000	0	0	0	0%
Rehabilitation of Nelson Street SMME	0	500	500	500	100%
Total Operating Transfers and Grants	**96 107**	**99 694**	**99 694**	**99 694**	**100%**

Capital Transfers and Grants					
National Government:	**23 211**	**30 331**	**30 331**	**30 331**	100%
Municipal Infrastructure Grant	20 511	22 331	22 331	22 331	100%
Integrated National Electrification Programme Grant	2 700	8 000	8 000	8 000	100%
Provincial Government:	**5 200**	0	0	0	0%
CoGTA Grant – Small Town	5 200	0	0	0	0%
Total Capital Transfers and Grants	**28 411**	**30 331**	**30 331**	**30 331**	100%
TOTAL RECEIPTS OF TRANSFERS & GRANTS	**124 518**	**130 025**	**130 025**	**130 025**	**100%**
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.					

5.3 ASSET MANAGEMENT

Richmond Municipality only spent R 11 million of the repairs and maintenance operating budgeted expenditure during the 2023/24 financial year. The 11 million spent represents 6% of the total actual operating expenditure of R 170 million.

Vote Description	2022/23	Current Year 2023/24		
R thousand	**Audited Outcome**	**Original Budget**	**Adjusted Budget**	**Actual**
Repairs and Maintenance Expenditure	9 494	8 307	10 620	10 970
Total Operating Expenditure	128 949	166 135	177 021	170 148
Repairs and Maintenance as a % of Total Operating Expenditure	**5%**	**5%**	**6%**	**6%**

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

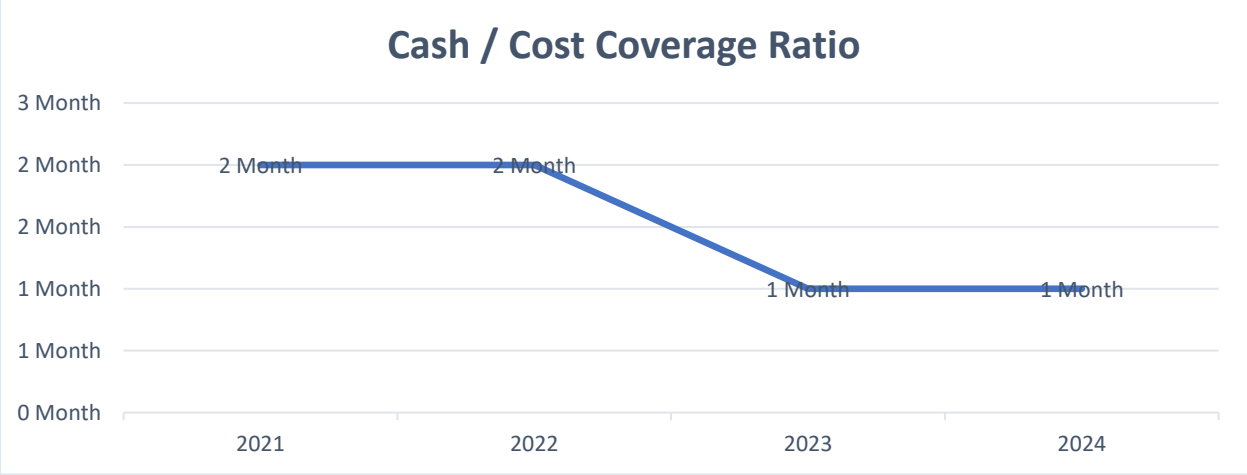
To perform a holistic financial analysis of a Municipality, all financial aspects of the institution should be considered. This is best achieved by considering financial ratios which are computed considering the current and historic Financial Position and Financial Performance of the Municipality.

Liquidity Management

Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)

The cost coverage ratio represents the number of months' fixed expenditure that can be covered by the cash and liquid assets available for the Municipality. The cost coverage ratio shows a constant trend from the 2020/2021 financial year to 2021/2022 of 2 months. It then declined to one month from 2022/2023 and remained at one month during 2023/24.

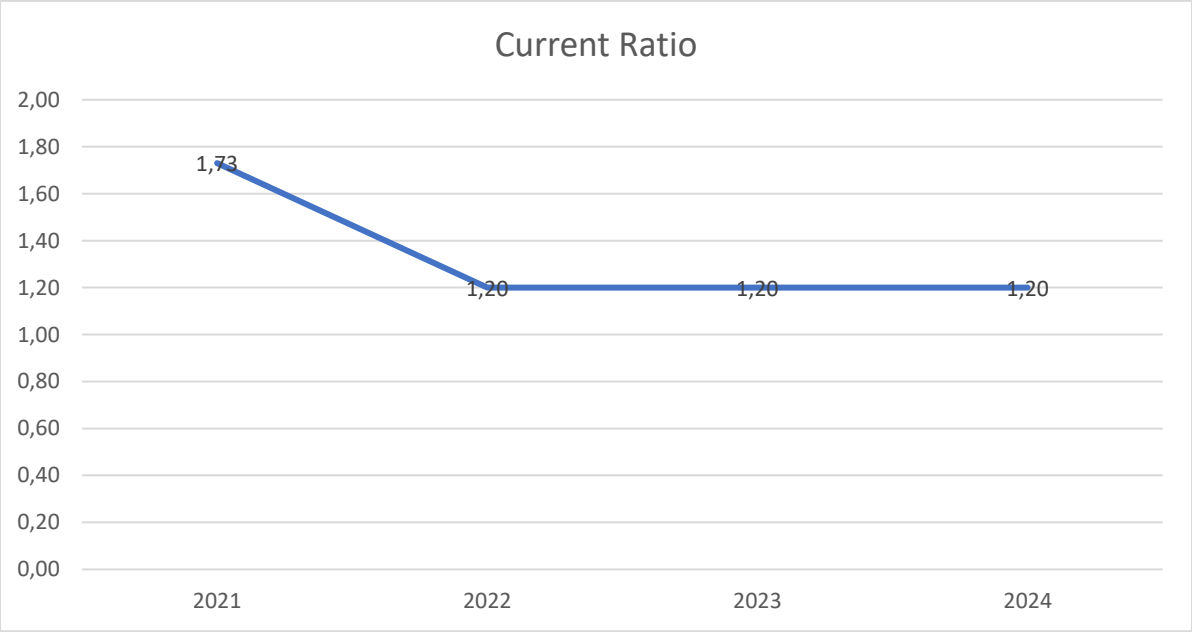
Year	Ratio
2020	1 Month
2021	2 Months
2022	2 Months
2023	1 Month
2024	1 month



Current Ratio

The **current ratio** represents the ability of the Municipality's current assets to service its current liabilities. The ratio declined from 1.28 in 2020/21 to 1.2 in 2021/2022 financial year. The ratio has remained constant from 2021/2022 financial year until current year

Year	Ratio
2021	1,28
2022	1,2
2023	1,2
2024	1.2



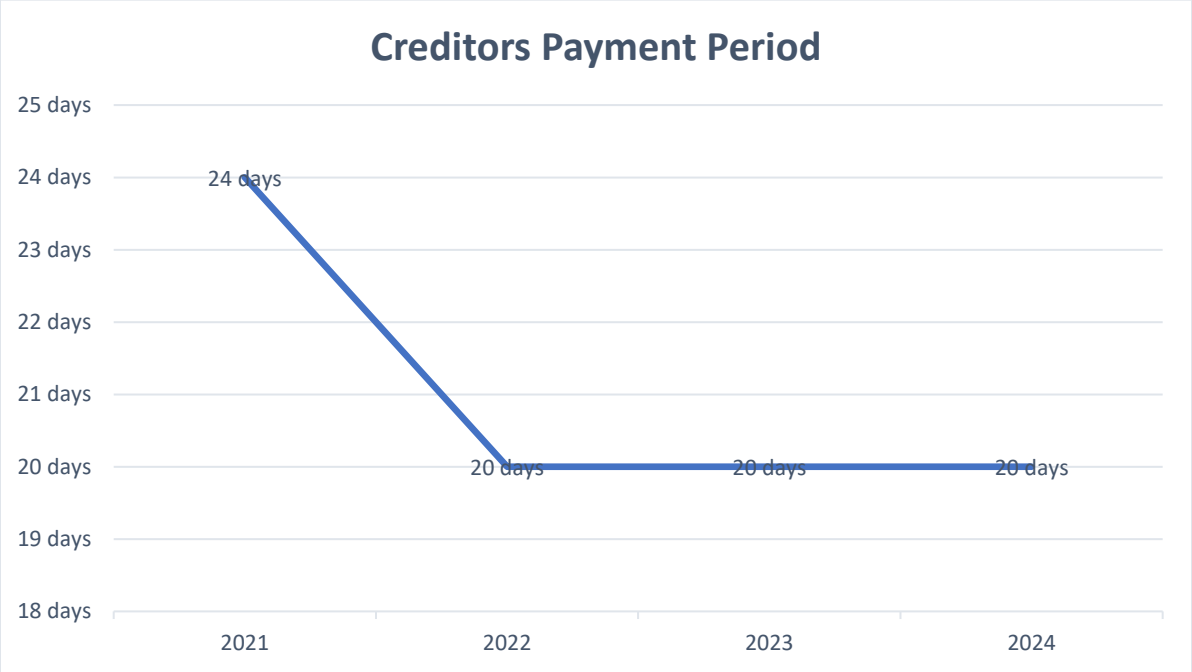
Expenditure Management

Creditors Payment Period (Trade Creditors)

This ratio measures the number of days it takes to pay creditors who delivered services to the Municipality on credit. The ratio improved from 2020/21 from paying creditors with 24 days to paying creditors within 20 days form 2021/22. During the current year the municipality is paying with 20 days which is within the norm of 30 days required by the

Municipal Finance Management Act. This improvement is mainly due to two payment runs in a month by the municipality.

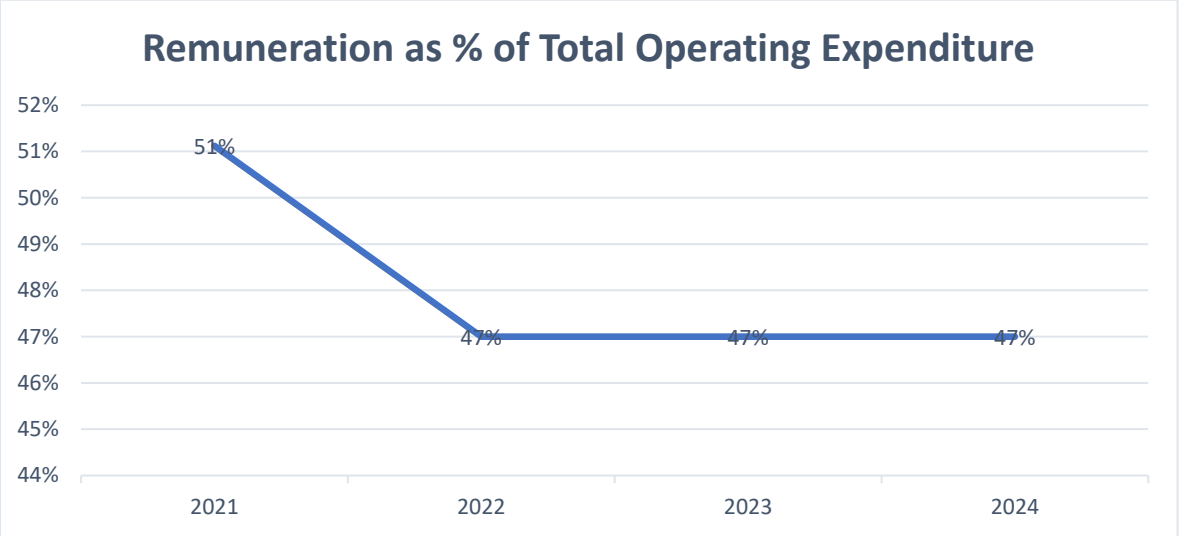
Year	Ratio
2021	24 days
2022	20 days
2023	20 days
2024	20 days



Remuneration (Employee Related Costs and Councillors Remuneration) as % of Total Operating Expenditure

Employee related costs as a percentage of operating expenditure amounted to 47% for the 2023/2024 financial year. The acceptable norm from the National Treasury is that it should be between 25% and 40% of the operating budget expenses. The Municipality is not within the acceptable norm over the last five financial years.

Year	Ratio
2021	49%
2022	47%
2023	47%
2024	47%

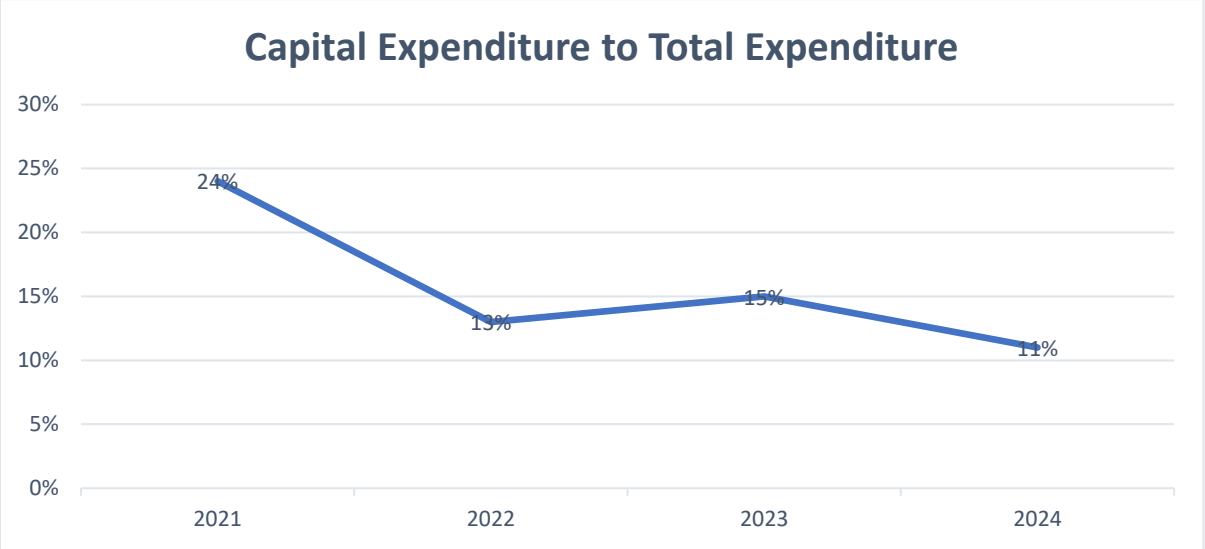


Asset Management/Utilisation

Capital Expenditure to Total Expenditure

This ratio indicates how much capital expenditure is as a percentage of total expenditure (capital and operating expenditure). For the 2023/2024 financial year the percentage is 11.0% whilst the norm is 10%-20%. This is within the norm as the municipality is utilizing more capital grant funds for capital expenditure purposes and less on internal reserves.

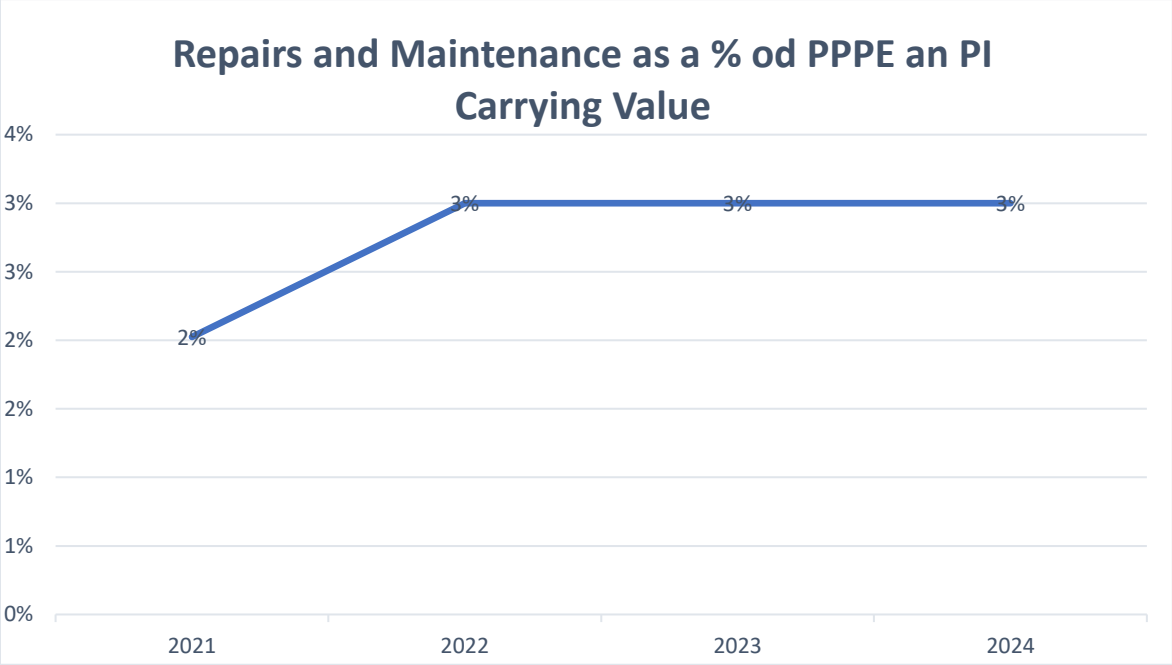
Year	Ratio
2021	24%
2022	13%
2023	15%
2024	11%



Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)

Repairs and maintenance as a percentage of the carrying value of property, plant and equipment has averaged 3% over the period from 2020/21 to 2023/2024. This is well below the unreachable norm of 8% set by the National Treasury. It must be noted that the Municipality has vast parcels of land which distort the true meaning and intention of this ratio. Furthermore, the Municipality undertakes bulk of the repairs and maintenance through internal staff and the cost of the repairs and maintenance performed internally is not considered in this ratio. This further complicates adequate measurement of this ratio.

Year	Ratio
2021	2%
2022	3%
2023	3%
2024	3%

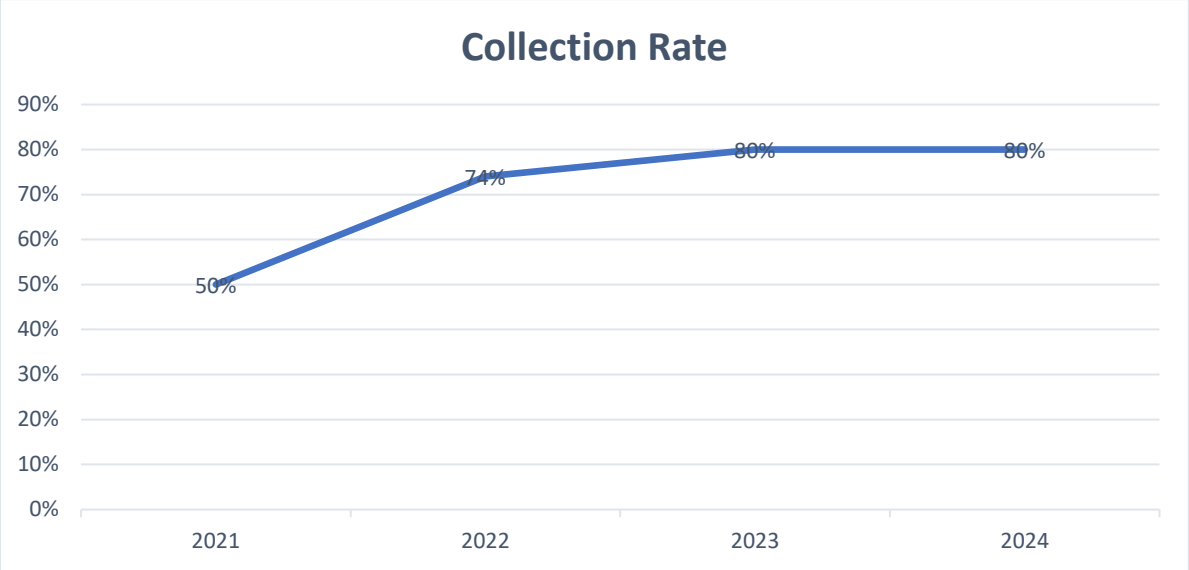


Debtors Management

Collection Rate

The debtors' collection period ratio measures the period it takes for debtors to pay their bills. The longer the period the greater is the problem financial status of the organization. The collection rate is well below the norm of 95% over the past 5 years, however the municipality achieved 80% collection rate in the 2023/24 financial year attributable to the debt repayment incentives within the Credit Control Policy of the municipality.

Year	Ratio
2021	50%
2022	74%
2023	80%
2024	80%

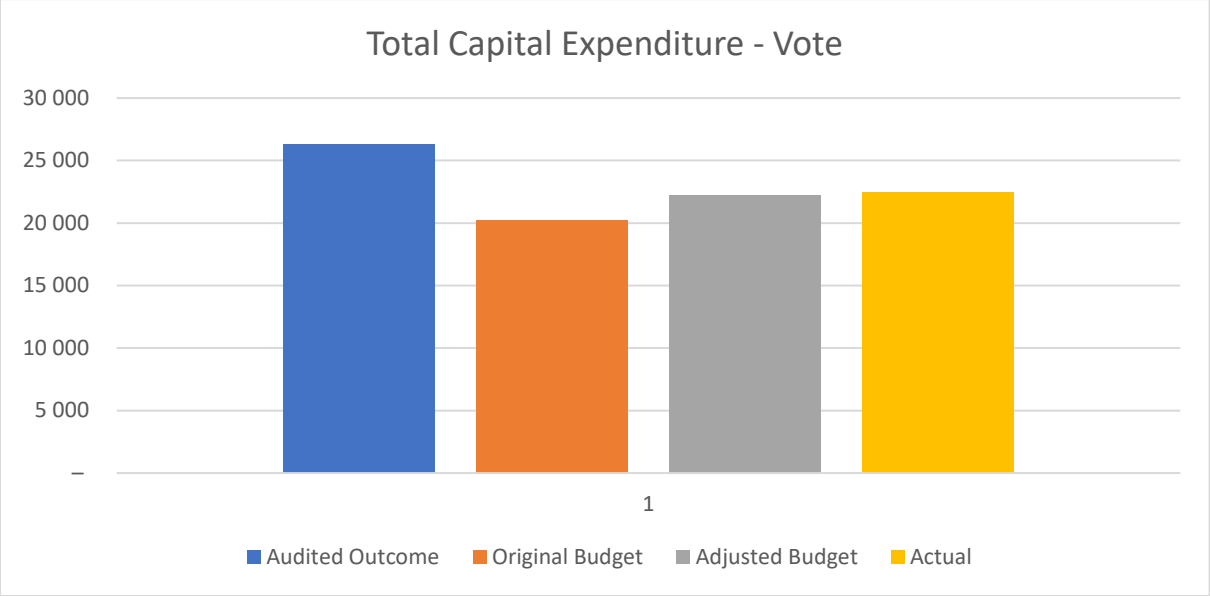


COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

As shown in the table and depicted in the graph below the capital expenditure of the original capital budget of R 22,5 million was increased to R 27,7 million in the final adjusted budget. The actual capital expenditure was only R 25,3 million.

Vote Description	2022/23	Current Year 2023/24		
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Actual
Total Capital Expenditure - Vote	26 265	20 189	22 196	22 470



5.6 SOURCES OF FINANCE

The following table shows the Municipality capital funding budget for 2023/24. The municipality further decreased the budget for capital expenditure using internal funds.

Vote Description	2022/23	Current Year 2023/24		
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Actual
Funded by:				
National Government	19 679	19 781	21 788	21 214
Provincial Government	3 050	408	408	408
Transfers recognised - capital				
Borrowing	–	–	–	–
Internally generated funds	2 767			848
Total Capital Funding	25 302	20 189	22 196	22 470

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

The Municipality's spending on the 5 largest projects is as follows:

No.	PROJECT NAME	CONTRACT AMOUNT	PROJECT STATUS
1	Upgrading of Stormwater and Roads in ward 7 Khetho to Mjintini	R 24,463,418.46	Ongoing
2	Rehabilitation of Siythuthuka/Magoda Main Road Phase 2 - 1.5KM	R 12,473,224.58	Completed
3	Construction of Ward 7 Fibre Sports field	R 9,347,954.62	Practically Complete
4	The Construction of Sheti Box Culvert Ward 1	R 7,654,591.57	Completed
5	Implementation of Highover Wildlife Sanctuary	R 2,999,575.59	Practically Complete

5.8 BASIC SERVICES AND INFRASTRUCTURE BACKLOGS

This information is given in the demographic of the Municipality above just below the Mayor's foreword.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASHFLOW

Cash flow management is critical to the Municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the Council's commitments. Cash flow is rigorously managed and monitored on a regular basis.
The net cash inflows from operating activities generated a positive cash inflow of R 17,7 million. The net cash outflows of investing activities resulted in a cash outflow of R 25,7

million. The net cash from financing activities generated a cash outflow of R 227 489. Overall the Municipality had a cash outflow of R 5.9 million and ended the financial year with cash and cash equivalents to the amount of R 18.7 million.

Description	2022/23	Current Year 2023/24		
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates	28 039	27 024	27 024	27 849
Service charges	3 153	781	781	3 153
Other revenue	6 471	21 096	27 622	0.00
Transfers and Subsidies - Operational	122 670	129 560	116 623	124 480
Interest	1 263	2 740	3 693	2 939
Dividends	–	0	0	0
Payments				
Suppliers and employees	(129 040)	(138 722)	(149 560)	(148 770)
Finance charges	(288)	(402)	(402)	(0)
Transfers and Grants	–			(8 443)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**26 764**	**50 563**	**37 183**	**17 735**
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	619	0	0	360
Decrease (increase) in non-current receivables	0	0	0	0
Decrease (increase) in non-current investments	0	0	0	0
Payments				
Capital assets	21 358	24 324	27 441	21 871
NET CASH FROM/(USED) INVESTING ACTIVITIES				

CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	0	0	0	0
Borrowing long term/refinancing	0	0	0	0
Increase (decrease) in consumer deposits	0	0	0	0
Payments	0	0	0	0
Finance lease payments	0	0	0	280
NET CASH FROM/(USED) FINANCING ACTIVITIES				
NET INCREASE/ (DECREASE) IN CASH HELD	**5 852**	**23 034**	**3 665**	**(8 160)**
Cash/cash equivalents at the year begin:	21 050	19 467	26 902	26 902
Cash/cash equivalents at the year-end:	**26 902**	**43 747**	**27 404**	**11 871**

5.10 BORROWINGS AND INVESTMENTS

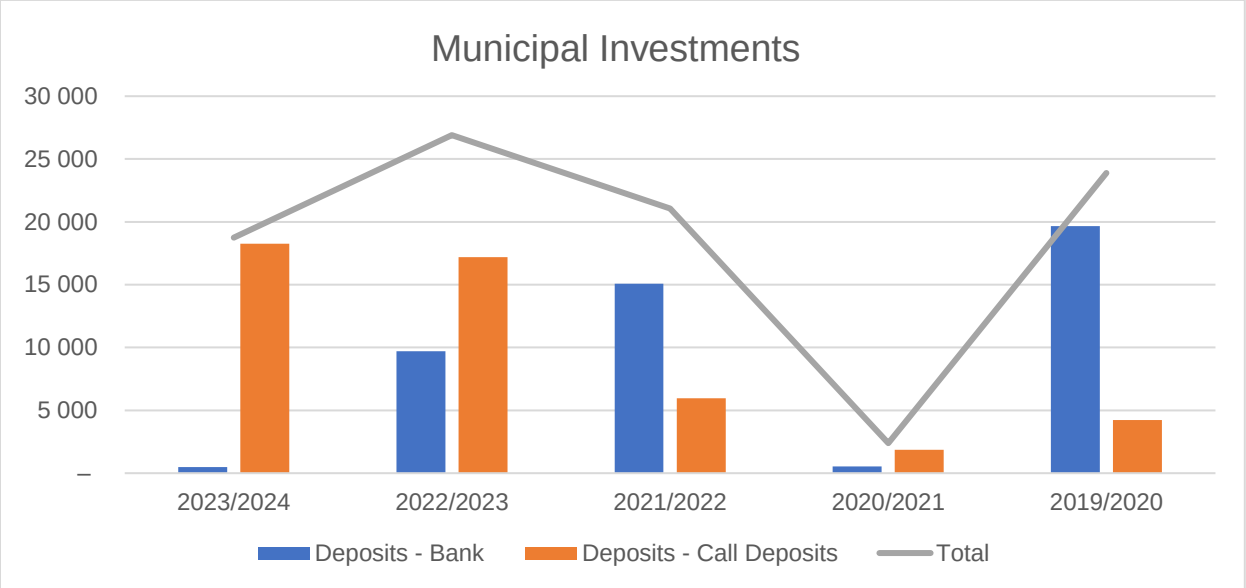
External Borrowings

The Municipality had no external borrowings over the past four years.

Investments

The Municipality maintained an average cash balance of R 22 million over the past five years.

Municipal Investments					
Investment Type	2023/2024	2022/2023	2021/2022	2020/2021	2019/2021
	Actual Results (R'000)	Actual Results (R'000)	Actual Results (R'000)	Actual Results (R'000)	Actual Results (R'000)
Bank	489	9 701	15 082	539	19 653
Deposits - Call Deposits	18 252	17 201	5 968	18 511	4 236
Total	**18 741**	**26 902**	**21 050**	**19 050**	**23 890**



5.11 PUBLIC PRIVATE PARTNERSHIP

Richmond Local Municipality did not have any public private partnerships in the year under review.

5.12 COST CONTAINMENT MEASURES

In line with the guidelines provided by the Provincial Treasury and in compliance with the Municipal Cost Containment Regulations, the Municipality recorded the following the cost savings for the year ended 2023/2024 financial year.

	Cost Containment In-Year Report Measures					
Measures	**Budget**	**Q1**	**Q2**	**Q3**	**Q4**	**Savings**
	R	**R**	**R**	**R**	**R**	**R**
Use of consultants	3,002,198.00	1,045,615.42	435,768.79	96,842.43	1,423,971.36	0
Vehicles used for political office bearers	1,233,998.00	0	700,000.00	507,232.65	26,766.00	0
Travel and subsistence	326,125.00	70,720.00	119,023.00	23,002.00	9,457.36	103,992.00
Domestic accommodation	1,166,389.00	167,093.00	300,045.00	203,755.65	270,105.35	225,390.00
Sponsorships, events and catering	1,270,392.00	243,258.90	237,799.69	55,024.00	586,508.41	147,801.00
Communication	1,453,672.00	581,824.31	308,210.20	156,040.00	996,766.00	0
Other related expenditure	13,888,760.00	2,340,958.40	3,300,310.00	3,406,663.00	1,842,947.60	2,997,881
Total	**22,341,534.00**	**4,449,470.03**	**5,401,156.68**	**4,448,559.73**	**5,156521.48**	**3,475,064**

COMPONENT D: OTHER FINANCIAL MATTERS

5.13 SUPPLY CHAIN MANAGEMENT

The SCM Policy was reviewed during the 2023/2024 financial year. Certain amendments to the SCM Policy were tabled before Council in order to improve operational efficiency. The Municipality is required to forward its SCM Policy to the KZN Provincial Treasury on an annual basis for scrutiny and compliance verifications against the Model SCM Policy

that was issued by the National Treasury. The purpose of this exercise is to determine whether the Municipal SCM Policy deviates from the stipulations of the SCM regulations. Richmond Municipality's SCM Policy complies with the regulatory framework.
The SCM function cuts across all departments. Although governance is at its core, supply chain management plays a vital role in contributing towards service delivery in a manner that is fair, equitable, transparent, competitive, and cost-effective.
The Municipality applies the bid committee system for procurement above R 300,000 and for the procurement of long-term contracts. The bid committees namely the Bid Specification Committee, the Bid Evaluation Committee and the Bid Adjudication Committee are all functioning effectively. The bid committee members are appointed by the Municipal Manager in line with the relevant legislation.

5.14 GRAP COMPLIANCE

The Municipality has fully implemented the Standards of GRAP (Generally Recognized Accounting Practice) in accordance with the MFMA and Directive 5 issued by the Accounting Standards Board (ASB) and did not deviate from the standards. The adoption of the standards and interpretation thereof did not have a significant impact on the financial position, financial performance, or cash flows of the Municipality in the 2023/2024 Annual Financial Statements.

Intergovernmental grants

The Municipality is dependent of financial aid from other government spheres to finance its annual capital programme. Operating grants are utilized to finance indigent assistance and provision of free basic services.

Events after the report date

No events after the reporting date were identified which affect the Audited Financial Statements for the 2023/2024 financial year.

5.15 ACCOUNTING OFFICER'S ASSESSMENT OF THE MUNICIPALITY'S DEBTORS AND RATES TAXES

Debtors

The RLM collected 73% of the outstanding debtors as at 30 June 2024. Debt Collection remains a challenge as the Municipality does not have services to disconnect which would have assisted in collecting outstanding debt. Nevertheless, the Municipality has prioritized debt collection this financial year as a Revenue and Debt Steering Committee has been resuscitated to assist with Revenue enhancement and debt collection Strategies. The Municipality engaged in a data cleansing project.

Property Rates

The Municipality has applied a 0% tariff increase in the property rates for the 2023/24 budget year in accordance with Section 32 (1) of the Municipal Property rates Act No. 6 of 2004.

Property rates contribute towards covering the costs of the provision of general services. National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the MPRA, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The rate on the categories on non-residential properties may not exceed the ratio to the rate on residential properties therefore the tariffs have not been increased for certain categories and increased by 4.6 per cent in other categories.

The following stipulations in the Property Rates Policy are highlighted:

- The first R 15 000 of the market value of a residential property is excluded from the rateable value (Section 17h of the MPRA). In addition to this rebate, a further R 35 000 reduction on the market value of a residential property will be granted in terms of the Municipality's property rates policy;

- Rebates will be granted to registered indigents in terms of the Indigent Policy;
- For the aged a maximum rebate of 90 per cent will be granted to the owners of residential rateable property. In this regard the following stipulations are relevant:
  - The rateable property concerned must be occupied only by the applicant and his/her spouse, if any. (Other stipulations are contained in the policy)
- The Municipality may grant a 100 per cent grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organisations provided they are registered and comply with the requirements as referred to in the Property Rates Policy.
- The Municipality has resolved to further reduce the value upon which rates will be levied by an amount not exceeding R100 000 in respect of all agricultural properties which are bona fide farmers.

Refuse Removal

Currently waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long term. The Municipality has therefore reviewed the tariffs in respect of commercial users and attempted to apply an increase that would address this issue. Further to the above the tariff charge will be raised per unit and not per property. The Municipality has also introduced a tariff for the hire of Skipper bins.

Therefore, a 4.8 per cent increase in the waste removal tariff for domestic and commercial users is proposed from 1 July 2022. Currently indigent residential consumers are subsidized in full for refuse removal.

CHAPTER 6 – AUDITOR – GENERAL AUDIT FINDINGS

6.1 AUDITOR GENERAL REPORT (PREVIOUS YEAR)

Richmond Municipality obtained a Clean Audit Opinion in the 2023/2024 financial year, the table below shows the improvement in the audit opinions over the past five (5) years.

FINANCIAL YEAR	TYPE OF AUDIT OPINION
2019/2020	**Qualified**
2020/2021	**Unqualified with other matters**
2021/2022	**Unqualified with other matters**
2022/2023	**Unqualified with other matters**
2023/2024	**Clean Audit Opinion**

STATUTORY ANNUAL REPORT PROCESS

Prescribed Dates	Actions	MFMA/ (MSA)	Responsibility of
31 August	Submit Municipality's AFS to Auditor-General	S126(1)(a)	Municipal Manager
31 October and quarterly thereafter	Auditor-General submits to Parliament and the provincial legislature names of any municipalities, which have failed or continue to fail to submit AFS	S133(2)	Auditor-General
Within three months of receiving AFS (30 November or31 December)	Audit report returned to Municipal Manager	S126(3)	Auditor-General

On receipt of audit report	Municipality must address any issues raised by the Auditor-General and prepare action plans to address issues and include these in annual report. Provide copy of report to Audit Committee.	S131(1)	Municipal Manager. Mayor must ensure compliance by Municipality.
31 January	Annual Reports of Municipality and entities tabled in Council.	S127(2)	Mayor
Immediately after annual report is tabled	Annual report made public and local community invited to submit representations.	S127(5)(a) (MSA) S21A and B	Municipal Manager
Immediately after annual report is tabled	Annual report submitted to Auditor-General, relevant provincial treasury and provincial department responsible for local government in the province.	S127(5)(b)	Municipal Manager
When meetings held to discuss the annual report.	Attend meetings to respond to questions concerning the report	S129(2)(a)	Accounting Officer of Municipality and entity
Following meetings to discuss the annual report	Submit copies of minutes of the meetings to the Auditor-General, provincial treasury and provincial department responsible for local government.	S129(2)(b)	Accounting Officer of Municipality and entity
Within two months of report being tabled (31 March)	Council to have considered the annual report and adopted an oversight report.	S129(1)	Council
Within seven days of adoption of oversight Report.	Make public the oversight report.	S129(3)S21A-MSA	Accounting Officer
Within seven days of adoption of oversight report	Submit to the provincial legislature, the annual report of Municipality and entities and the oversight reports on those annual reports.	S132(1) & (2)	Accounting Officer

Notes:

- MFMA section 133 provides for consequences of non-compliance with provisions relating to the submission of AFS and tabling of annual reports.

- All dates shown are the latest permissible in terms of the applicable legislation, earlier compliance is preferable.

6.2 REMEDIAL ACTION TAKEN (PREVIOUS YEAR)

AUDIT FINDING	Audit Query	RATING	AREAS AFFECTED	PRIORITY	ACTION	DUE DATE	RESPONSIBLE HOD	RESPONSIBLE PERSON	STATUS	OVERALL FINDING STATUS - RATING BY MANAGEMENT	RATING BY INTERNAL AUDIT UNIT
Report on the audit of annual performance report											
Material misstatements	Auditors identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery and infrastructure. Management subsequently corrected all the misstatements and auditors did not include any material findings in this report.	ANNEXURE B - Other important matters	Annual Performance Report	Medium	The municipality will engage the Department of CoGTA to assist with the review of the APR, this will ensure that the accuracy of the performance information is enhanced. Management will subject the APR to the following quality layers of review, namely: -Review of the Chief Financial Officer -Review by CoGTA -Review by the Internal Audit Manager -Review by the Performance Audit Committee	15-Aug-24	MUNICIPAL MANAGER	PMS Officer	Done	Resolved	Resolved
Report on the audit of compliance with legislation											
Financial statements	The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements on revenue, expenditure and statement of comparison of budget and actual amounts identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.	Matters affecting the auditor's report	Non-compliance with legislation	High	The municipality will engage the Provincial Treasury to assist with the review of the Annual Financial Statements, this will ensure that the accuracy of the AFS is enhanced. The CFO and the AFS preparation team will attend GRAP update trainings as well as AFS preparation trainings. Management will subject the AFS to the following quality layers of review, namely: -Review of the Chief Financial Officer -Review by KZNPT and CoGTA -Review by the Internal Audit Manager Review by the Performance Audit Committee	15-Aug-24	Chief Financial Officer	Chief Financial Officer	Done	Resolved	Resolved
Internal Controls Deficiencies											
Internal control	Management did not implement adequate reviews of the annual financial statements and annual performance report resulting in material misstatements which had to be corrected.	ANNEXURE B - Other important matters	Non-compliance with legislation	Medium	Management will improve the reviews of the financial statements and annual performance report to ensure credibility of the information submitted to AG Management will subject the AFS and APR to the following quality layers of review, namely: -Review of the Chief Financial Officer -Review by KZNPT and CoGTA -Review by the Internal Audit Manager -Review by the Performance Audit Committee	15-Aug-24	Chief Financial Officer	Chief Financial Officer	Done	Resolved	Resolved

6.3 AUDITOR GENERAL'S REPORT (CURRENT YEAR)

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Richmond Local Municipality

Report on the audit of the financial statements

Opinion

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

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Richmond Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for opinion

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

4. I am independent of the 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.

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

Emphasis of matters

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

Material impairments – receivables from exchange and non-exchange transactions

7. As disclosed in note 4 to the financial statements, receivables from exchange transactions was impaired by a total of R5,29 million (2022-23: R4,56 million) as a result of the annual review of the recoverability of the debt.

8. As disclosed in note 5 to the financial statements, receivables from non-exchange transactions was impaired by a total of R43,41 million (2022-23: R40,31 million) as a result of the annual review of the recoverability of the debt.

Restatement of corresponding figures

9. As disclosed in note 44 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Other matters

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

Unaudited disclosure note

11. 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 financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

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

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

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

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

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

Report on the audit of the annual performance report

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

17 I selected the following material performance indicators related to basic service delivery and infrastructure presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

- Project: Upgrading of Siyathuthuka / Magoda phase 2 - KPI: Number of kilometres upgraded
- Project: Slahla Sigcakini Electrification - Ward 2 (100 Connections) - KPI: Number of completed connections
- Project: Mthunzini-Lindelani Electrification - Ward 3 (100 Connections) - KPI: Number of completed connections
- Project: Mcsteel - Masonite Electrification- Ward 4 (100 Connections) - KPI: Number of completed connections
- Project: Mpofane - Nkumane Electrification- Ward 5 (100 Connections) - KPI: Number of completed connections
- Project: Access Roads - Ward 1 Maintenance of access road - KPI: Number of kilometres of gravel road maintained
- Project: Access Roads - Ward 2 - Maintenance of access road KPI: Number of kilometres of gravel road maintained
- Project: Access Roads - Ward 3 - Maintenance of access road - KPI: Number of kilometres of gravel road maintained
- Project: Access Roads - Ward 4 Maintenance of access road KPI: Number of kilometres of gravel road maintained
- Project: Access Roads - Ward 5 Maintenance of access road - KPI: Number of kilometres of gravel road maintained
- Project: Access Roads - Ward 6 Maintenance of access road - KPI: Number of kilometres of gravel road maintained
- Project: Access Roads - Ward 7 Maintenance of access road - KPI: Number of kilometres of gravel road maintained
- Project: Collection of planned refuse removal - KPI: Number of billed households with access to daily solid waste removal (ward 1 and 2)
- Project: Collection of Refuse Removal using Skippers KPI: Number of wards serviced with a skipper bin

- Project: Maintenance of urban roads by pothole patching & repairs - KPI: Number of square metres of potholes patched and repaired

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

19. 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 presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

20. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

21. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

22. I draw attention to the matter below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

24. 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 reasons for any underachievement of targets are included in the annual performance report on pages xx to xx.

Basic service delivery and infrastructure development

Targets achieved: 81%

Budget spent: 100%

Key service delivery indicator not achieved	Planned target	Reported achievement
Slahla - Sigcakini Electrification Project - Ward 2 (100 Connections)	100	0
Mthunzini - Lindelani Electrification Project - Ward 3 (100 Connections)	100	0
Mcsteel - Masonite Electrification Project - Ward 4 (100 Connection)	100	0
Mpofane - Nkumane Electrification Project - Ward 5 (100 Connection)	100	0

Report on compliance with legislation

25. 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.

26. 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.

27. 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.

28. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

29. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report

and those selected material indicators in the scoped-in key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.

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

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

32. If, based on the work I have performed, I conclude that there is a material misstatement in this other information; I am required to report that fact.

33. I have nothing to report in this regard.

Internal control deficiencies

34. 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.

35. I did not identify any significant deficiencies in internal control.

Auditor-General

Pietermaritzburg

29 November 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

6.4 REMEDIAL ACTION TAKEN (CURRENT YEAR)

We are pleased to report that for the 2023/2024 financial year, the municipality has received a **Clean Audit Opinion** from the Auditor-General. This significant achievement underscores our commitment to sound financial management, transparency, and accountability in all our operations.

A Clean Audit Opinion indicates that the municipality's financial statements are free from material misstatements, and that our financial controls, systems, and processes are operating effectively.

This outcome reflects the diligence and professionalism of the municipal leadership and staff in ensuring compliance with applicable laws, regulations, and accounting standards. It also signifies our ongoing efforts to foster a culture of integrity and good governance within the municipality.

We remain committed to maintaining the high standards that earned us this recognition and will continue to prioritize sound financial oversight and the efficient delivery of services to our community.

Glossary

Annual Report	In relation to a Municipality means an annual report contemplated in section 121 of the Municipal Finance Management Act.
Balance Scorecard	Is a conceptual framework enabling an organization in clarifying its vision and strategy, thus effectively translating them into action. This performance management approach provides feedback around both the internal processes and external outcomes, essentially focusing on four indicators: Customer Perspective, Internal-Business Processes, Learning and Growth and Financials.
Current Year	Means the financial year which has already commenced, but not yet ended.
Section 57/ 56 Employee	Means a person employed by a Municipality as a Municipal Manager or as a Manager directly accountable to a Municipal Manager and for which there is a Performance Agreement.
Evaluation	Evaluation is a time-bound and periodic exercise that seeks to provide credible and useful information to answer specific questions to guide decision-making by staff/ managers and policy-makers. Evaluation may assess relevance, effectiveness, efficiency, impact and sustainability of the institution and officials.
Indicators	Indicators are pieces of objective evidence, that tell us whether progress is, or is not being made in achieving goals.
Input indicator	Means an indicator that measures the costs, resources and time used to produce an output.
Inputs	The resources, physical, financial or otherwise that contribute to the delivery of outputs. In other words, “what we use to do the work.”

Key Performance Area (KPA)	This is the area in which the Municipality plays a role towards delivering services. These may include Infrastructure and Engineering, Community Planning and Safety, Strategic and Corporate Services, Social and Economic Development, Institutional Transformation, Governance and Financial Management, amongst others.
Key Performance	Key Performance Indicators will be determined in respect of each development priority and objective. These indicators are subject to public

Indicators (KPI)	participation and will be used by each Department as well as each municipal entity where applicable. These are quantifiable measures which show where performance currently is in relation to the baseline and the target. This describes the measure in a clear, simple and precise manner.
Local Community or Community	In relation to a Municipality, means that body or persons comprising – the residents of the Municipality a) the ratepayers of the Municipality b) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality.
MEC for Local Government	Means the MEC responsible for Local Government in a province.
Monitoring	Monitoring involves collecting, analysing and reporting on inputs, activities, outputs and outcomes in a way that supports effective management. Monitoring, aims to provide managers, decision-makers and other stakeholders with regular feedback on progress in implementation, results and early indicators of problems that need to be corrected. It usually reports on actual performance against what was planned or expected.

Municipality	When referred to as – a) an entity, means a Municipality as described in section 2; and b) a geographical area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act. 1998 (Act No. 27 of 1998).
Municipal Council or Council	Means a municipal Council referred to in section 157(1) of the Constitution.
Municipal Finance Management Act	Means the Local Government: Municipal Finance Management Act, 2003, and any regulations made under that Act.
Municipal Structures Act	Means the Local Government: Municipal Structures Act. 1998 (Act 117 of 1998).
Municipal	Means the Local Government: Municipal Systems Act, 2000 (Act No.32 of

Systems Act	2000).
Objective	An objective is a projected goal that a person, system, or organisation plans or intends to achieve
Outcomes	Refer to the ultimate effects of government activities on society in the medium to long term. These are the results of specific outputs for strategic goals identified in the IDP.
Outcome indicator	Means an indicator that measures the quality and or impact of an output on achieving a particular objective.

Output indicator	Means an indicator that measures the results of activities, processes and strategies of a program of a Municipality.
Outputs	Goods and services produced by the Municipality which are identified by the Performance measures. Outputs may be defined as “what we produce or deliver”.
Performance Audit Committee	An independent committee appointed to assess the annual performance of the Municipality and report on the findings.
Performance Agreement	Means an agreement as contemplated in Section 57 of the Municipal Systems Act.
Performance Plan	Means a part of the performance agreement which details with the Measurable objectives (Outputs), Performance Measures (KPI’s), targets and activities that are aligned to the Scorecards.
Political office bearer	Means the Speaker, Executive Mayor, Mayor, Deputy Mayor or Member of the Executive Committee as referred to in the Municipal Structures Act.
Quarters	Means any of the following periods in a financial year: (1) 1 July to 30 September; (2) 1 October to 31 December;
	(3) 1 January to 31 March; or (4) 1 April to 30 June.

Scorecard	Is an evaluation device, that specifies the criteria that stakeholders will use to rate performance in satisfying their requirements. Municipal Scorecard: Five (5) Year Scorecard. Organisational Scorecard: Annual (Year under review) Scorecard with Quarterly Targets. Departmental Scorecard: Annual (Year under review) Scorecard with Quarterly Targets for Municipal Manager and Managers reporting to the Municipal Managers', Departments/Votes.
Service Delivery and Budget Implementation Plan	Means a detailed plan approved by the Mayor of a Municipality in terms of section 53(1) (c) (ii) of the Municipal Finance Management Act for implementing the Municipality's delivery of municipal services and its annual budget, and which must indicate – a) projections for each month of – 1) revenue to be collected, by source; and 2) operational and capital expenditure, by vote; b) service delivery targets and performance indicators for each quarter; and c) any other matters that may be prescribed, and includes any revisions of such plan by the Mayor in terms of section 54(1)(c) of the Municipal Finance Management Act.
Target	Target to be achieved for that indicator over the specified timeframe.

APPENDICES

APPENDIX A – CONCILLORS ATTENDANCE AND COMMITTEE ATTENDANCE
APPENDIX B – COUNCIL COMMITTEES AND PURPOSES
APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE
APPENDIX D – MUNICIPAL POWERS AND FUNCTIONS
APPENDIX E - WARD COMMITTEE MEMBERSHIP
VOLUME 1 – SECTION 46 ANNUAL PERFORMANCE REPORT FOR 2023/2024
VOLUME 3 – ANNUAL FINANCIAL STATEMENTS FOR 2023/2024

APPENDIX A – CONCILLORS ATTENDANCE AND COMMITTEE

NAME OF COUNCILLOR	PARTY	PORTFOLIO COMMITTEE		EXCO		COUNCIL	
		Number of Meetings	Meetings Attended	Number of Meetings	Meetings Attended	Number of Meetings	Meetings Attended
CLLR MK Ngcongo	**ANC**	**20**	**10**	**08**	**01**	**15**	**13**
CLLR BT Mbanjwa	**ANC**	**20**	**14**	**08**	**08**	**15**	**15**
CLLR KE Mkize	**ANC**	**20**	**14**	**N/A**	**N/A**	**15**	**14**
CLLR L Ngubo	**ANC**	**20**	**6**	**N/A**	**N/A**	**15**	**15**
CLLR STG Mkhize	**ANC**	**20**	**6**	**N/A**	**N/A**	**15**	**14**
CLLR V Maphumulo	**ANC**	**20**	**14**	**N/A**	**N/A**	**15**	**7**
CLLR S Latha	**Independent**	**20**	**14**	**N/A**	**N/A**	**15**	**14**
CLLR Z Mkhize	**ANC**	**20**	**1**	**N/A**	**N/A**	**15**	**7**
CLLR FT Zondi	**ANC**	**20**	**14**	**N/A**	**N/A**	**15**	**14**
CLLR BSL Kunene	**EFF**	**20**	**14**	**08**	**07**	**15**	**13**
CLLR B Mahlangeni	**DA**	**20**	**14**	**N/A**	**N/A**	**15**	**12**

CLLR SS Ngubo	**EFF**	**20**	**14**	**N/A**	**N/A**	**15**	**15**
CLLR TP Vezi	**IFP**	**20**	**14**	**N/A**	**N/A**	**15**	**15**

APPENDIX C – Third Tier Administrative Structure

	Municipal Manager: BE Mswane		
CFO: MG Ngcobo	**Director: Technical M Ntanzi**	**Director: Corporate G Maphumulo**	**Director: Community VW Sibisi**

Director is a section 56 Manager reporting directly to Municipal manager who is the Accounting Officer.

The table below indicates the administrative governance structure for the period under review.

NAME OF OFFICIAL	POSITION	PERFORMANCE AGREEMENT SIGNED YES/NO
BE Mswane	Municipal Manager	Yes
MG Ngcobo	Chief Financial Officer	Yes
M Ntanzi	Director: Technical Services	Yes
G Maphumulo	Director: Corporate Services	Yes
VW Sibisi	Director: Community Services	Yes

APPENDIX D - FUNCTIONS OF MUNICIPALITY

FUNCTIONS	AUTHORITY RESPONSIBLE
Air pollution	Environmental health which monitors the impact of air pollution is a District function
Building Regulations	Richmond Municipality
Municipal Planning	Richmond Municipality
Pontoons and ferries	Not applicable
Storm water	Richmond Municipality
Trading Regulations	Richmond Municipality
Beaches and Amusement facilities	No beaches in the municipal area
Billboards and the display of advertisements in public places	Richmond Municipality
Cemeteries, funeral parlours and crematoria	Richmond Municipality
Cleansing	Richmond Municipality
Control of public nuisance	Richmond Municipality
Control of undertakings that sell liquor to the public	Richmond Municipality
Facilities for the accommodation, care and burial of animals	Richmond Municipality
Fencing and fences	Richmond Municipality
Licensing of dogs	The Municipality does not issue licenses
Licensing and control of undertakings that sell food to the public	Assistance obtained from uMgungundlovu District Municipality
Local amenities	Richmond Municipality
Local sports facilities	Richmond Municipality

Markets	Richmond Municipality
Municipal abattoirs	Richmond Municipality
Municipal Parks and Recreation	Richmond Municipality
Municipal Roads	Richmond Municipality
Noise Pollution	Richmond Municipality
Pounds	Richmond Municipality
Public Places	Richmond Municipality
Refuse removal, refuse dump and solid waste disposal	Richmond Municipality
Street Trading	Richmond Municipality
FUNCTIONS	**AUTHORITY RESPONSIBLE**
Street Lighting	Richmond Municipality
Traffic and Parking	Richmond Municipality
Community Services/ Library	Richmond Municipality
LED	Richmond Municipality
Motor Licensing	Richmond Municipality

APPENDIX E - WARD COMMITTEE MEMBERSHIP

WARD NO.	SURNAME	NAME/S	GENDER	SECTOR REPRESENTED

Ward 01	Mchunu	Zinhle	Female	Transport
Ward 01	Mntungwa	Nonjabulo	Female	Health & Social development
Ward 01	Dlamini	Zodwa	Female	Agriculture
Ward 01	Ndlovu	Blessing	Male	Local Economic Development
Ward 01	Zondi	Bhekinhlalo	Male	Safety & Security
Ward 01	Mnguni	Mbhek'seni	Male	Disability
Ward 01	Mndaweni	Nompumelelo	Female	Faith based & Women
Ward 01	Mckenzie	Dino	Male	Sport & Youth
Ward 01	Mkhize	Sabelo	Male	Art & Culture
Ward 01	Mkhize	Jabu	Female	Rate payers & Disaster
Ward 02	Nzimande	Nok'thula	Female	Women
Ward 02	Nzimande	Phakamani	Male	Transport
Ward 02	Mkhize	Hlengiwe	Female	Business
Ward 02	Mhlongo	Gugu	Female	Health
Ward 02	S'thole	Ntethelelo	Male	Youth & Sport

Ward 02	Mncwabe	S'thembiso	Male	Agriculture & Disaster
Ward 02	Mbhele	Cindy	Female	Disability
Ward 02	Shange	Sizakele	Female	Education
Ward 02	Ntunzela	Thembinkosi	Male	Faith based
Ward 02	Zungu	Thokozani	Female	Safety & Security
Ward 03	Ngcobo	Nosisa	Female	Safety & security
Ward 03	Mkhize	Zasembo	Female	Education & Local Economic Development
Ward 03	Mncwabe	Dumsane	Male	Disability
Ward 03	Khanyile	Bonginkosi	Male	Senior citizen & disaster
Ward 03	Ndlovu	Zinhle	Female	Women & Gender
Ward 03	Ngcongo	Sphumelelo	Male	Transport
Ward 03	Mkhize	Thulisile	Female	Health & Social development
Ward 03	Mntungwa	Sanelisiwe	Female	Art & Culture
Ward 03	Zuma	Thembelihle	Female	Youth & Sport
Ward 03	Mkhize	Ben	Male	Agriculture

Ward 04	Mkhize	Sindisiwe	Female	Sports, art & culture
Ward 04	Nzimande	S'lindile	Female	Health & disability
Ward 04	Ngcobo	Gugu	Female	Senior citizen
Ward 04	Mtolo	Sbusiso	Male	Youth & education
Ward 04	Khuboni	Phumlile	Female	Farm dwellers & disaster
Ward 04	Ndlovu	Sizeni	Female	Rural development
Ward 04	Nzimande	Bernard	Male	Housing
Ward 04	Khweshuba	Mandla	Male	Transport
Ward 04	Wanda	Bambe	Male	Agriculture
Ward 04	Nzimande	Siyenkosi	Male	Business
Ward 05	Mhlongo	Neliswa Mhlongo	Female	Education & Elderly
Ward 05	Phungula	Phakamani Phungula	Male	Agriculture & Disaster
Ward 05	Sithole	Hlengiwe	Female	Disability
Ward 05	Gumede	Ntokozo	Female	Health & Gender

Ward 05	Ngubane	Tshengisile	Female	Women & Art
Ward 05	Ngcongo	Mkhombeni	Male	Safety & Security
Ward 05	Chonco	Qinisela	Male	Youth & Sport
Ward 05	Ngcobo	Sanele	Male	Local Economic Development
Ward 05	Shange	Bhekimpi	Male	Transport
Ward 05	Luthuli	Buyisiwe	Female	Faith based
Ward 06	S'thole	Sarah	Female	Farm dwellers
Ward 06	Phoswa	Busaphi	Female	Elderly
Ward 06	Nxele	Bonakwakhe	Male	Disability
Ward 06	Phoswa	Nomusa	Female	Social Development
Ward 06	Gasela	Thulani	Male	Business
Ward 06	Khuboni	Patric	Male	Safety & security
Ward 06	Nzuza	Collen	Female	Health Gender based
Ward 06	Phoswa	Nondumiso	Female	Transport & Disaster
Ward 06	Dlamini	Nonhlanzeko	Female	Traditional & Culture & Sport

Ward 06	Jama	Bongiwe	Female	Agriculture
Ward 07	Jama	Zinhle	Female	Education
Ward 07	Nzimande	Sbonelo	Male	Safety & security
Ward 07	Mthembu	Thobani	Male	Youth
Ward 07	Funeka	Lindelani	Male	Transport
Ward 07	Shange	Malusi	Male	Art & culture
Ward 07	Mtolo	Sizani	Female	Disability
Ward 07	Mbanjwa	Phindile	Female	Women & Disaster
Ward 07	Jama	Bandleni	Male	Agriculture
Ward 07	Nxele	Bafana	Male	Sport
Ward 07	Nzimande	Thulasizwe	Male	Health



RICHMOND

Local Municipality

ANNUAL PERFORMANCE REPORT

www.richmond.gov.za

2023/2024

1. Introduction

The Local Government: Municipal Systems Act (Act 32 of 2000) requires municipalities to prepare a performance report reflecting the performance of the municipality during that financial year, a comparison of the performances with targets set for and performances in the previous financial year and measures taken to improve performance. Furthermore, circular 63 issued by the National Treasury directs municipalities to submit the Annual Performance Report together with the Annual Financial Statements to the Auditor General of South Africa by 31 August of each year.

The performance of Richmond Local Municipality is monitored through the Service Delivery and Budget Implementation Plan (SDBIP). The SDBIP is the link between the Integrated Development Plan (IDP), which is the output of a 5-year planning process, and the budget of the current financial year. The SDBIP for 2023/24 was drafted in line with the approved IDP and Budget.

An attempt has been made to comply with the prescripts in terms of the structure and content of the report. The report has covered the actual performance of the municipality in the prior year, targets and actual performance for the year under review. The reasons have been provided where there has been a deviation from the target. To ensure alignment with the Integrated Development Plan, the strategic objectives as encapsulated in the IDP have been imported to the Annual Performance Report.

2. Legislative Framework

The Annual Performance Report for the municipality has been compiled in line with the requirements of Section 46 (1) of the Local Government: Municipal System Act 32 (Act 32 of 2000); which stipulates as follows:

A municipality must prepare for each financial year a performance report reflecting: -

a) *The performance of the municipality and each external service provider during the financial year;*

b) *A comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year.*

c) *Measures taken to improve performance*

Section 34 of the MSA furthermore points out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis and that during the IDP review process the Key Performance Areas, Key Performance Indicators and Performance Targets be reviewed and this review will form the basis for

the review of the Organisational Performance Management and Performance Contracts of Senior Managers.

The Municipal Planning and Performance Management Regulations (2001) stipulates that a "municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players" (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

3. Overview of Performance For 2022/23 Financial Year

In the 2022/23 financial year, Richmond Local Municipality set a total of 175 targets for the year. At the end of the financial year period 154 targets were achieved compared to 21 targets that were not achieved. This therefore placed the municipality at 88% overall performance at the end of the financial year. The performance for the prior financial year 2021/22 the municipality achieved an overall performance of 80% which the municipality improved in the year ending 2021/22.

The table below demonstrates a summary scorecard of the annual performance by the in the financial year 2022/23:

KEY PERFORMANCE AREA	TOTAL PLANNED TARGETS	TOTAL ACTUAL ACHIEVED TARGETS	TOTAL NOT ACHIEVED TARGETS	PERCENTAGE (%) ACHIEVED PER KPA
Municipal Transformation andInstitutional Development	23	21	2	91%
Basic Service Delivery	22	19	3	86%
Local Economic Development	27	25	2	93%
Financial Viability	26	23	3	86%
Good Governance and PublicParticipation	57	52	5	91%
Cross Cutting	20	14	6	70%
TOTAL	175	154	21	88%

4. Overview of Performance For 2023/24 Financial Year

The Annual Performance Report includes Key Performance Areas which forms part of the IDP 2023/2024. These Key Performance Areas have been included in the Municipal Scorecard for 2023/2024 financial year. It also presents the year-end performance results for 2023/2024. The report is accumulative with comparative statistical information which indicates the municipal performance projections, and the actual performance achieved with a broader narrative that explains the underlying factors which affect performance.

1. Municipal Institutional Transformation & Development
2. Municipal Financial Viability & Management
3. Basic Service Delivery and Infrastructure Development
4. Cross-Cutting Interventions
5. Good Governance & Public Participation
6. Local Economic Development.

In terms of the actual deliverable, for the 2023/2024 original organizational SDBIP, the Municipality had a total number of 174 targets and during the adjustment of the SDBIP 4 were removed and 4 targets were added still leaving the municipality with 174 targets for the 2023/2024 financial year. 155 were fully achieved, translating to 89% of achieved targets. Therefore 11% of the targets were not fully achieved in the year under review and therefore some were rolled over to the 2024/2025 financial year.

This performance shows a slight improvement from the performance of the previous financial year (2022/2023) which was 88% achieved targets at year-end. This performance must be viewed within the context of the fact that the Municipality adopted a new paradigm ship in the Municipal performance management where emphasis is not on chasing numbers but on tangible and concrete results that contribute to actual service delivery for the community.

5. Performance Management Systems Processes

The APR has been developed in-line with legislative requirements.

This report includes highlights from the key performance measures included in the reviewed adopted IDP, adopted SDBIP and adjusted SDBIP 2023/2024. The results are assessed using traffic light criteria, according to their performance on targets. The Municipality reports on National Key Performance Areas as reflected on the graph below shall provide a summary report on individual KPA performance.

The table below demonstrates a summary of performance per key performance area and the total average of the Municipal performance for the year under review.

6. Performance and Supporting Information

STATUS	COLOUR
TARGET ACHIEVED	
TARGET NOT ACHIEVED	

No.	KPA	TOTAL NUMBER OF KPI's	TARGETS ACHIEVED	% TARGETS ACHIEVED	TARGETS NOT ACHIEVED	% TARGETS NOT ACHIEVED
1	Municipal Institutional Development and Transformation	26	24	92%	2	8%
2	Municipal Financial Viability and Management	4	1	25%	3	75%
3	Basic service delivery and Infrastructure development	22	18	82%	4	18%
4	Cross Cutting Interventions	31	28	90%	3	10%
5	Good Governance and Public	65	61	94%	4	6%

	Participation					
6	Local Economic Development	26	23	88%	3	11%
7	TOTAL	174	155	89%	19	12%

The performance in relation to the 2023/2024-year end performance results is further depicted in a graph below which also compares current performance with prior years.

- 89% targets have met or exceed the year-end target
- 11% targets have not fully met the year-end target

Graph 1



Summary performance results for all priority measures included in the municipal scorecard are as follows.

6.1 Municipal Transformation and Institutional Development

(a) Performance Highlights for 2023/2024

In this KPA the Municipality had a total number of 26 targets planned for the year, 24 of those targets were fully achieved. This translates to 92% of the total targets achieved and for this KPA there was a rise from the previous year which stood at 91% at year-end.

Graph 2



(b) Challenges

The reasons to not achieving 100% in this key performance area can be attributed to significant budgetary constraints faced by the municipality, which have resulted in the inability to procure essential time and attendance machines as well as a recording system. These tools are critical for monitoring and enhancing employee productivity and accountability.

(c) Measures Taken to improve Performance

Due to budget constraints, the municipality used the services Digital Voice System which is a microphone system for recordings instead of purchasing a new portable recording system. Additionally, a new Payroll and HR system was acquired, which will be linked to clocking devices to be purchased in the upcoming financial year.

6.2 Municipal Financial Viability and Management

(a) Performance Highlights for 2023/2024

For this KPA the municipality had a total number of 4 planned targets and 1 was achieved translating to an overall achievement for this KPA being 25% for 2023/2024 financial year. the Department still ensured that all the statutory compliance reports were adequately adhered to in prescribed time frames. These among others involve the Annual Report, Mid-term Budget Adjustment Report, and Monthly Section 71 reports.

Graph 3



(b) Challenges

The municipality reflected a stagnant performance when comparing the 2023/2024 financial year against the 2022/2023 due to the non-achievement of; the revenue collection targets and maintaining the desired cash coverage ratio. Such unfavourable performance in the collection of revenue can be attributed to the current adverse economic conditions (nationally and locally), including high unemployment and business closures contributing to reduced payments from residents and businesses. The municipality's efforts to entice debtors to settle their accounts by offering debt settlement incentives did not yield the anticipated collection outcomes.

The municipality further experienced low cash balances at year end due to the delays in realising revenue from the disposal of vacant land which in turn affected the target on cash coverage ratio.

(c) Measures Taken to improve Performance

The municipality continues to enforce its creditors' payment policies to ensure compliance with the MFMA stipulated 30-day payment period. The municipality will enhance revenue collection strategies by conducting a thorough review of the current debt management practices and introducing more effective incentives, such as flexible payment plans, tailored to the needs of residents and businesses struggling due to economic conditions. Second, expedite the disposal of vacant land by streamlining administrative processes and actively marketing these properties to potential buyers, ensuring timely revenue realization. Third, explore options to temporarily extend creditor payment terms where feasible, balancing compliance with MFMA requirements and preserving cash reserves.

6.3 Basic Service Delivery and Infrastructure Development

(a) Performance Highlights for 2023/2024

The Basic Service Delivery and Infrastructure Development performance is made up of Technical Services and Hosing Unit annual performance. The overall score for the KPA is 82% for 2023/2024 versus 86% for the previous year.

Graph 4



(b) Challenges

For this financial year the municipality managed to complete 2 of the 4 planned electrification projects, but the energizing process is still pending due to a series of challenges that caused significant delays. The 2 unfinished projects faced challenges ranging from delayed provision of as built drawings by Eskom to

challenges with receiving wayleave agreements from farm owners. Additionally, National Treasury's reduction of grants, including the INEP grant, further impacted the projects.

(c) Measures Taken to improve Performance

The Municipality continues to engage Eskom with regards to finalizing the energizing of the projects that have been completed and to further assist with providing as built drawings to aid in finalizing the other projects. There are also engagements with relevant structures and sector departments to speed up implementing planned projects.

6.4 Cross-Cutting Interventions

(a) Performance Highlights.

In this KPA the Municipality had a total number of 31 targets planned for the year, 28 of those targets were fully achieved. This translates to 90% of the total targets achieved and for this KPA there was a significant rise from the previous year which stood at 80% at year-end.

Graph 5



(a) Challenges

The KPA did not achieve 100% due to several challenges, including the delayed receipt of critical inputs from the district disaster management, such as maps and assessments, which are necessary before the final policy and plan can be adopted by the Council. Additionally, the budgeted amount for the trailer was insufficient for the required size, and there were delays in finalizing the new specification for lightning

conductors, which needed to be designed by the district disaster management and complied with by the local disaster management.

(c) Measures Taken to improve Performance

To address the challenges preventing the KPA from achieving 100%, the Draft Disaster Management Policy and Plan were presented to Council portfolio committees, and the municipality is awaiting further inputs from the district disaster management to finalize them. Once finalized, the policy and plan will be presented to EXCO and then tabled at Council for adoption. The trailer, for which the original budget was insufficient, will be included in the new financial year's budget. Additionally, the procurement, delivery, and installation of lightning conductors have been completed, ensuring compliance with the new specifications.

6.5 Good Governance and Public Participation

(a) Performance Highlights for 2023/2024

The Municipality for this KPA had a total number of 65 planned targets and 61 were achieved translating to 94% overall achievement. The municipality continues to maintain and support governance structures to facilitate information sharing, planning, decision making and policy formulation. These governance structures include amongst others, Council, Executive Committee, MPAC, Performance and Audit Committee, Risk Committee and Portfolio Committees.

Graph 6



(b) Challenges

The KPA did not achieve 100% due to several challenges, including limited resources within the IA unit, a resignation, and the hospitalization of the internal auditor during the financial year. Additionally, the district municipality's decision to postpone the SALGA games to November disrupted the planned schedule. The unavailability of the youth officer due to medical reasons further disrupted planned events.

(c) Measures Taken to improve Performance

The municipality needs to introduce a contingency staffing plan to cover unexpected absences, improving communication with district municipality authorities to anticipate schedule changes, ensuring timely completion of administrative tasks, and developing a backup plan for key personnel involved in critical events. The municipality continues to have fully functional Council Committees, This is done as part of deepening a solid oversight for the municipality and for the enhancement of good governance and the municipality achieves its mandate for quality service delivery for the people of Richmond.

6.6 Local Economic Development

(a) Performance Highlights

For this KPA the municipality has 26 planned targets and was able to achieve 23 translating to an overall achievement of 88% down from 96% in the previous year.

Graph 7



(b) Challenges

LED unit was affected by challenges relating to its planned projects for the year leading to a number of targets not being achieved as per the SDBIP targets furthermore the municipality was not able to submit business plans for funding applications as the municipality is dependent on opportunities opened by provincial departments to be able to submit business plans.

(c) Measures taken to improve performance

The municipality is now beginning to ensure that the Local Economic Development issues top the Municipal agenda in all the relevant structures. The Municipality will be prioritizing local economic development projects within the broader Municipal plans with the aim of encouraging local entrepreneurship and support of cooperatives.

7. Service Providers Performance

The service provider's performance assessment is done in line with section number 46 (a, b & c) of chapter 6 of the municipal systems act and regulation 32 of 200 Section 116 of the Municipal Finance Management Act regulates contract management, monitoring of contracts on monthly basis. The report herein below outlines the assessment of each contracted service that the municipality has with external service providers. The rating of service providers is based on the legend mentioned hereunder.

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement.

Assessment Key	
Good (G)	*The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract*
Satisfactory (S)	*The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract*
Poor (P)	*The service has been provided below acceptable standards*

Bid Number	*Name of external Service Provider*	*Date Contract Awarded*	*Service provided in terms of the SLA*	*Value of project*	*Comparison with previous year 2022/2023*		Current Financial Year 2023/2024		*Assessment of Service Providers Performance*			Measures taken to improve performance
									G	S	P	
K121000 03/1	*Fezeka Business Services*	26-Apr-19	*Constructed and completed Argosy Farm Rehabilitation project*	*R311 476 925,21*	*60*	*333*	320	396	*X*			N/A
04/2017/ 2018	Isivivane Engineers	28-Jul-20	Consultant for Consrectuction or Ward 7 Fibre Sports Field	R 9 347 955	100%	65%	100%	100%	*X*			N/A
RLM-04/2023/ 2024	Ngelizwe Trading CC	08-Sep-23	Contractor for Consrectuction or Ward 7 Fibre Sports Field		100%	65%	100%	100%	*X*			N/A
07/2022/ 2023	M Civils and Plant Hire	28-Nov-22	Upgrading of Siyathuthuka/Magoda phase 2	R13 996 172,28	**NIL**	**NIL**	100%	100%	*X*			N/A
13/2020/ 2021	Africoast JBFE Project Managers PTY LTD	21-Dec-22	Consultant for Upgrading of Stormwater and roads in ward 7 Khetho to Mjintini	R29 611 014,89	100%	100%	100%	22%	*X*			Ongoing project
RLM-10/2023/ 2024	Ngelizwe Trading CC	23-Nov-23	Contractor for Upgrading of Stormwater and roads in ward 7 Khetho to Mjintini		**NIL**	**NIL**	100%	22%	*X*			Ongoing project

13/2020/2021	Libeko PTY LTD	07-Dec-22	Consultant for Rehabilitation of Highover Wildlife Sanctuary	R2 999 575,59	**NIL**	**NIL**	100%	100%	*X*			N/A
RLM-21/2022/2023	Blesskonke Trading PTY LTD	21-Aug-23	Contractor for Rehabilitation of Highover Wildlife Sanctuary		**NIL**	**NIL**	100%	100%	*X*			N/A
18/2023/2024	Thokomela Engineering Consultants	28-Mar-24	Installation of 10 Solar LED Lights at Magoda Main Road	R400 416,55	**150**	**150**			*X*			N/A
14/2020/2021	Zeal Engineering Consultants PTY LTD	28-Mar-23	Slahla-Sigcakini Electrification Project	R24 480 000,00	**NIL**	**NIL**	100	0	*X*			Progress to date stands at 60% construction. Project still ongoing
14/2020/2022	Gibb (Pty) Ltd	28-Mar-23	Mthunzini-Lindelani Electrification Project	R24 480 000,00	**NIL**	**NIL**	100	0	*X*			Infrastructure construction has been completed, this project is undergoing energising processes. Application to energise has been made to Eskom.
14/2020/2023	Asande Projects (Pty) Ltd	28-Mar-23	Mcsteel - Masonite Electrification Project	R24 480 000,00	**NIL**	**NIL**	100	0	*X*			Progress to date stands at 50% construction. Project still ongoing

14/2020/ 2024	Muteo Consulting	28-Mar-23	mpofane - Nkumane Electrification Project	R24 480 000,00	**NIL**	**NIL**	100	0	*X*			Infrastructure construction has been completed, this project is undergoing energising processes. Application to energise has been made to Eskom.
15/2021/ 2022	Dynamic Dashing Solutions PTY LTD	06-Jun-22	Call for proposals to prepare a GRAP and MSCOA Compliant Asset Fixed Register (FAR) for a period of 3 years	R1 399 665,00	prepare a GRAP and MSCOA Compliant Asset Fixed Register (FAR)	prepare a GRAP and MSCOA Compliant Asset Fixed Register (FAR)	prepare a GRAP and MSCOA Compliant Asset Fixed Register (FAR)	prepare a GRAP and MSCOA Compliant Asset Fixed Register (FAR)	*X*			N/A
12/2020/ 2021	Travel With Flair (TWF)	30-Jun-22	Provision of travel agency and event management	R1615 incl VAT	Provision of travel agency	Provision of travel agency	Provision of travel agency	Provision of travel agency	*X*			N/A
06/2022/ 2023	Siyathuthu Development CC	02-Mar-23	Provision of comprehensive development of 2042 SDF	R550 000,00	**NIL**	**NIL**	Development of SDF	Development of SDF	*X*			N/A

8. PERFORMANCE AND AUDIT COMMITTEE

Section 166 (1) of the MFMA No. 56 of 2003 states that each municipality and each entity to have an audit committee.

The Audit and Performance Committee was appointed to assist Council in strengthening its role, the committee is scheduled to meet quarterly and as and when a need arises to deal with urgent matters. The Committee has 4 members, two male members and two female members.

The meeting of the Performance Audit Committee is on a quarterly basis for each financial year to consider the reported quarterly performance achievements reported on the OPMS scorecard as well as the performance achievements reported in terms of the Service Delivery and Budget Implementation Plans (SDBIP).

The Performance Audit Committee quarterly meetings during the 2023/2024 financial year as follows:

PERIOD	DATE
Quarter 1	28 August 2023
Quarter 2	27 October 2023
Quarter 3	No meeting
Quarter 4	17 May 2024 27 June 2024

Municipal Manager's Quality Certification

I, Bhekani Errol Mswane, the Municipal Manager of Richmond Local Municipality, hereby certify that:

- The 2023/2024 Annual Performance Report

For the year ended 30 June 2024 have been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Bhekani Errol Mswane
Municipal Manager
Richmond Local Municipality

Signature: 

Date: 31/08/ 2024

NATIONAL KEY PERFORMANCE AREAS	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STRATEGY FOCUS AREA	Project/ Programme/ Measurable Output	KEY PERFORMANCE INDICATOR	REVISED KEY PERFORMANCE INDICATOR	COMPARISON WITH PREVIOUS YEAR 2022/2023		ORIGINAL 2023/ TARGET	CURRENT YEAR 2023/2024		STATUS (ACHIEVED / NOT ACHIEVED)	RESPONSIBLE UNIT	RESPONSIBLE DEPARTMENT	WARD INFORMATION	FINANCIAL IMPLICATION	CHALLENGES	CORRECTIVE MEASURES	PORTFOLIO OF EVIDENCE
								2022/ TARGET	ACTUAL ACHIEVEMENT		REVISED 2023/ TARGET	ACTUAL ACHIEVEMENT								
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	To foster a culture of good employee management and retention	To foster a culture of good employee management and retension	1	Update and implement the workplace skills plan in accordance with training and development needs and municipal agreements	Work place skills plan developed and submitted to LGSETA	Date of submission to LGSETA of the WSP (2023-2024)	Date of submission to LGSETA of the WSP (2023-2024)	30-Apr-23	21-Apr-23	30-Apr-24	30-Apr-24	05-Apr-24	Achieved	HR	Corporate Services	Institutional	R 0	N/A	N/A	WSP Document and acknowledgment letter from LGSETA
			2	To conduct needs based training programs and boost municipal capacity	Trained and Developed staff members	Number of Trained Staff	Number of trained Staff	28	34	20	20	72	Achieved	HR	Corporate Services	Institutional	R 750 000	N/A	N/A	Attendance Register and certificates
			3		Educated staff through continuous development and provision of staff bursaries	Number of approved bursary applications	Number of approved bursary applications	6	23	8	8	7	Achieved	HR	Corporate Services	Institutional	R 349 996	N/A	N/A	Approved Bursary Application forms
			4		Reports compiled and submitted to portfolio committees	Number of reports submitted to IT , HR and Community Services Portfolio meetings held	Number of reports submitted to IT , HR and Community Services Portfolio meetings held	12	12	12	12	12	Achieved	HR	Corporate Services	Institutional	R 0	N/A	N/A	Copies of reports submitted to committees
			5	Assessment of status quo, develop and implement remedial measures.	Staff climate survey conducted throughout the municipality	Number of surveys done	Number of surveys done	1 survey completed	1 survey completed	1 survey completed	1 survey completed	1 survey completed	Achieved	HR	Corporate Services	Institutional	R 0	N/A	N/A	Completed forms and implementation plans
			6		Employee Wellness programme conducted in the municipality	Number of Employee wellness programmes conducted	Number of Employee wellness programmes conducted	2	2	2	2	2	Achieved	HR	Corporate Services	Institutional	R 75 000	N/A	N/A	Invites to stakeholders, attendance Register of staff and stakeholders and photographs of the programme
			7		Compliant Employment Equity report submitted to Department of Labour	Number of reports submitted to Department of Labour	Number of reports submitted to Department of Labour	1	1	1	1	1	Achieved	HR	Corporate Services	Institutional	R 0	N/A	N/A	Acknowledgement letter from Department of Labour
			8		Compliance with the 2% legislation of people with disability of total number of staff representation	Number of Staff with disability appointed	Number of Staff with disability appointed	1	1	1	1	1	Achieved	HR	Corporate Services	Institutional	R 0	N/A	N/A	Copy of appointment letters
			9	Update of existing OD systems to enhance their effectiveness and develop policies to preserve institutional memory.	Human Resource Management Plan formulated and adopted by Council	Date of adoption of HR management plan by Council	Date of adoption of HR management plan by Council	30-Jun-23	28-Jun-23	30-Jun-24	30-Jun-24	28-Jun-24	Achieved	HR	Corporate Services	Institutional	R 0	N/A	N/A	Copy of final Human Resources Management Plan and Council Resolution adopting Plan
			10		Organisational polices are developed / reviewed and approved by council	Percentage of reviewed polices	Percentage of reviewed policies	100% Reviewed Policies	100% Reviewed Policies	100% Reviewed Policies	100% Reviewed Policies	100% Reviewed Policies	Achieved	HR	Corporate Services	Institutional	R 0	N/A	N/A	Council Resolution adopting reviewed policies
			11		Communication of updated policies and procedures to all employees	Number of workshops conducted	Number of workshops conducted	1 workshop	1 workshop	1 workshop	1 workshop	1 workshop	Achieved	HR	Corporate Services	Institutional	C	N/A	N/A	Attendance Registers
			12		Purchase of capital resources for the enhancement of the Human resource unit	Date of Purchase of recording system	NIL	New Indicator	New Indicator	30-Sep-23	30-Sep-23	0	Not Achieved	HR	Corporate Services	Institutional	R 50 004	Original budget was not sufficient for the purchase of the recording system as seen with quotations received by the municipality.	Due to budget constraints the municipality will not be able to purchase a new portable recording system however will be using Digital voice system for recording purposes.	Requisition Memo, payment voucher and proof of payment
			13			Date of Purchase of shredder	Date of Purchase of shredder	New Indicator	New Indicator	30-Sep-23	30-Sep-23	30-Sep-23	Achieved	HR	Corporate Services	Institutional	R 150 000	N/A	N/A	Requisition Memo, payment voucher and proof of payment
			14			Date of Purchase of time and attendance corp	NIL	New Indicator	New Indicator	30-Sep-23	30-Sep-23	0	Not Achieved	HR	Corporate Services	Institutional	R 200 004	Original budget was not sufficient for the purchase of the time and attendance corp as seen with quotations received by the municipality.	The municipality has purchased a new payroll and HR system. The system will be linked to clocking devices that the municipality will be purchasing in the new financial year.	Requisition Memo, payment voucher and proof of payment
	To update and communicate systems that drive institutional development and enhance staff recruitment, retention and motivation.	To update and communicate systems that drive institutional development and enhance staff recruitment, retention and motivation.	15	Assessment of status quo, develop and implement remedial measures.	Employment opportunities provided through the recruitment of unemployed through the EPWP	Number of new work opportunities created/ beneficiaries recruited	Number of new work opportunities created/ beneficiaries recruited	70	86	84	128	128	Achieved	LED	OMM	All Wards / Institutional	R 1 625 000,00	N/A	N/A	Copy of signed EPWP Contracts and quarterly reports from EPWPRS
			16		Recruitment of unemployed epwp beneficiaries	Number of EPWP quarterly evaluation reports submitted in compliance with DORA	Number of EPWP quarterly evaluation reports submitted in compliance with DORA	New Indicator	New Indicator	4	4	4	Achieved	LED	OMM	Institutional		N/A	N/A	Signed quarterly evaluation reports
	To ensure effective bid committees to support procurement for service delivery	To ensure effective bid committees to support procurement for service delivery	17	Functional and Effective Bid Committees	Training and development of SCM Staff	Number of trainings arranged	Number of trainings arranged	4	4	4	4	4	Achieved	Supply Chain Management	BTO	Institutional	R 0	N/A	N/A	Attendance Register
	To effectively manage the information communication technology systems and ICT infrastructure of the municipality.	To effectively manage the information communication technology systems and ICT infrastructure of the municipality.	18	Develop and drive implementation of the Information Communications Technology strategy and plan.	Enhanced support and maintenance of Information Communications Technology infrastructure	Number of WAN/LAN Reports Submitted	Number of WAN/LAN Reports Submitted	NIL	NIL	4	4	4	Achieved	IT	BTO	Institutional	R 650 004	N/A	N/A	Information Communications Technology Steering Committee Agenda, Report and Minutes
			19		GCIS Compliance and Responsive Website	Number of Website Compliance Checklist Reports submitted as per GCIS legislative requirements	Number of Website Compliance Checklist Reports submitted as per GCIS legislative requirements	NIL	NIL	4	4	4	Achieved	IT	BTO	Institutional		N/A	N/A	Information Communications Technology Steering Committee Agenda, Report and Minutes
			20		Functional Information Communications Technology Steering Committee	Number of Information Communications Technology Steering Committee Meetings	Number of Information Communications Technology Steering Committee Meetings	4 meetings	4 meetings	4 meetings	4 meetings	4 meetings	Achieved	IT	BTO	Institutional		N/A	N/A	Information Communications Technology Steering Committee Agenda, Report and Minutes
			21	Review and Adoption of Disaster Recovery & Business Continuity Plan	Annual Review of Disaster Recovery Plan and Business Continuity Plan	Date of the Information Communications Technology disaster recovery plan and business continuity plan adoption by Council	Date of the Information Communications Technology disaster recovery plan and business continuity plan adoption by Council	30-Jun-23	28-Jun-23	30-Jun-24	30-Jun-24	28-Jun-24	Achieved	IT	BTO	Institutional		N/A	N/A	Council Resolutions
			22	Review and Adoption of Information Communications Technology Security & Systems Policy	Annual Review of Information Communications Technology Security and Systems Policy	Date of Information Communications Technology Security and Systems Policy adoption by Council	Date of Information Communications Technology Security and Systems Policy adoption by Council	30-Jun-23	28-Jun-23	30-Jun-24	30-Jun-24	28-Jun-24	Achieved	IT	BTO	Institutional		N/A	N/A	Council Resolutions
			23	Review and Adoption of Information Communications Technology Strategy	Annual Review of Information Communications Technology Strategy	Date of Information Communications Technology Strategy Adoption by Council	Date of Information Communications Technology Strategy Adoption by Council	30-Jun-23	28-Jun-23	30-Jun-24	30-Jun-24	28-Jun-24	Achieved	IT	BTO	Institutional		N/A	N/A	Council Resolutions
			24	Conduct Information Communications Technology Security Awareness Campaigns	Annual Information Communications Technology Security Workshops	Number of Information Communications Technology Security Workshops Conducted	Number of Information Communications Technology Security Workshops Conducted	1	1	1	1	1	Achieved	IT	BTO	Institutional		N/A	N/A	Attendance Register,Flyer,Email
			25	Cloud and Offsite Backup Reports	Functioning Information Communications Technology Service Continuity & Backup	Number of backup reports submitted to the Information Communications Technology Steering Committee	Number of backup reports submitted to the Information Communications Technology Steering Committee	4	4	4	4	4	Achieved	IT	BTO	Institutional		N/A	N/A	Information Communications Technology Steering Committee Report with: Cloud Backups, Restores & Offsite backup Report

			26	Monitoring of the Network Monitoring Tool and Patch Management Software	Functional Network Monitoring Tool and Patch Management Software	Number of monitoring reports submitted to the Information Communications Technology Steering Committee	Number of monitoring reports submitted to the Information Communications Technology Steering Committee	4	4	4	4	4	Achieved	IT	BTO	Institutional		N/A	N/A	Information Communications Technology Steering Committee Report with administrator report reporting outages and network errors cleared
NATIONAL KEY PERFORMANCE AREAS	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STRATEGY FOCUS AREA	Project/ Programme/ Measurable Output	KEY PERFORMANCE INDICATOR	REVISED KEY PERFORMANCE INDICATOR	COMPARISON WITH PREVIOUS YEAR 2022/2023		ORIGINAL SDBIP TARGET	CURRENT YEAR 2023/2024		STATUS (ACHIEVED / NOT ACHIEVED)	RESPONSIBLE UNIT	RESPONSIBLE DEPARTMENT	WARD INFORMATION	FINANCIAL IMPLICATION	CHALLENGES	CORRECTIVE MEASURES	PORTFOLIO OF EVIDENCE
								SDBIP TARGET	ACTUAL ACHIEVEMENT		REVISED SDBIP TARGET	ACTUAL ACHIEVEMENT								
Basic Service Delivery and Infrastructure Development	To provide sustainable human settlements	To provide sustainable human settlements	27	Address housing shortages	Constructed and completed Arpoty Farm Rehabilitation project	Number of houses constructed	Number of houses constructed	60 houses to be built by implementing agent	333	80 houses to be built by implementing agent	330	396	Achieved	Housing	OMM	Ward 4	R195 657 277,30	N/A	N/A	Inspection reports or Happy letter
	To provide access to proper community facilities	To provide access to proper community facilities	28	To implement service delivery programmes and reduce services and infrastructure backlogs	MIG PROJECTS: Construction of Fibre Ward 7 Sports field	Number of sports fields completed	Number of sports fields completed	New indicator	New indicator	1	1	1	Achieved	PMU	Technical Services	Ward 7	R 8,786,100	N/A	N/A	Signed practical Completion certificate, final progress report and appointment letter of consultant and contractor
			29		MIG PROJECTS: Upgrading of Siyathuthuka/Magoda phase 2 Siyathuthuka / Magoda Main Road Phase 2	Number of kilometres upgraded	Number of kilometres upgraded	New indicator	New indicator	1,5km	1,5km	1,5km	Achieved	PMU	Technical Services	Ward 2	R 6,940,176	N/A	N/A	Signed practical Completion certificate, final progress report and appointment letter of consultant and contractor
			30		MIG PROJECTS: Upgrading of Stormwater and roads in ward 7 Khetho to Mfinfini	NIL	Number of kilometres of stormwater completed	New indicator	New indicator	NIL	0,4Km	0,52Km	Achieved	PMU	Technical Services	Ward 7	R 24 463 488,84	N/A	N/A	Progress report and appointment letter of consultant and contractor
			31		Rehabilitation of Highover Wildlife Sanctuary	NIL	Number of cottages rehabilitated	New indicator	New indicator	NIL	5	5	Achieved	PMU	Technical Services	Ward 6	R 5 000 000,00	N/A	N/A	Signed practical Completion certificate, final progress report and appointment letter of consultant and contractor
			32			NIL	Number of wooden decks rehabilitated	New indicator	New indicator	NIL	1	1	Achieved	PMU	Technical Services	Ward 6		N/A	N/A	
			33		Small Town Grant: Installation of 10 Solar LED Street Lights	NIL	Number of LED street lights installed	150	150	NIL	10	10	Achieved	OMU	Technical Services	Ward 2	R 400 416,55	N/A	N/A	Completion certificate, closeout report and appointment letter of service provider
	To ensure the roll-out of electrification projects throughout the municipality	To ensure the roll-out of electrification projects throughout the municipality	34	To implement service delivery programmes and reduce services and infrastructure backlogs	Sishia-Sgcakini Electrification Project - Ward 2 (100 Connections)	Number of completed connections	Number of completed connections	New indicator	New indicator	100	100	0	Not Achieved	ELECTRICITY/PMU	Technical Services	Ward 7	R 2,480,000	The project was delayed by the municipality receiving the Eskom stakeholders comments sheet late and delays in receiving as built drawings for the existing infrastructure from Eskom. Progress to date stands at 40% construction.	The municipality is engaging Eskom regarding the as built drawings as these requirements by Eskom are not part of the scope of the projects for the consultant to be in possession for designs of existing Eskom infrastructure.	Copy of signed Practical Completion Certificate, PCS File and final progress Report
			35		Mthwazi-Lindelani Electrification Project - Ward 5 (100 Connections)	Number of completed connections	Number of completed connections	New indicator	New indicator	100	100	0	Not Achieved	ELECTRICITY/PMU	Technical Services	Ward 6	R 2,480,000	Infrastructure construction has been completed, this project is undergoing energising processes. Application to energise has been made to Eskom.		Copy of signed Practical Completion Certificate, PCS File and final progress Report
			36		Macfarl - Masonite Electrification Project - Ward 4 (100 Connection)	Number of completed connections	Number of completed connections	New indicator	New indicator	100	100	0	Not Achieved	ELECTRICITY/PMU	Technical Services	Ward 3	R 2,480,000	Project completion delay has been caused by the municipality not being able to get wayleave agreement with farm owners where the new infrastructure needs to be constructed and will pass through the farm. Progress to date stands at 50% construction.	Continuous engagements with the farm owner, however the farm owner has indicated that in order for the contractor to be granted wayleave he is requesting for a pump station to be constructed in his yard by the contractor, which is unrealistic.	Copy of signed Practical Completion Certificate, PCS File and final progress Report
			37		Mpofana - Nkumana Electrification Project - Ward 3 (100 Connection)	Number of completed connections	Number of completed connections	New indicator	New indicator	100	100	0	Not Achieved	ELECTRICITY/PMU	Technical Services	Ward 4	R 2,480,000	Infrastructure construction has been completed, this project is undergoing energising processes. Application to energise has been made to Eskom.		Copy of signed Practical Completion Certificate, PCS File and final progress Report
	To improve accessibility through maintenance and road infrastructure provision	To improve accessibility through maintenance and road infrastructure provision	38	To implement service delivery programmes and reduce services and infrastructure backlogs	ACCESS ROADS: WARD 1 Maintenance of access road	Number of kilometres of gravel road maintained	Number of kilometres of gravel road maintained	4,4KM	4,8KM	4,4KM	4,4KM	7,4KM	Achieved	OMU	Technical Services	Ward 1	R 300 000,00	N/A	N/A	Completion Certificate & Pictures
			39		ACCESS ROADS: WARD 2 Maintenance of access road			4,7KM	8km	4,7KM	4,7KM	9,75KM	Achieved	OMU	Technical Services	Ward 2	R 300 000,00	N/A	N/A	Completion Certificate & Pictures
			40		ACCESS ROADS: WARD 3 Maintenance of access road			5,3KM	8,3KM	5,3KM	5,3KM	5,3KM	Achieved	OMU	Technical Services	Ward 3	R 300 000,00	N/A	N/A	Completion Certificate & Pictures
			41		ACCESS ROADS: WARD 4 Maintenance of access road			4,7KM	5,6KM	4,7KM	4,7KM	6,1KM	Achieved	OMU	Technical Services	Ward 4	R 300 000,00	N/A	N/A	Completion Certificate & Pictures
			42		ACCESS ROADS: WARD 5 Maintenance of access road			9,5KM	9,5KM	9,5KM	9,5KM	11,1KM	Achieved	OMU	Technical Services	Ward 5	R 300 000,00	N/A	N/A	Completion Certificate & Pictures
			43		ACCESS ROADS: WARD 6 Maintenance of access road			4,7KM	6,4KM	4,7KM	4,7KM	5KM	Achieved	OMU	Technical Services	Ward 6	R 300 000,00	N/A	N/A	Completion Certificate & Pictures
			44		ACCESS ROADS: WARD 7 Maintenance of access road			4,3KM	4,3KM	4,3KM	4,3KM	12,5KM	Achieved	OMU	Technical Services	Ward 7	R 300 000,00	N/A	N/A	Completion Certificate & Pictures
	To provide safe and reliable waste management services	To provide safe and reliable waste management services	45		Maintenance of Overgrown Grass and Verges	Number of square meters of streets maintained(Grass Cutting, Brush Cutting)	Number of square meters of streets maintained(Grass Cutting, Brush Cutting)	100 000m2	708 480m2	100 000m2	100 000m2	173 545m2	Achieved	OMU	Technical Services	All Wards	municipal running costs	N/A	N/A	Refuse Listing Report, Completion Certificate, signed work schedules and quarterly report signed off by ward councilor
			46		Collection of planned refuse removal	Number of billed households with access to daily solid waste removal (ward 1 and 2)	Number of billed households with access to daily solid waste removal (ward 1 and 2)	1034	1481	1481	1481	1481	Achieved	OMU	Technical Services	Ward 1 and 2	municipal running costs	N/A	N/A	Refuse Listing Report, landfill site register, signed work schedules and Quarterly report signed off by ward councilor
			47		Collection of Refuse Removal using Skipers	Number of wards serviced with a skipper bin	Number of wards serviced with a skipper bin	6	6	6	6	6	Achieved	OMU	Technical Services	Ward 1,2,3,4,6 and 7	municipal running costs	N/A	N/A	Signed Work Schedules and pictures, landfill site register and Quarterly report signed off by ward councillor
	To improve accessibility through maintenance and road infrastructure provision	To improve accessibility through maintenance and road infrastructure provision	48		Maintenance of urban roads by patholle patching & repair	Number of square meters of potholes patched and repaired	Number of square meters of potholes patched and repaired	1000m2	1501m2	1000m2	1000m2	2724m2	Achieved	OMU	Technical Services	All Wards	R 750 000,00	N/A	N/A	Completion certificate, signed Work Schedules and pictures
NATIONAL KEY PERFORMANCE AREAS	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STRATEGY FOCUS AREA	Project/ Programme/ Measurable Output	KEY PERFORMANCE INDICATOR	REVISED KEY PERFORMANCE INDICATOR	COMPARISON WITH PREVIOUS YEAR 2022/2023		ORIGINAL SDBIP TARGET	CURRENT YEAR 2023/2024		STATUS (ACHIEVED / NOT ACHIEVED)	RESPONSIBLE UNIT	RESPONSIBLE DEPARTMENT	WARD INFORMATION	FINANCIAL IMPLICATION	CHALLENGES	CORRECTIVE MEASURES	PORTFOLIO OF EVIDENCE
								SDBIP TARGET	ACTUAL ACHIEVEMENT		REVISED SDBIP TARGET	ACTUAL ACHIEVEMENT								
	Ensure effective and focused communication, both within and outside the Municipality.	Ensure effective and focused communication, both within and outside the Municipality.	49	Public engagements through Mayor on Air program	Mayor on Air program	Number of Mayoral radio slots conducted	Number of Mayoral radio slots conducted	2 radio slot for the Mayor	4 radio slot for the Mayor	2 radio slot for the Mayor	2 radio slot for the Mayor	2 radio slot for the Mayor	Achieved	Communications	OMM	Institutional	R 80 004	N/A	N/A	Invoice or confirmation letter for the radio slot
			50	Visible municipal branding within Municipal offices and outside by Ydings	Municipal corporate branding	Number of campaigns and surveys conducted	Number of campaigns and surveys conducted	1 survey and 3 campaigns	1 survey and 3 campaigns	1 survey and 3 campaigns	1 survey and 3 campaigns	1 survey and 3 campaigns	Achieved	Communications	OMM	Institutional	R 249 996	N/A	N/A	Survey: Filled out questionnaire and signed attendance registers, photographic evidence of the actual campaign and promotions

Strategically profile the Municipality in line with the Mission and vision	Strategically profile the Municipality in line with the Mission and vision	51	Tabling of the Annual Report to Council to ensure compliance with legislation	Tabled Annual Report to Council	Date of tabling of Annual report	Date of tabling of Annual report	31-Mar-23	31-Jan-23	31-Mar-24	31-Jan-24	30-Jan-24	Achieved	Communications	OMM	Institutional	R 113 984	N/A	N/A	Copy of Tabled Annual report and Council resolution adopting Annual report
		52	Purchase of capital resources for the enhancement of the communications unit	Purchased of new sound system	Date of Purchase of Sound System	Date of Purchase of Sound System	New indicator	New indicator	30-Sep-23	30-Sep-23	06-Sep-23	Achieved	Communications	OMM	Institutional	R 90 000	N/A	N/A	Requisition Memo, payment voucher and proof of payment
To provide reasonable assurance on the adequacy and the effectiveness of internal controls, risks and performance management	To provide reasonable assurance on the adequacy and the effectiveness of internal controls, risks and performance management	53	Effective and operational Internal Audit Unit	Approval of planning internal audit documents	Date of adoption of the internal audit strategic and operational plan as well as audit charters	Date of adoption of the internal audit strategic and operational plan as well as audit charters	30-Sep-22	29-Sep-22	30-Jun-24	30-Jun-24	27-Jun-24	Achieved	Internal Audit/ OMM	OMM	Institutional	R 0	N/A	N/A	Agenda and minutes of the Performance and Audit Committee approving the plan and charters.
		54	Certified members with IIASA and or CIGFARO	Professional membership for internal audit and risk	Date of payment for annual subscription	Date of payment for annual subscription	31-May-23	31-May-23	31-May-24	31-May-24	31-May-24	Achieved	Internal Audit/ OMM	OMM	Institutional	R 0	N/A	N/A	Payment voucher and proof of payment
		55	Attendance of conferences for professional development	Continuous Professional development by attending conferences	Number of attended conferences	Number of attended conferences	2	2	2	2	2	Achieved	Internal Audit/ OMM	OMM	Institutional	R 10 884			Agenda, payment voucher and attendance registers
		56	Attendance of training programmes	Competent Internal Auditors through training and development to address skills gap	Number of trainings attended	Number of trainings attended	4	4	4	4	4	Achieved	Internal Audit/ OMM	OMM	Institutional	R 0	N/A	N/A	Attendance register and or payment vouchers
		57	Implementation of the internal audit plan	Audit plan implementation	Percentage of audit reviews completed as per the internal audit plan per quarter	Percentage of audit reviews completed as per the internal audit plan per quarter	100%	61%	100%	100%	80%	Not Achieved	Internal Audit/ OMM	OMM	Institutional	R 0	Limited resources in the unit, also there was a resignation and the internal auditor was hospitalised during the financial year.	An internal audit clerk was appointed. audits not finalised will be done in the first quarter.	Internal Audit reports
		58	Established quality assurance and improvement programs	Implementation of the quality assurance program	Number of quality assurance programs developed	Number of quality assurance programs developed	1	1	1	1	1	Achieved	Internal Audit/ OMM	OMM	Institutional	R 0	N/A	N/A	Attendance register, developed quality programme
		59	Annual Review of the Risk Management Framework, and the Anti-Fraud and Anti-Corruption Strategy by the Risk Committee and Council	Risk and Anti fraud/ Corruption Strategy and Framework	Date of adoption of the Risk Management Framework and Anti-Fraud/ Anti-Corruption Strategy	Date of adoption of the Risk Management Framework and Anti-Fraud/ Anti-Corruption Strategy	30-Jun-23	28-Jun-23	30-Jun-24	30-Jun-24	30-Jun-24	Achieved	Risk Unit / OMM	OMM	Institutional	R 0	N/A	N/A	Resolution adopting the strategy / framework and minutes of the Risk Committee Meeting
		60	Quarterly Progress Reports on the implementation of the Risk Management Framework and the Anti-Fraud and Anti-Corruption Strategy submitted to the Risk Committee	Fraud and risk prevention	Number of reports to be submitted to Risk Committee	Number of reports to be submitted to Risk Committee	4 reports to be submitted to Risk Committee	4 reports to be submitted to Risk Committee	4 reports to be submitted to Risk Committee	4 reports to be submitted to Risk Committee	4 reports to be submitted to Risk Committee	Achieved	Risk Unit / OMM	OMM	Institutional	R 0	N/A	N/A	Quarterly Risk progress reports and minutes of the Risk Committee meetings
		61	Risk workshop convened once a year	Annual Risk workshop	Number of workshops to be held	Number of workshops to be held	1 Workshop	3 Workshops	1 Workshop	1 Workshop	1 Workshop	Achieved	Risk Unit / OMM	OMM	Institutional	R 30 000	N/A	N/A	Minutes of the meetings as well as attendance registers
To ensure and public participation and awareness	To ensure and public participation and awareness	62	Ensure compliance to all legislative mandates and implementing processes and programmes to promote public awareness	Submission of Draft and Final SDBIP by Mayor	Date of submission of Draft SDBIP to Mayor	Date of submission of Draft SDBIP to Mayor	Approval of Draft SDBIP by Mayor by 14 June 2023	Approval of Draft SDBIP by Mayor by 14 June 2024	Approval of Draft SDBIP by Mayor by 14 June 2024	Approval of Draft SDBIP by Mayor by 14 June 2024	Approval of Draft SDBIP by Mayor by 03 June 2024	Achieved	PMS / OMM	OMM	Institutional	R 0	N/A	N/A	Acknowledgement letter signed by the Mayor and proof of receipt signed by FD/ CDOTA on receipt of draft SDBIP
		63			Date of submission of Final SDBIP to Mayor	Date of submission of Final SDBIP to Mayor	Approval of Final SDBIP by Mayor by 28 June 2023	Approval of Final SDBIP by Mayor by 28 June 2024	Approval of Final SDBIP by Mayor by 28 June 2024	Approval of Final SDBIP by Mayor by 28 June 2024	Approval of Final SDBIP by Mayor by 13 June 2024	Achieved	PMS / OMM	OMM	Institutional	R 0	N/A	N/A	Signed acknowledgement letter of receipt from the Mayor and approved Final SDBIP
		64		Public notification about the final SDBIP 2023/2024	Date of publication of Approved Final SDBIP	Date of publication of Approved Final SDBIP	30-Jun-23	30-Jun-23	30-Jun-24	30-Jun-24	31-May-24	Achieved	PMS / OMM	OMM	Institutional	R 0	N/A	N/A	Advert from the paper in which the SDBIP was advertised.
		65	Establish governance structures and develop protocols for all processes and participate in all IGR to share knowledge best practices and promote integrated development	Submission of APR to the office of the Auditor General of South Africa	Date of submission of Annual Performance Report to Auditor General	Date of submission of Annual Performance Report to Auditor General	Submission of APR to AG's office by 31 August 2022	31-Aug-22	Submission of APR to AG's office by 31 August 2023	Submission of APR to AG's office by 31 August 2023	Submission of APR to AG's office by 31 August 2023	Achieved	PMS / OMM	OMM	Institutional	R 0	N/A	N/A	Acknowledgement letter or proof of receipt signed by the AG's office
		66		Quarterly SDBIP Reports submitted to Council.	Number of quarterly SDBIPs submitted to Council	Number of quarterly SDBIPs submitted to Council	4 Reports submitted to Council	1	4 Reports submitted to Council	4 Reports submitted to Council	4 Reports submitted to Council	Achieved	PMS / OMM	OMM	Institutional	R 0			Minutes of the Council meeting as well as reports submitted.
		67		Signing of Section 56/57 Managers Performance Agreements	Number of signed Performance Agreements	Number of signed Performance Agreements	5 signed performance agreements	4 signed performance agreements	5 signed performance agreements	5 signed performance agreements	5 signed performance agreements	Achieved	PMS / OMM	OMM	Institutional	R 0	N/A	N/A	Signed Performance Agreements
		68		Adoption of the oversight report by Council	Date of adoption of the Oversight report by Council	Date of adoption of the Oversight report by Council	31-Mar-23	31-Mar-23	31-Mar-24	31-Mar-24	28-Mar-24	Achieved	PMS / OMM	OMM	Institutional	R 0	N/A	N/A	Copy of adopted oversight report and Council resolution
		69		Public notification about the Oversight Report	Date of publication of the oversight report	Date of publication of the oversight report	07-Apr-23	07-Apr-23	07-Apr-24	07-Apr-24	08-Apr-24	Not Achieved	PMS / OMM	OMM	Institutional	R 0	Delays in finalising advert and submitting to SCM.	Develop a compliance checklist including dates for publication of compliance documents	Advert from the paper in which the Oversight report was advertised.
To improve compliance and public participation and awareness	To improve compliance and public participation and awareness	70	Ensuring compliance to all legislative mandates and implementing processes and programmes to promote public awareness	Participation on IDP and Budget of local residents	Number of reports on the participation of local residents in decision making process	Number of reports on the participation of local residents in decision making process	4 reports	4 reports	4 reports	4 reports	4 reports	Achieved	Public Participation	OMM	Institutional	R 0	N/A	N/A	signed public participation reports
		71		Community awareness campaigns on social ills within the community	Percentage of community awareness campaigns supported	Percentage of community awareness campaigns supported	100%	100%	100%	100%	100%	Achieved	Public Participation	OMM	Institutional	R 0	N/A	N/A	Agenda and attendance register
		72		Community feedback meetings on service delivery	Number of community feedback meetings convened	Number of community feedback meetings convened	4 Meetings	4 Meetings	4 Meetings	4 Meetings	4 Meetings	Achieved	Public Participation	OMM	Institutional	R 0	N/A	N/A	agenda, attendance register and minutes
		73		Ward committee meetings held	Number of ward committee meetings held	Number of ward committee meetings held	12 Meetings	12 Meetings	12 Meetings	12 Meetings	12 Meetings	Achieved	Public Participation	OMM	Institutional	R 0	N/A	N/A	agenda, attendance register and minutes
		74		Sectoral reports from ward committee members	Percentage of sectoral reports submitted	Percentage of sectoral reports submitted	100%	100%	100%	100%	100%	Achieved	Public Participation	OMM	Institutional	R 0	N/A	N/A	copy of sectoral reports
		75		Ward operational plans for the ward committees	Number of reports on implementation of WOPs	Number of reports on implementation of WOPs	4 reports	4 reports	4 reports	4 reports	4 reports	Achieved	Public Participation	OMM	Institutional	R 0	N/A	N/A	copy of reports for ward operational plan
		76		Processing of Service Delivery Community Issues	Percentage of community issues processed	Percentage of community issues processed	100%	100%	100%	100%	100%	Achieved	Public Participation	OMM	Institutional	R 0	N/A	N/A	copy of sectoral reports
		77		Payment of ward committee out of pocket expense	Percentage of ward committee members paid out of pocket expenses	Percentage of ward committee members paid out of pocket expenses	100%	100%	100%	100%	100%	Achieved	Public Participation	OMM	Institutional	R 873 312	N/A	N/A	proof of payments for out of pocket expenses paid
To improve spend	To improve spend	78	Implement systems and processes which ensure clean audits, compliance to legislation and high performance	Compliance with Section 65(2)(e) of the MFMA	Percentage of Creditors paid within 30 days of invoice date	Percentage of Creditors paid within 30 days of invoice date	100%	100%	100%	100%	100%	Achieved	BTO	BTO	Institutional	R68 612 604	N/A	N/A	Creditors Age Analysis
		79		Reconciled and reviewed monthly creditors' reconciliations	Number of months reconciled within the quarter	Number of months reconciled within the quarter	12	12	12	12	12	Achieved	BTO	BTO	Institutional	R 487 848	N/A	N/A	Monthly Reconciliations of the creditors module and general ledger (Signed off by Manager)
		80		Financial Reporting to STATS SA	Number of quarterly reports submitted to STATS SA	Number of quarterly reports submitted to STATS SA	12	12	4	4	12	Achieved	BTO	BTO	Institutional	R 0	N/A	N/A	Statistical Report
		81		Approved budget process Plan by Council by 31 August	Date of approving IDP/Budget Process Plan	Date of approving IDP/Budget Process Plan	31-Aug-22	31-Aug-22	31-Aug-23	31-Aug-23	30-Aug-23	Achieved	BTO	BTO	Institutional	R 0	N/A	N/A	Council Resolution - Approved IDP/ Budget Process Plan
		82		Approved Draft budget in compliance with MFMA	Date of approving draft budget	Date of approving draft budget	31-Mar-23	31-Mar-23	31-Mar-24	31-Mar-24	28-Mar-24	Achieved	BTO	BTO	Institutional	R 0	N/A	N/A	Council Resolution - Approved draft Budget

ANCE AND PUBLIC PARTICIPATION

GOOD GOVERNA																				
To ensure a sound financial viability and financial management as per legislative prescripts	To ensure a sound financial viability and financial management as per legislative prescripts	83	Prepare financial plans and provide reports in terms of applicable legislation	Approved Final Budget in compliance to MFMA	Date of approving Final budget	Date of approving Final budget	31-May-23	31-May-23	31-May-24	31-May-24	31-May-24	[illegible]	BTO	BTO	Institutional	R 0	N/A	N/A	Council Resolution - Approved final budget
		84		Approved Mid year assessment report in compliance with MFMA	Date of approval of Mid year performance assessment report	Date of approval of Mid year performance assessment report	31-Jan-23	31-Jan-23	31-Jan-24	31-Jan-24	30-Jan-24	[illegible]	BTO	BTO	Institutional	R 0	N/A	N/A	Council Resolution - Approved Mid year Assessment
		85		Approved Adjustment budget in compliance with the MFMA	Date of approval of adjustment budget	Date of approval of adjustment budget	28-Feb-23	28-Feb-23	28-Feb-24	28-Feb-24	28-Feb-24	[illegible]	BTO	BTO	Institutional	R 0	N/A	N/A	Council Resolution - Approved Adjustment Budget
		86		All monthly returns submitted	Number of monthly data strings submitted to Provincial Treasury	Number of monthly data strings submitted to Provincial Treasury	12	12	12	12	12	[illegible]	BTO	BTO	Institutional	R 0	N/A	N/A	Proof of submission - Section 71 data string from the LG portal
		87		All quarterly returns submitted with zero errors	Number of quarterly data strings submitted Provincial Treasury	Number of quarterly data strings submitted Provincial Treasury	4	4	4	4	4	[illegible]	BTO	BTO	Institutional	R 0	N/A	N/A	Proof of submission - Quarterly data strings from LG Portal
		88		Annual Financial Statements submitted on time to AGSA	Date of submission of AFS to Auditor General	Date of submission of AFS to Auditor General	31-Aug-22	31-Aug-22	31-Aug-23	31-Aug-23	31-Aug-23	[illegible]	BTO	BTO	Institutional	R 0	N/A	N/A	Acknowledgement of Receipt by AGSA
To effect SCM policy in a way that is fair, equitable, transparent, competitive and cost-effective	To effect SCM policy in a way that is fair, equitable, transparent, competitive and cost-effective	89	Improve systems for demand and supply chain management	Improved SCM Procurement Turnaround times for an order below R30 000	Number of days to place an order below R30 000	Number of days to place an order below R30 000	21 days	21 days	12 days	12 days	12	[illegible]	BTO	BTO	Institutional	R 0	N/A	N/A	Requisition Report
		90		Improved SCM Procurement Turnaround times for an order above R30 000 but below R200 000	Number of days to place an order (above R30 000 but below R200 000) starting from the date SCM receives specification from end user department	Number of days to place an order (above R30 000 but below R200 000) starting from the date SCM receives specification from end user department	21 days	21 days	21 days	21 days	21	[illegible]	BTO	BTO	Institutional	R 0	N/A	N/A	SCM monthly performance reports
		91		Improved SCM Procurement Turnaround times to finalize evaluation to bid tender	Number of days to finalize evaluation to bid to tender starting from the closing date of the tender.	Number of days to finalize evaluation to bid to tender starting from the closing date of the tender.	21 days	14 days	21 days	21 days	21 days	[illegible]	BTO	BTO	Institutional	R 0	N/A	N/A	SCM monthly performance reports
		92		Improved SCM Procurement Turnaround times between tender evaluation and adjudication	Number of days between tender evaluation and adjudication starting from date of the finalisation of the evaluation committee	Number of days between tender evaluation and adjudication starting from date of the finalisation of the evaluation committee	14 days	14 days	14 days	14 days	14 days	[illegible]	BTO	BTO	Institutional	R 0	N/A	N/A	SCM monthly performance reports
		93	Approved Procurement Plans	Approved Procurement Planning	Date of approved procurement plan by Council	Date of approved procurement plan by Council	30-Jun-23	28-Jun-23	30-Jun-24	30-Jun-24	30-Jun-24	[illegible]	BTO	BTO	Institutional	R 0	N/A	N/A	Council Resolution and copy of approved procurement plan
To promote accountability and efficiency in the use of municipal assets and community facilities	To promote accountability and efficiency in the use of municipal assets and community facilities	94	Implement systems and processes which ensure clean audits, compliance to legislation and high performance	Safeguarding of Municipal Assets	Number of quarterly reports	Number of quarterly reports	4	4	4	4	4	[illegible]	BTO	BTO	Institutional	R 0	N/A	N/A	Quarterly Report
		95			Number of quarterly reconciliation reports	Number of quarterly reconciliation reports	4	4	4	4	4	[illegible]	BTO	BTO	Institutional	R 0	N/A	N/A	GRAP Compliant Fixed Asset Register reconciliation
To promote sports, arts and recreation throughout the Richmond Local Municipality	To promote sports, arts and recreation throughout the Richmond Local Municipality	96	Gender equality for elderly people promoted	Local Golden Games for senior citizens	Date of hosting local games	Date of hosting local games	30-Sep-22	19-Aug-22	30-Sep-23	30-Sep-23	28-Sep-23	[illegible]	Community Services	COMM SERV	Institutional (Open to all ward)	R 0	N/A	N/A	Attendance Registers, & records of planning meetings
		97		Promotion of a healthy lifestyle through attending of District Golden Games for senior citizens	Date of attending District golden games	Date of attending District golden games	30-Sep-22	23-Aug-22	30-Sep-23	30-Sep-23	14-Sep-23	[illegible]	Community Services	COMM SERV	Institutional (Open to all ward)	R 43 348,00	N/A	N/A	Attendance registers, report and pictures
	To promote sports, arts and recreation throughout the Richmond Local Municipality	98	Developed sports in Richmond	Development of local youth in sports	Date of attending SALGA games	Date of attending SALGA games	30-Sep-22	01-Oct-22	30-Sep-23	30-Sep-23	08-Nov-23	[illegible]	Community Services	COMM SERV	Institutional (Open to all ward)	R 38 236,00	We were advised by the district municipality that the Salga games were postponed for the month of November.	The Salga games were held from the 05-08 November 2023 and the municipality participated.	Attendance registers, report and pictures
		99	Conduct Arts and Culture awareness programmes	Hosting of Arts and Culture events	Number of Arts and Culture programmes conducted	Number of Arts and Culture programmes conducted	2	2	2	2	2	[illegible]	Community Services	COMM SERV	Institutional (Open to all ward)	R 53 928,00	N/A	N/A	Attendance Registers, & records of planning meetings
To unlock opportunities for poor youth through assistance and funding	To unlock opportunities for poor youth through assistance and funding	100	To organize youth educational programmes	Uplifted Youth through conducting educational programmes	Number of educational programmes done	Number of educational programmes done	2	2	2	2	2	[illegible]	Community Services	COMM SERV	Institutional (Open to all ward)	R 15 729	N/A	N/A	Attendance register, planning records
		101		A platform created for young artists to showcase their talent through hosting the Annual Arts Festival	Date of hosting Annual Arts Festival	Date of hosting Annual Arts Festival	31-Dec-22	30-Dec-22	31-Dec-23	31-Dec-23	17-Dec-23	[illegible]	Community Services	COMM SERV	Institutional (Open to all ward)	R 33 924	N/A	N/A	Register of participated artists, report to HOD
		102		A structured Youth Months Programme organised	Date of conducting event	Date of conducting event	30-Jun-23	01-Jul-23	30-Jun-24	30-Jun-24	0	[illegible]	Community Services	COMM SERV	Institutional (Open to all ward)	R 47 652	There was a challenge in finalising the event as the youth officer was not available due to medical reasons.	The municipality has established an events committee to plan and execute all municipal events.	Attendance register, planning records
To maintain good employee employee relations and improving institutional and organizational capacity	To maintain good employee employee relations and improving institutional and organizational capacity	103	Establish governance structures and develop protocols for all processes and participate in all IGR to share knowledge best practices and promote integrated development	Monitoring progress in the implementation of resolutions	Number of Council meeting resolutions implemented	Number of Council meeting resolutions implemented	12	12	12	12	12	[illegible]	Corporate Services	Corporate Services	Institutional	R 0	N/A	N/A	Copy of resolution register
		104		Continuous monitoring of agreements between SALGBC and Local Labour Forum	Number of meetings held to monitor agreements between SALGBC and Local Labour Forum	Number of meetings held to monitor agreements between SALGBC and Local Labour Forum	4	4	4	4	4	[illegible]	Corporate Services	Corporate Services	Institutional	R 0	N/A	N/A	Agenda and attendance register
To strengthen governance and IGR Structures	To strengthen governance and IGR Structures	105		Full Council to convene at least 4 times per year	Number of quarterly Full Council meetings held	Number of quarterly Full Council meetings held	4	4	4	4	7	[illegible]	Corporate Services	Corporate Services	Institutional	R 0	N/A	N/A	Agenda, attendance register and minutes
		106		Executive Committee to convene at least 4 times per year	Number of quarterly Executive Committee (EXCO) meetings held	Number of quarterly Executive Committee (EXCO) meetings held	4	4	4	4	7	[illegible]	Corporate Services	Corporate Services	Institutional	R 0	N/A	N/A	Agenda, attendance register and minutes
		107		Council Portfolio Committees to convene once monthly and 12 times per year	Number of Council portfolio committee meetings held	Number of Council portfolio committee meetings held	16 (8 per portfolio committee)	16 (8 per portfolio committee)	16 (8 per portfolio committee)	16 (8 per portfolio committee)	16 (8 per portfolio committee)	[illegible]	Corporate Services	Corporate Services	Institutional	R 0	N/A	N/A	Agenda, attendance register and minutes
		108		The Performance and Audit Committee to convene at least 4 times a year as per section 166(4)(b)	Number of Performance and Audit Committee meetings held	Number of Performance and Audit Committee meetings held	4 Meetings	5 Meetings	4 Meetings	4 Meetings	4 Meetings	[illegible]	ALL	Corporate Services	Institutional	R 197 700	N/A	N/A	Agenda, attendance register and minutes
		109		Risk Committee to convene on a Quarterly basis to review the Risk Register	Number of Risk Committee meetings held	Number of Risk Committee meetings held	4 Meetings	4 Meetings	4 Meetings	4 Meetings	4 Meetings	[illegible]	ALL	Corporate Services	Institutional		N/A	N/A	Agenda, attendance register and minutes
		110		MPAC to convene at least 4 times per year.	Number of MPAC Meetings held	Number of MPAC Meetings held	4 Meetings	4 Meetings	4 Meetings	4 Meetings	4 Meetings	[illegible]	ALL	Corporate Services	Institutional	R 0	N/A	N/A	Agenda, attendance register and minutes
To provide reasonable assurance on the adequacy and the effectiveness of internal controls, risks and performance management	To provide reasonable assurance on the adequacy and the effectiveness of internal controls, risks and performance management	111	Quarterly Progress Reports on the implementation of the audit action plan	Development and management of an audit action plan to improve on the audit opinion received	Number of audit action plan reports submitted to Internal Audit	Number of audit action plan reports submitted to Internal Audit	4	4	4	4	4	[illegible]			Institutional	R 0	N/A	N/A	Updated audit action plan
		112	Quarterly Progress Reports on the implementation of the Risk Management Framework , Anti-Fraud and Anti-Corruption Strategy submitted to the Risk unit	Reduction of risk to the municipality's risk appetite through internal controls and governance	Number of quarterly risk register report updated and submitted to the Risk Unit	Number of quarterly risk register report updated and submitted to the Risk Unit	4	4	4	4	4	[illegible]			Institutional	R 0	N/A	N/A	Updated Quarterly Risk Register

			113	Quarterly Performance Reports on achieved and not achieved targets submitted to PMS Unit	Monitoring of organisational Performance Through quarterly SDBIP reports	Number of quarterly Performance Reports Submitted to PMS Unit	Number of quarterly Performance Reports Submitted to PMS Unit	4	4	4	4	4	Achieved			Institutional	R 0	N/A	N/A	Quarterly PMS SDBIP Report signed by HOD
NATIONAL KEY PERFORMANCE AREAS	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STRATEGY FOCUS AREA	Project/ Programme/ Measurable Output	KEY PERFORMANCE INDICATOR	REVISED KEY PERFORMANCE INDICATOR	COMPARISON WITH PREVIOUS YEAR 2022/2023		ORIGINAL SDBIP TARGET	CURRENT YEAR 2023/2024		STATUS (ACHIEVED / NOT ACHIEVED)	RESPONSIBLE UNIT	RESPONSIBLE DEPARTMENT	WARD INFORMATION	FINANCIAL IMPLICATION	CHALLENGES	CORRECTIVE MEASURES	PORTFOLIO OF EVIDENCE
								SDBIP TARGET	ACTUAL ACHIEVEMENT		REVISED SDBIP TARGET	ACTUAL ACHIEVEMENT								
Municipal Financial Viability and Management	To improve sound financial viability and financial management as per legislative prescripts	To improve sound financial viability and financial management as per legislative prescripts	115	Implement systems and processes which ensure clean audits, compliance to legislation and high performance	Timely and accurate processing of Employee Related Cost and compliance with legal prescripts	Number of months Employee Related Costs processed in a timely manner.	Number of months Employee Related Costs processed in a timely manner.	12	12	12	12	12	Achieved	Expenditure Management	BTO	Institutional	R48 612 604	N/A	N/A	Payroll Report & Proof of Payment
			116	Reduced dependency on grants and increase revenue collection and alternative revenue generation sources	Improved debtors collection rate	Accumulated amount collected in respect of old debt	Accumulated amount collected in respect of old debt	15 000 000	9 419 182,74	11 000 000	11 000 000	6 254 254	Not Achieved	Revenue Management	BTO	Institutional	R 487 848	Litigation Delays. Economic challenges, such as high unemployment or business closures, has led to reduced payments. 2. Collection from Shop rentals has been a challenge due to a lack of cooperation between departments. 3. Deceased Estate matters not finalised	1. Hand over all outstanding debt, including government debt. 2. The debt collectors will proceed with litigation for all accounts in a Broken Arrangement status. 3. A report will be taken to the council for the approval of write-offs of uncollectable debt. Recommendations as per Deceased project outcomes to be implemented and impaired debt to be written off. 3. Aggressive debt collection strategies will continue to be implemented. 4. Strict implementation of credit control and debt collection policy 5. Continuous update of customer details	Collections Report and collected amount report
			117			Percentage of current billing collected on a monthly basis	Percentage of current billing collected on a monthly basis	95%	85%	98%	95%	82%	Not Achieved	Revenue Management	BTO	Institutional	R 0	Accumulated debt from previous periods contributed to lower collection. Litigation Delays. Economic challenges, such as high unemployment or business closures, has led to reduced payments.	1. Hand over all outstanding debt. 2. The debt collectors will proceed with litigation for all accounts in a Broken Arrangement status. 3. A report will be taken to the council for the approval of write-offs of uncollectable debt. Recommendations as per Deceased project outcomes to be implemented and impaired debt to be written off. 3. Aggressive debt collection strategies will continue to be implemented. 4. Strict implementation of credit control and debt collection policy 5. Continuous update of customer details	Collections rate Report
			118		Improved municipal liquidity position	Number of times that cash reserves can cover monthly expenditure	Number of times that cash reserves can cover monthly expenditure	Average of 3 Times	1,1	Average of 3 Times	Average of 3 Times	1	Not Achieved	Revenue Management	BTO	Institutional	R 0	The reason for non compliance is due to the decision to settle almost all outstanding creditors at year end, thus vastly reducing the cash reserves.	After successfully receiving the equitable share tranche at the beginning of July the municipality drastically increased it cost coverage ratio. To further improve the coverage the revenue incentive strategies will further be implemented	Section 71 Report & Financial Ratios
NATIONAL KEY PERFORMANCE AREAS	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STRATEGY FOCUS AREA	Project/ Programme/ Measurable Output	KEY PERFORMANCE INDICATOR	REVISED KEY PERFORMANCE INDICATOR	COMPARISON WITH PREVIOUS YEAR 2022/2023		ORIGINAL SDBIP TARGET	CURRENT YEAR 2023/2024		STATUS (ACHIEVED / NOT ACHIEVED)	RESPONSIBLE UNIT	RESPONSIBLE DEPARTMENT	WARD INFORMATION	FINANCIAL IMPLICATION	CHALLENGES	CORRECTIVE MEASURES	PORTFOLIO OF EVIDENCE
								SDBIP TARGET	ACTUAL ACHIEVEMENT		REVISED SDBIP TARGET	ACTUAL ACHIEVEMENT								
CROSS CUTTING ISSUES	To ensure and public participation and awareness	To ensure and public participation and awareness	119	Ensure compliance to all legislative mandates and implementing processes and programmes to promote public awareness	Public notification of the IDP Process Plan	Date of publication of IDP process plan	Date of publication of IDP process plan	30-Sep-22	12-Sep-22	30-Sep-23	30-Sep-23	14-Aug-23	Achieved	Development and Planning	OMM	Institutional	R 0	N/A	N/A	Advert from the local newspaper or municipal website in which the IDP Process Plan was advertised.
			120		Adoption of the Draft IDP by Council to ensure compliance with legislation	Date of tabling Draft IDP to Council	Date of tabling Draft IDP to Council	31-Mar-23	31-Mar-23	31-Mar-24	31-Mar-24	28-Mar-24	Achieved	Development and Planning	OMM	Institutional	R 0	N/A	N/A	Council resolution adopting Draft IDP.
			121		Community/Public consultation in the budget/IDP process	Number of IDP meetings held	Number of IDP meetings held	7 meetings to be held	7 meetings held	7 meetings to be held	7 meetings to be held	7 meetings to be held	Achieved	Development and Planning	OMM	Institutional	R 50 040	N/A	N/A	Minutes of meetings and attendance registers.
			122		Adoption of the Final IDP by Council to ensure compliance with legislation	Date of Final IDP adopted by Council	Date of Final IDP adopted by Council	31-May-23	31-May-23	31-May-24	31-May-24	31-May-24	Achieved	Development and Planning	OMM	Institutional	R 0	N/A	N/A	Council resolution adopting final IDP.
			123		Continous professional development through Professional Registration with the South African Council for Planners	Date of renewal and registration with SACPLAN	Date of renewal and registration with SACPLAN	30-Jun-23	09-Jun-23	30-Jun-24	30-Jun-24	14-Jun-24	Achieved	Development and Planning	OMM	Institutional	R 6 336	N/A	N/A	Expenditure Voucher and proof of payment
	To ensure compliance with Municipal by-laws	To ensure compliance with Municipal by-laws	124	Approval of building plans and Compliance with building plans regulations	Approved building plans	Percentage of building plans approved compared to the plans received	Percentage of building plans approved compared to the plans received	100%	100%	100%	100%	100%	Achieved	Development and Planning	OMM	Institutional	R 0	N/A	N/A	Copy of signed and stamped building plan.
			125	Improve compliance with Town Planning Scheme and Building regulations	Contravention notices issued	Number of contravention notices issued	Number of contravention notices issued	60	60	60	60	83	Achieved	Development and Planning	OMM	Institutional	R 0	N/A	N/A	Register of issued contravention and copy of signed contravention letter issued.
			126		Compliance certificates issued	Percentage of compliance certificates issued on the approved building plans and completed buildings	Percentage of compliance certificates issued on the approved building plans and completed buildings	100%	100%	100%	100%	100%	Achieved	Development and Planning	OMM	Institutional	R 0	N/A	N/A	Copy of signed compliance certificate issued.
			127	Prevention of illegal activities through Compliance with Town Planning Scheme and Building regulations	Inspections conducted to prevent illegal activities (illegal construction of buildings)	Number of physical site inspections conducted	Number of physical site inspections conducted	40	61	40	40	159	Achieved	Development and Planning	OMM	Institutional	R 0	N/A	N/A	Signed Quarterly Reports
			128		Inspections conducted to prevent illegal activities (illegal land use)			40	103	40	40	79	Achieved	Development and Planning	OMM	Institutional	R 0	N/A	N/A	
	To ensure sustainable and coordinated development throughout the municipality	To ensure sustainable and coordinated development throughout the municipality	129	Compliance with Spatial Planning Land Use management Act (SPLUMA)	Processed and Approved SPLUMA applications by Municipal Approval Authority	Percentage of SPLUMA applications processed	Percentage of SPLUMA applications processed	100%	100%	100%	100%	100%	Achieved	Development and Planning	OMM	Institutional	R 0	N/A	N/A	Copy of register, application acknowledgement or approved application.
			130		Annual Review of the Spatial Development Framework (SDF) and Spatial Development Plan	Date of submitting Spatial Development Framework (SDF) to Council for adoption	Date of submitting SDF and SDP to Council for adoption	30-Jun-23	0	31-Dec-23	31-Dec-23	28-Nov-23	Achieved	Development and Planning	OMM	Institutional	R 0	N/A	N/A	Council resolution adopting reviewed SDF
	To implement disaster management programmes	To implement disaster management programmes	131	Promote health and safety and provide disaster relief through awareness campaigns	Reviewed Disaster Management Policy and Disaster Management Plan	Date of reviewing the disaster Management policy and Plan	Date of reviewing the disaster Management policy and Plan	30-Jun-23	0	30-Jun-24	30-Jun-24	0	Not Achieved	Disaster Management	Community Services	Institutional	R 0	There are inputs from the district disaster management that have not been received by the municipality including maps and assessments before final policy and plan is adopted by Council.	The Draft disaster Management policy and Plan was presented to council portfolio committees, further inputs from the district disaster management are still awaited to finalize the policy and plan and then it will be presented to EXCO and tabled at Council for adoption.	Council Resolution approving the Policy and Plan
			132		Disaster Management programmes implemented	Number of awareness Campaigns to be done in each ward	Number of awareness Campaigns to be done in each ward	7	7	9	9	9	Achieved	Disaster Management	Community Services	Ward based (1,2,3,4,5,6,7)	R 20 004	N/A	N/A	Attendance Register, proof of payment for procured goods and vouchers/ invitations
			133		Reduced turn around time in responding to disaster incidents	Number of hours taken to respond to disaster incidents	Number of Hours taken to respond to disaster incidents	5 hours to respond to disaster incidents	5 hours to respond to disaster incidents	5 hours to respond to disaster incidents	5 hours to respond to disaster incidents	3 hours to respond to disaster incidents	Achieved	Disaster Management	Community Services	Institutional	R 0	N/A	N/A	Copy of signed incident report indicating times taken to respond to disaster incidents
			134		Disaster Advisory Forum Meetings Convened	Number of Meetings convened	Number of Meetings convened	4	4	4	4	4	Achieved	Disaster Management	Community Services	Institutional	R 0	N/A	N/A	Agenda, attendance register and minutes
			135		Purchase of capital resources for the enhancement of the Disaster Management unit	Date of Purchase of Trailer	Date of Purchase of Trailer	New indicator	New indicator	31-Dec-23	31-Dec-23	0	Not Achieved	Disaster Management	Community Services	Institutional	R 60 000	The original amount that was budgeted for the trailer was not enough for the required size.	The trailer to be budgeted for in the new financial year.	Requisition Memo, payment voucher and proof of payment
			136			Date of Purchase of Disaster lightings	Date of Purchase of Disaster lightings	New indicator	New indicator	30-Sep-23	30-Sep-23	08-Nov-23	Not Achieved	Disaster Management	Community Services	Institutional	R 120 000	There were delays in the finalisation of the new specification for lightening conductors that is to be designed by the district disaster management and the local disaster management needed to comply with the new specifications.	The lightning conductors were procured and delivered and installed.	Requisition Memo, payment Voucher and proof of payment
	To promote the use of libraries facilities and dissemination of information	To promote the use of libraries facilities and dissemination of information	137	Improved opportunities for better livelihood and improved knowledge	Enhancing library educational programmes	Number of library programmes conducted in the communities	Number of library programmes conducted in the communities	12	12	12	12	12	Achieved	Library Services	Community Services	Institutional	R 0	N/A	N/A	Library Report signed by Manager library Services
			138			Number of book exchanges	Number of book exchanges	9	4	12	12	12	Achieved	Library Services	Community Services	Ward based (1,2,3,4,5,6,7)	R 0	N/A	N/A	Reports of books exchange signed by Arts and Culture HOD
			139		Monitoring of the Arts and Culture Grant spending received by the municipality for libraries	Number of expenditure reports submitted	Number of expenditure reports submitted	4	4	4	4	4	Achieved	Library Services	Community Services	Institutional	R 0	N/A	N/A	Expenditure reports signed by the SM Community Services or the CFO

	To provide law enforcement and Security Services	To provide law enforcement and Security Services	140	To enhance and promote road safety as per National Road Traffic Act 93/96	Increased visibility of traffic officers through campaigns and road block programmes conducted	Number of roadblocks conducted	Number of roadblocks conducted	40	40	40	40	40	Achieved	Community Services	COMM SERV	Institutional	R 0	N/A	N/A	Quarterly Road block statistics register, copy of traffic fines issued on the date and road block plan
	To enhance road safety, law enforcement and promote the drivers license/ testing centre	To enhance road safety, law enforcement and promote the drivers license/ testing centre	141	To enhance and educate the community through road safety education awareness programmes and visiting of schools		Number of road safety education awareness programmes conducted	Number of road safety education awareness programmes conducted	12	12	12	12	12	Achieved	Community Services	COMM SERV	Institutional	R 0	N/A	N/A	Attendance Register of who attended, Photos, letter of appreciation as well as brochures
	To ensure the implementation of Operation Sukuma Sakhe	To ensure the implementation of Operation Sukuma Sakhe	142	Ensure functional OSS Task team (LTT)	Functional Operation Sukuma Sakhe	Number of quarterly OSS Local Task Team Meetings	Number of quarterly OSS Local Task Team Meetings	4	4	4	4	4	Achieved	Community Services	COMM SERV	Institutional (Open to all ward)	R 13 200	N/A	N/A	Agenda, minutes and attendance registers
			143	Coordinate Operation Sukuma Sakhe Outreach Programmes	Operation MBO campaigns implemented	Number of Quarterly Operation MBO campaigns	Number of Quarterly Operation MBO campaigns	4	1	4	4	4	Achieved	Community Services	COMM SERV	Institutional (Open to all ward)	R 0	N/A	N/A	Agenda, minutes and attendance registers
			144		Functional and active war rooms in all wards	Number of Active OSS War Rooms	Number of Active OSS War Rooms	49	0	49	49	49	Achieved	Community Services	COMM SERV	Ward based (1,2,3,4,5,6,7)	R 0	N/A	N/A	Agenda, minutes and attendance registers
			145		Humanitarian events implemented to commemorate Nelson Mandela Day	Number of Humanitarian Events in commemoration of Nelson Mandela Day	Number of Humanitarian Events in commemoration of Nelson Mandela Day	7	1	7	7	7	Achieved	Community Services	COMM SERV	Ward based (1,2,3,4,5,6,7)	R 0	N/A	N/A	Agenda, minutes and attendance registers
	To promote a healthy lifestyle and the well-being of citizens	To promote a healthy lifestyle and the well-being of citizens	146	HIV/AIDS awareness campaign	Commemoration of World AIDS day	Date of commemoration of World AIDS day	Date of commemoration of World AIDS day	01-Dec-23	08-Dec-22	01-Dec-23	01-Dec-23	01-Dec-23	Achieved	Community Services	COMM SERV	Institutional (Open to all ward)	R 20 004	N/A	N/A	Copy of invite, Invoice for transport and attendance register
			147	Coordinate and hold Local Aids Council Meetings	Functional and effective local AIDS Council	Number of Quarterly Local Aids Council Meetings	Number of Quarterly Local Aids Council Meetings	4	1	4	4	4	Achieved	Community Services	COMM SERV	Institutional (Open to all ward)	R 0	N/A	N/A	Agenda, minutes and attendance registers
			148			Number of Quarterly Ward Aids Committees Meetings	Number of Quarterly Ward Aids Committees Meetings	4	1	4	4	4	Achieved	Community Services	COMM SERV	Institutional (Open to all ward)	R 0	N/A	N/A	Agenda, minutes and attendance registers
			149	To coordinate health awareness campaigns	Health awareness campaigns implemented in the community	Number of Quarterly Health Awareness Campaigns	Number of Quarterly Health Awareness Campaigns	4	0	4	4	4	Achieved	Community Services	COMM SERV	Institutional (Open to all ward)	R 0	N/A	N/A	Agenda, minutes and attendance registers

NATIONAL KEY PERFORMANCE AREAS	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STRATEGY FOCUS AREA	Project/ Programme/ Measurable Output	KEY PERFORMANCE INDICATOR	REVISED KEY PERFORMANCE INDICATOR	COMPARISON WITH PREVIOUS YEAR 2022/2023		ORIGINAL SDBIP TARGET	CURRENT YEAR 2023/2024		STATUS (ACHIEVED / NOT ACHIEVED)	RESPONSIBLE UNIT	RESPONSIBLE DEPARTMENT	WARD INFORMATION	FINANCIAL IMPLICATION	CHALLENGES	CORRECTIVE MEASURES	PORTFOLIO OF EVIDENCE
								SDBIP TARGET	ACTUAL ACHIEVEMENT		REVISED SDBIP TARGET	ACTUAL ACHIEVEMENT								
Local Economic Development	To promote economic development and economic growth	To promote economic development and economic growth	150	Job creation, investor attraction and economic growth	Establishment of functional project steering committees	Number of Highover Sanctuary PSC Meetings held	NIL	New Indicator	New Indicator	4	NIL	NIL	NIL	LED	OMM	Institutional		Indicator was removed during adjustment of SDBIP		Invites to meetings, minutes of meeting held and attendance register
			151			Number of Nelson Street SMME Units PSC Meetings held	Number of Nelson Street SMME Units PSC Meetings held	New Indicator	New Indicator	4	4	4	Achieved	LED	OMM	Institutional	R 0	N/A	N/A	Invites to meetings, minutes of meeting held and attendance register
			152		Sourcing funding for implementation of LED strategy and programmes	Number of business plans submitted for funding applications	Number of business plans submitted for funding applications	2	2	2	1	0	Not Achieved	LED	OMM	Institutional	R 0	Usually LED rely on windows opened by provincial departments to be able to submit business plans, there has been no funding opportunities available from provincial departments.		Copies of business plans submitted.
	To support skills development and economic growth	To support skills development and economic growth	153	Facilitate improved literacy rate and better standard of living	Capacity building for SMME's and Co-operatives	Date of training programme formulated	Date of training programme formulated	30-Sep-22	26-Jul-22	30-Sep-23	30-Sep-23	05-Sep-23	Achieved	LED	OMM	Institutional	R 210 000.00	N/A	N/A	Signed training programme developed
			154			Number of training programmes conducted/facilitated through external stakeholders	Number of training programmes conducted/facilitated through external stakeholders	2	3	3	2	2	Achieved	LED	OMM	Institutional		N/A	N/A	Signed attendance registers, indicating trainings attended
			155			Number of trained beneficiaries	Number of trained beneficiaries	40	74	40	40	40	Achieved	LED	OMM	Institutional		N/A	N/A	Signed attendance registers and certificates from service provider LGSETA
			156	To support small businesses and start-ups	Provision of support to SMME's and business start-ups, by procurement of machinery, equipment, implements, seeds, inputs etc.,)	Date of procurement of SMME equipment	Date of procurement of SMME equipment	31-Dec-22	21-Dec-22	30-Jun-24	30-Jun-24	27-Jun-24	Achieved	LED	OMM	Institutional	R399 996	N/A	N/A	Letter of appointment of service provider and Signed delivery note
			157			Date of handover of SMME equipment	Date of handover of SMME equipment	31-Mar-23	27-Jun-23	30-Jun-24	30-Jun-24	30-Jun-24	Achieved	LED	OMM	Institutional		N/A	N/A	Register of beneficiaries and handover pictures
			158		Registration of companies for SMME's on CIPC	Number of SMME companies registered on CIPC	Number of SMME companies registered on CIPC	20	54	20	20	46	Achieved	LED	OMM	Institutional	R 0	N/A	N/A	Registration certificates from CIPC
			159		Ensuring a functional and effective LED Forum	Date of hosting Investment Breakfast Meeting with the Mayor	Date of hosting Investment Breakfast Meeting with the Mayor	New Indicator	New Indicator	31-Mar-24	30-Apr-24	19-Apr-24	Achieved	LED	OMM	Institutional	R 99 996.00	N/A	N/A	Invitations to stakeholders, programme and attendance register attendees
			160			Number of meetings held by the forum	Number of meetings held by the forum	4	4	4	4	4	Achieved	LED	OMM	Institutional	R 0	N/A	N/A	Invitations to stakeholders, minutes of meetings held and attendance register
	To promote tourism industry and identify tourism opportunities	To promote tourism industry and identify tourism opportunities	161		To ensure a functional and effective Richmond Community Tourism Organisation (CTO)	Date of registration of CTO	NIL			NIL	NIL	NIL		LED	OMM	Institutional		Indicator was removed during adjustment of SDBIP		Copy of email confirming registration and a Copy of certificate of registration with EDTEA
			162			Date of launch of CTO	NIL			NIL	NIL	NIL		LED	OMM	Institutional		Indicator was removed during adjustment of SDBIP		Invitations to stakeholders, programme and attendance register
			163			Number of tourism meetings held	NIL	4	4	NIL	NIL	NIL		LED	OMM	Institutional		Indicator was removed during adjustment of SDBIP		Invitations to stakeholders, minutes of meetings held and attendance register
			164		Promoting investment, Tourism, Local Talent	Date of hosting Jazz Festival	Date of hosting Musical (Maskonat, Jazz, Gospel, etc.) Festival	New Indicator	New Indicator	31-Dec-23	31-Dec-23	17-Dec-23	Achieved	LED	OMM	Institutional	R249 000.00	N/A	N/A	Minutes of planning meetings, invites, register of tickets sold, confirmation of artists,
	To support skills development and economic growth	To support skills development and economic growth	165		Ensuring a functional and effective Richmond Agricultural Forum	Number of meetings held by the agricultural forum	Number of meetings held by the agricultural forum	4	4	4	4	4	Achieved	LED	OMM	Institutional	R 0	N/A	N/A	Invitations to stakeholders, minutes of meetings held and attendance register
			166		Ensuring compliance with the operations of the regulatory compliance forum	Number of joint quarterly business inspections held	Number of joint quarterly business inspections held	4	5	4	4	4	Achieved	LED	OMM	Institutional	R 0	N/A	N/A	Attendance registers of businesses visited and officials and pictures
			167		Develop and support SMME's informal economy	Number of informal traders permits issued	Number of informal traders permits issued	100	100	100	100	0	Not Achieved	LED	OMM	Institutional	R 0	The municipality changed its logo and the system from SITA that issues permits delayed in updating leading to the issuing of new permits being delayed.	The SITA system was updated and new permits were issued in the month of July.	Signed informal traders permits issued and collection register
			168		Support and address issues and challenges faced by informal economy	Number of meetings held by informal economy	Number of meetings held by informal economy	4	4	4	4	4	Achieved	LED	OMM	Institutional	R 0	N/A	N/A	Invitations to stakeholders, minutes of meetings held and attendance register
			169		Ensuring compliance with the informal traders allocations policy	Percentage of lease agreement signed for new tenants at the SMME Units	Percentage of lease agreement signed for new tenants at the SMME Units	100%	100%	100%	100%	100%	Achieved	LED	OMM	Institutional	R 0	N/A	N/A	Copy of signed lease agreements
			170		Ensuring compliance with informal traders lease agreements	Percentage of signed handover letter of demand and eviction notices	Percentage of signed handover letter of demand and eviction notices	100%	100%	100%	100%	100%	Achieved	LED	OMM	Institutional	R 0	N/A	N/A	Copy of signed letters of demand and Eviction letters
			171		Ensuring compliance with informal trades policy (allocations policy)	Number of monthly informal trades inspections done	Number of monthly informal trades inspections done	12	12	12	12	12	Achieved	LED	OMM	Institutional	R 0	N/A	N/A	Signed attendance register of informal traders inspected
			172		Ensuring compliance with municipal By-laws	Percentage of business licences issued	Percentage of business licences issued	100%	100%	100%	100%	100%	Achieved	LED	OMM	Institutional	R 0	N/A	N/A	Signed business licences issued and application forms

			173		Ensuring functionality of the incubation centre	Percentage of lease agreements signed for new tenants at incubation centre	Percentage of lease agreements signed for new tenants at incubation centre	100%	100%	100%	100%	100%		LED	OMM	Institutional	R 0	N/A	N/A	Copy of signed reports submitted to committees
			174		The hosting of SMME Fair	Date of SMME fair hosted	Date of SMME fair hosted	30-Jun-23	05-Jun-23	30-Jun-24	30-Jun-24	25-Jun-24		LED	OMM	Institutional	R 14 148,00	N/A	N/A	Invites, attendance register and pictures of the event
			175		The hosting of Agricultural Farmers Day	Date of Agricultural farmers day hosted	Date of Agricultural farmers day hosted	30-Mar-23	30-Mar-23	31-Mar-24	30-Jun-24	25-Jun-24		LED	OMM	Institutional	R 19 584,00	N/A	N/A	Invites, attendance register and pictures of the event
			176		The hosting of the Commemoration of Heritage Day	Date of Commemoration of Heritage Day	Date of Commemoration of Heritage Day	30-Sep-22	29-Sep-22	30-Sep-23	30-Sep-23	29-Sep-23		LED	OMM	Institutional	R30 000,00	N/A	N/A	Invites, attendance register and pictures of the event
			177		Purchase of capital resources for the enhancement informal trading facilities/SMME Unit traffic	Date of Purchase of air Generator	Date of Purchase of air Generator	New Indicator	New Indicator	30-Jun-24	30-Jun-24	0		LED	OMM	Institutional	R 10 004	The amount that was budgeted for the generator was not enough for the required size for the LED offices	The municipality to repurpose the generator used for the server room for the LED Unit	Requisition Memo, order issued and proof of payment
			178		Purchase of Protective Clothing	Date of purchase	Date of purchase	New Indicator	New Indicator	31-Dec-23	31-Dec-23	04-Dec-23		LED	OMM	Institutional	R249 990,00	N/A	N/A	Tender document and Appointment letter of service provider
			179			Date of purchase	Date of purchase	New Indicator	New Indicator	30-Jun-24	30-Jun-24	24-May-24		LED	OMM	Institutional	R45 000,00	N/A	N/A	Request Memo to Finance and order issued



Richmond Local Municipality
Annual Financial Statements
for the year ended 30 June 2024

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act No:117 of 1998) read with section 155(1) of the Constitution of the Republic of South Africa (Act No. 108 of 1996)	
Nature of business and principal activities	Richmond Local Municipality is a local municipality performing the functions as set out in the Constitution of the Republic of South Africa (Act No. 108 of 1996)	
Legislation governing the municipality's operations	Constitution of the Republic of South Africa (Act 108 of 1996) Local Government: Municipal Finance Management Act (Act no.56 of 2003) Local Government: Municipal Systems Act (Act 32 of 2000) Local Government: Municipal Structures Act (Act 117 of 1998) Municipal Property Rates Act (Act of 6 2004) Division of Revenue Act (Act 1 of 2007)	
Municipal Category	Category B municipality	
Accounting Officer	B.E. Mswane	
Chief Finance Officer (CFO)	M. Ngcobo	
Mayoral Committee	Executive Mayor	Cllr. M.K. Ngcongo
	Deputy Mayor	Cllr. B. Mbanjwa
	Speaker	Cllr. K.E. Mkize
	Member of the Executive Committee	Cllr. M.K. Ngcongo
	Member of the Executive Committee	Cllr.B. Mbanjwa
	Member of the Executive Committee	Cllr. S.L. Kunene
	MPAC Chairperson	Cllr. V. Maphumulo
	Councillor:	S.T.G. Mkhize
	Councillor:	M.H. Madlala
	Councillor:	L. Ngubo
	Councillor:	S.L. Latha
	Councillor:	F.Z. Zondi
	Councillor:	B. Mahlangeni
	Councillor:	S.S. Ngubo
	Councillor:	T.P. Vezi
	Councillor:	Z. F. Mkhize
Registered office	57 Shepstone Street Richmond 3610	
Bankers	First National Bank	
Auditors	Auditor General of South of Africa (AGSA)	

Index

	Page
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8 - 12
Significant Accounting Policies	14 - 49
Notes to the Annual Financial Statements	50 - 93

Abbreviations used:

GRAP	Generally Recognised Accounting Practice
MIG	Municipal Infrastructure Grant
FMG	Financial Management Grant
EPWP	Expanded Public Works Programme
INEP	Integrated National Electrification Programme Grant
CoGTA	Department of Cooperative Governance and Traditional Affairs
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
PAYE	Pay As You Earn
SMME	Small, Medium and Micro Enterprises
CPI	Consumer Price Index
UMDM	uMgungundlovu District Muncipality
SETA	Sector Education and Training Authority
IT	Information Technology
SCM	Supply Chain Management
SARS	South African Revenue Services

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

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

The accounting officer certifies that the salaries, allowances and benefits of councillors as disclosed in note 30 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2024:

Accounting Officer
BE Mswane

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	11 870 958	18 741 989
Receivables from exchange transactions	4	354 495	364 627
Receivables from non-exchange transactions	5	6 984 321	5 881 623
VAT receivable	6	2 686 000	4 270 751
		21 895 774	**29 258 990**
Non-Current Assets			
Heritage assets	7	212 767	212 767
Investment property	8	1 185 899	1 185 899
Intangible assets	9	797 084	353 145
Property, plant and equipment	10	368 756 210	366 189 514
Non-current investment	11	266	266
		370 952 226	**367 941 591**
Total Assets		**392 848 000**	**397 200 581**
Liabilities			
Current Liabilities			
Payables from exchange transactions	12	9 494 266	12 215 851
Payables from non-exchange transactions	13	1 592 064	2 514 503
Unspent conditional grants and receipts	14	5 005 123	7 279 435
Operating lease liability	15	672 062	627 802
Finance lease obligation	16	268 148	246 983
Employee benefit obligation	17	621 000	614 000
Provisions	18	739 862	817 315
		18 392 525	**24 315 889**
Non-Current Liabilities			
Finance lease obligation	16	-	268 146
Employee benefit obligation	17	10 064 000	8 843 000
Provisions	18	6 146 420	5 659 030
		16 210 420	**14 770 176**
Total Liabilities		**34 602 945**	**39 086 065**
Net Assets		**358 245 055**	**358 114 516**
Accumulated surplus		358 245 055	358 114 506
Total Net Assets		**358 245 055**	**358 114 506**

* See Note 46

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	1 023 421	966 377
Construction contracts revenue	20	6 956 521	8 196 081
Rental of facilities and equipment	21	899 466	1 097 787
Interest earned - outstanding debtors	22	429 550	408 505
Other income	23	1 176 065	1 336 421
Interest received - investment	24	2 939 260	2 778 590
Total revenue from exchange transactions		**13 424 283**	**14 783 761**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	28 870 518	27 115 297
Property rates - penalties imposed	25	2 925 073	3 674 200
Licences and permits	26	2 377 885	2 565 067
Transfer revenue			
Government grants & subsidies	27	122 081 077	118 918 547
Fines, penalties and forfeits	28	400 042	742 769
Total revenue from non-exchange transactions		**156 654 595**	**153 015 880**
Total revenue		**170 078 878**	**167 799 641**
Expenditure			
Employee related costs	29	(69 694 476)	(65 110 840)
Remuneration of councillors	30	(6 549 465)	(6 051 428)
Depreciation and amortisation	31	(16 477 590)	(16 015 478)
Finance costs	32	(850 613)	(360 309)
Lease rentals on operating lease	33	(2 873 539)	(2 990 885)
Construction contract cost	35	(6 956 241)	(8 196 081)
Contracted services	34	(31 950 890)	(30 594 368)
Inventory consumed	36	(4 694 196)	(3 088 634)
Operational cost	37	(22 589 329)	(19 794 790)
Total expenditure		**(162 636 339)**	**(152 202 813)**
Operating surplus		**7 442 539**	**15 596 828**
Loss on disposal of assets		(123 885)	(195 794)
Gain on remeasurement of landfill provision	40	407 378	1 568 418
Actuarial gains /losses	17	(83 000)	1 827 663
Impairment loss	38	(5 799 415)	(667 750)
Irrecoverable debts written off	39	(1 713 068)	(12 800 604)
		(7 311 990)	**(10 268 067)**
Surplus for the year		**130 549**	**5 328 761**

* See Note 46

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	352 782 930	352 782 930
Adjustments		
Prior year adjustments 46	2 815	2 815
Balance at 01 July 2022 as restated*	**352 785 745**	**352 785 745**
Changes in net assets		
Surplus for the year	5 328 761	5 328 761
Total changes	5 328 761	5 328 761
Restated* Balance at 01 July 2023	**358 114 506**	**358 114 506**
Changes in net assets		
Surplus for the year	130 549	130 549
Total changes	130 549	130 549
Balance at 30 June 2024	**358 245 055**	**358 245 055**

Note(s)

* See Note 46

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Property rates and other receipts from non-exchange transactions		27 848 510	28 039 895
Services charges and other receipts from exchange transactions		3 153 767	3 786 602
Transfers and subsidies and public contributions		130 347 692	124 720 637
Interest received		2 939 260	2 778 590
		164 289 229	159 325 724
Payments			
Employees and councillors		(77 133 329)	(68 869 681)
Suppliers, service providers and other		(71 635 752)	(72 071 046)
Finance cost		-	(6 137)
		(148 769 081)	(140 946 864)
Net cash flows from operating activities	42	**15 520 148**	**18 378 860**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(21 870 957)	(26 264 740)
Proceeds from sale of property, plant and equipment	10	360 064	-
Purchase of other intangible assets	9	(600 000)	-
Net cash flows from investing activities		**(22 110 893)**	**(26 264 740)**
Cash flows from financing activities			
Finance lease payments		(246 987)	(227 480)
Finance cost – Borrowings and Finance Leases		(33 299)	(46 655)
Net cash flows from financing activities		**(280 286)**	**(274 135)**
Net increase/(decrease) in cash and cash equivalents		**(6 871 031)**	**(8 160 015)**
Cash and cash equivalents at the beginning of the year		18 741 989	26 902 004
Cash and cash equivalents at the end of the year	3	**11 870 958**	**18 741 989**

The accounting policies on pages 14 to 49 and the notes on pages 50 to 93 form an integral part of the annual financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1 145 000	-	**1 145 000**	1 023 421	**(121 579)**	11%
Sale of goods and rendering of services	381 000	8 040 000	**8 421 000**	6 956 521	**(1 464 479)**	17%
Rental of facilities and equipment	1 096 000	-	**1 096 000**	899 466	**(196 534)**	18%
Interest earned - outstanding debtors	465 000	(30 000)	**434 000**	429 550	**(4 450)**	-1%
Other revenue	746 000	282 000	**1 028 000**	1 176 065	**148 065**	14%
Interest received - investment	2 740 000	953 000	**3 693 000**	2 939 260	**(753 740)**	-20%
Total revenue from exchange transactions	**6 573 000**	**9 245 000**	**15 817 000**	**13 424 283**	**(2 392 717)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	28 446 000	-	**28 446 000**	28 870 518	**424 518**	1%
Fines, penalties and forfeits	5 247 000	(1 508 000)	**3 739 000**	3 325 115	**(413 885)**	11%
Licences and permits	3 047 000	(183 000)	**2 864 000**	2 377 885	**(486 115)**	-17%
Transfer revenue						
Government grants & subsidies	100 757 000	2 234 000	**102 991 000**	99 341 311	**(3 649 689)**	-4%
Total revenue from non-exchange transactions	**137 497 000**	**543 000**	**138 040 000**	**133 914 829**	**(4 125 171)**	
Total revenue	**144 070 000**	**9 788 000**	**153 857 000**	**147 339 112**	**(6 517 888)**	
Expenditure						
Employee related costs	(68 613 000)	-	**(68 613 000)**	(69 694 476)	**(1 081 476)**	-2%
Remuneration of councillors	(6 881 000)	-	**(6 881 000)**	(6 549 465)	**331 535**	5%
Depreciation and asset impairment	(22 241 000)	2 741 000	**(19 500 000)**	(18 442 900)	**1 057 100**	5%
Debt impairment / Irrecoverable debts written off	(5 000 000)	(2 000 000)	**(7 000 000)**	(5 547 173)	**1 452 827**	21%
Finance costs	(402 000)	-	**(402 000)**	(850 613)	**(448 613)**	-112%
Contracted services	(31 217 000)	(9 897 000)	**(41 114 000)**	(38 907 131)	**2 206 869**	5%
Transfers and subsidies	(600 000)	-	**(600 000)**	(522 774)	**77 226**	13%
Inventory consumed	(8 664 000)	3 500 000	**(5 164 000)**	(4 694 196)	**469 804**	9%
Operational cost	(22 517 000)	(5 230 000)	**(27 747 000)**	(24 940 094)	**2 806 906**	10%
Total expenditure	**(166 135 000)**	**(10 886 000)**	**(177 021 000)**	**(170 148 822)**	**6 872 178**	
Operating deficit	**(22 065 000)**	**(1 098 000)**	**(23 164 000)**	**(22 809 710)**	**353 290**	
Transfers & Subsidies - Capital	20 189 000	2 007 000	**22 196 000**	22 739 766	**543 766**	2%
Gains on disposal of assets	10 432 000	-	**10 432 000**	(123 885)	**(10 555 885)**	99%
Gain on remeasurement of landfill provision	-	-	**-**	407 378	**407 378**	100%
Actuarial gains/losses	-	-	**-**	(83 000)	**(83 000)**	100%
	30 621 000	**2 007 000**	**32 628 000**	**22 940 259**	**(9 687 741)**	
Surplus for the year	**8 556 000**	**909 000**	**9 465 000**	**130 549**	**(9 334 451)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**8 556 000**	**909 000**	**9 462 000**	**130 549**	**(9 334 451)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	742 000	242 000	**984 000**	354 495	**(629 505)**	
Receivables from non-exchange transactions	6 645 000	(1 724 000)	**4 921 000**	6 984 321	**2 063 321**	
VAT receivable	922 000	3 249 000	**4 171 000**	2 686 000	**(1 485 000)**	
Cash and cash equivalents	46 484 000	(15 296 000)	**31 188 000**	11 870 958	**(19 317 042)**	
	54 793 000	**(13 529 000)**	**41 264 000**	**21 895 774**	**(19 368 226)**	
Non-Current Assets						
Investment property	1 186 000	-	**1 186 000**	1 185 899	**(101)**	
Property, plant and equipment	360 817 000	(687 000)	**360 130 000**	368 756 210	**8 626 210**	
Intangible assets	563 000	621 000	**1 184 000**	797 084	**(386 916)**	
Heritage assets	213 000	-	**213 000**	212 767	**(233)**	
Non-current investment	-	-	**-**	266	**266**	
	362 779 000	**(66 000)**	**362 713 000**	**370 952 226**	**8 239 226**	
Total Assets	**417 572 000**	**(13 595 000)**	**403 977 000**	**392 848 000**	**(11 129 000)**	
Liabilities						
Current Liabilities						
Finance lease obligation	-	452 000	**452 000**	268 148	**(183 852)**	
Operating lease liability	-	-	**-**	672 062	**672 062**	
Payables from exchange transactions	(20 930 000)	34 607 000	**13 677 000**	9 494 266	**(4 182 734)**	
Payables from non-exchange transactions	-	-	**-**	1 592 064	**1 592 064**	
Consumer deposits	584 000	(573 000)	**11 000**	-	**(11 000)**	
Unspent conditional grants and receipts	18 020 000	(8 382 000)	**9 638 000**	5 005 123	**(4 632 877)**	
Provisions	308 000	(308 000)	**-**	739 862	**739 862**	
Other current liabilities - Employee benefit obligation	430 000	(430 000)	**-**	621 000	**621 000**	
	(1 588 000)	**25 366 000**	**23 778 000**	**18 392 525**	**(5 385 475)**	
Non-Current Liabilities						
Employee benefit obligation	9 395 000	(2 628 000)	**6 767 000**	10 064 000	**3 297 000**	
Provisions	8 331 000	2 669 000	**11 000 000**	6 146 420	**(4 853 580)**	
Borrowings	-	64 000	**64 000**	-	**(64 000)**	
	17 726 000	**105 000**	**17 831 000**	**16 210 420**	**(1 620 580)**	
Total Liabilities	**16 138 000**	**25 471 000**	**41 609 000**	**34 602 945**	**(7 006 055)**	
Net Assets	**401 434 000**	**(39 066 000)**	**362 368 000**	**358 245 055**	**(4 122 945)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Accumulated surplus	401 434 000	(39 066 000)	**362 368 000**	358 245 055	**(4 122 945)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	27 024 000	-	**27 024 000**	27 848 510	**824 510**	
Service charges	781 000	-	**781 000**	3 153 767	**2 372 767**	
Government - Operating & Capital Grants	130 866 000	(3 921 000)	**126 945 000**	130 347 693	**3 402 693**	
Other income	21 096 000	6 526 000	**27 622 000**	-	**(27 622 000)**	
Interest	2 740 000	953 000	**3 693 000**	2 939 260	**(753 740)**	
	182 507 000	**3 558 000**	**186 065 000**	**164 289 230**	**(21 775 770)**	
Payments						
Employee costs and Suppliers	(138 722 000)	(10 838 000)	**(149 560 000)**	(148 769 088)	**790 912**	
Finance costs	(402 000)	-	**(402 000)**	-	**402 000**	
	(139 124 000)	**(10 838 000)**	**(149 962 000)**	**(148 769 088)**	**1 192 912**	
Net cash flows from operating activities	**43 383 000**	**(7 280 000)**	**36 103 000**	**15 520 142**	**(20 582 858)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(24 324 000)	(3 117 000)	**(27 441 000)**	(21 870 957)	**5 570 043**	
Proceeds from sale of property, plant and equipment	-	-	**-**	360 064	**360 064**	
Purchase of other intangible assets	-	-	**-**	(600 000)	**(600 000)**	
Net cash flows from investing activities	**(24 324 000)**	**(3 117 000)**	**(27 441 000)**	**(22 110 893)**	**5 330 107**	
Cash flows from financing activities						
Finance lease payments	-	-	**-**	(280 280)	**(280 280)**	
Net increase/(decrease) in cash and cash equivalents	19 059 000	(10 397 000)	**8 662 000**	(6 871 031)	**(15 533 031)**	
Cash and cash equivalents at the beginning of the year	24 688 000	(5 946 000)	**18 742 000**	18 741 989	**(11)**	
Cash and cash equivalents at the end of the year	**43 747 000**	**(16 343 000)**	**27 404 000**	**11 870 958**	**(15 533 042)**	
Reconciliation						

Variance explanations for the Statement of Comparison of Budget and Actual Amounts. (Variance exceeding 10%)

Service charges: The low performance can be attributed to the decision taken by the Richmond Council to halt the charging of refuse collection in the Siyathuthuka area pending the finalisation of consultative processes with the community.
Construction contract revenue - The variance is due to the VAT element declared as output whilst the budget amount is stated inclusive of VAT.
Rental of facilities and equipment: The low performance can be attributed to some of the municipal stalls / facilities being vacant for a period longer than usual and also to the market stalls that were damaged by fire.
Other income: The improved performance can be attributed to the implementation of the revenue enhancement initiatives.
Fines, penalties and forfeits: The low performance can be attributed to the implementation of the Council resolution to suspend the charging of interest and collection charges in government accounts whilst settlement offers are negotiated and finalised.
Licences and permits: The underperformance is due to the traffic department being non-operational in the month of April 2024.
Debt impairment / Irrecoverable debts written off: The municipality anticipated a higher number of customers taking up the debt incentive scheme and resulting to interest write offs however this did not materialize hence the saving in the budget.
Depreciation and asset impairment: The variance can be attributed to over-budgeting for this item to circumvent unauthorised expenditure in non-cash items.
Transfers and subsidies: The budget for this item is driven by the number of qualifying and approved indigent customers as per the list from Eskom therefore, budgeted amount was above the qualifying customers.
Operational cost: The municipality implemented cost containment measures and reprioritised some of the expenditure line items budgeted under this vote.
Finance cost: The variance is due to the changes in market forces when determining the discount rate for landfill site provision. The municipality budgets for the movement in the provision for landfill site under this line item. The net movement is R 409 937 against the finance cost budget of R 402 000. The corresponding gain on the remeasurement of the landfill site provision is also recognised in the statement of financial performance. Refer to the comments made on the gain on remeasurement of landfill provision. .
Gain on remeasurement of landfill provision: The variance can be attributed to unpredictable changes in the evaluation of landfill site provision which is only performed by expert at year end.
Gains on disposal of assets: The variance is due to the delays in disposing off the vacant sites. The approval from CoGTA was only received after year end.

Additional comments:
GRAP 24.30 - The standard requires that the actual amounts should be presented on a comparable basis to the budget in comparison of actual and budget amounts. It must be noted that the municipal budget is a legal document through which the municipality is held accountable as such the actual amounts in the financial statements are adjusted to align with the budget. The following actual amounts were aligned with the budget to ensure there are comparable with the budget.

Fines, penalties and forfeits: The actual amount of R 400 042 was aligned to the budget for penalties imposed
Transfers & Subsidies Capital: The actual amount of R 22 739 766 was aligned to the budget for transfers & subsidies
Employee related costs : The municipality has aligned the actual amount for skills and development levy to employee related cost however, the actual budget amount of R 1 243 824 remained under operational cost, this has caused a variance of R 1 081 483 in the employee related cost line item.
Impairment loss - PPE: The actual amount of R 1 965 310 was aligned to the budget for Depreciation and asset impairment
Impairment loss and irrecoverable debts written off: The actual amount of R 3 834 105 for impairment and R 1 713 068 written off as irrecoverable was aligned to the budget for the debt impairment and irrecoverable debts written off
Construction contracts cost: The actual amount of R 6 956 241 was aligned to the budget for contracted services

Significant Accounting Policies

Figures in Rand	Note(s)	2024	2023

1. Significant accounting polices

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

1.1 Basis of preparation

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

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

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

Included in management's assessment of the municipality's going-concern status are:
- key financial metrics;
- the general economic conditions and forecast;
- approved medium-term budgets; and
- the municipality's dependency on grants from National Government and the KwaZulu Natal Provincial Government.

Based on all of the above, management has concluded that the going-concern assumption used in the compiling of its financial statements, is appropriate.

Significant Accounting Policies

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.

In preparing the annual financial statements, materiality has been considered in:
- deciding what to report in the annual financial statements and how to present it; and
- assessing the effect of omissions, misstatements and errors on the annual financial statements.

In assessing whether an item, transaction or event is material, specific thresholds for specific items, transactions and events, or aggregations thereof, have been developed. These thresholds are used to make decisions about the reporting of information (i.e.how to recognise, measure, present and disclose items, transactions and events) and serve as a margin of error or framework within which to assess misstatements and errors.

Threshold for budget information

Variances between budget and actual amounts are regarded as material when the variance is 10% or greater in the statement of financial position, the statement of financial performance, and the cash flow. All material differences are explained in the financial statements.

Qualitative thresholds

The nature of an item, transaction or event is determined by its inherent characteristics, or the circumstances in which it was undertaken. Items, transactions or events may be considered material:
- if they relate to legal or regulatory requirements, e.g. specific disclosures required by legislation, restrictions on certain transactions or activities imposed by legislation, or breaches of legislation.
- if they constitute related-party transactions;
- depending on their regularity or frequency, e.g. a once-off transfer of funds to another entity in terms of legislation, or a ministerial directive;
- if they result in the reversal of a trend, e.g. changing a surplus to a deficit, or vice versa;
- if they are likely to result in a change in accounting policy;
- if they involve the commencement of a new function, or the reduction or discontinuation of an existing one;
- depending on the degree of estimation or judgement required to determine their value; and
- if they affect the going-concern assumption of the municipality.

The relative importance of these qualitative factors in determining materiality is a matter of professional judgement.

Quantitative thresholds

Quantitative materiality refers to the monetary value of items, transactions or events that are likely to influence users' decisions. The quantitative materiality per transaction class for the year is as follows:

Class of transactions	Level of materiality
Revenue	R 1 677 996.41
Expenditure	R 1 522 028.13
Non-current Assets	R 1 839 707.92
Current assets	R 1 462 949.50
Current liabilities	R 1 215 794.45
Non-current liabilities	R 738 508.80

The materiality calculation is based on the last year's audited financial statements as at June 2023 for all classes of transactions and balances.

Based on professional judgement, the overall quantitative value of materiality for the 2023/24 financial year is set at R 1,4 million.

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty

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

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

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

The impairment for trade receivables is first for individually significant receivables and then calculated on a portfolio basis for the remaining balance, including those individually significant loans and receivables for which no indicators of impairment were found. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

For trade receivables 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 loan's or receivable's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition (if practically determinable). Where the effective interest rate at initial recognition is not practically determinable, the government bond rate is used as the risk-free rate and adjusted for any risks specific to the loans and receivables.

Allowance for slow moving, damaged and obsolete stock

An assessment is made of net realisable value of inventory at the end of each reporting period. A write down of inventory to thelower of cost or net realisable value is subsequently provided.

Management has made estimates of the selling price and direct cost to sell on certain inventory items.

The write down is included in surplus or deficit.

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 municipality 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 municipality 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.

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.

Value in use of cash-generating assets

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

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Provisions

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

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment and other assets. This estimate involves a matter of judgement based on the experience of the municipality with similar assets. The municipality considers all facts and circumstances in estimating the useful lives of assets, which includes the consideration of financial, technical and other factors. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease the depreciation charge where useful lives are more than previously estimated useful lives.

Post-retirement benefits

The present value of the post-retirement and long-term obligations 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 and long-term obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post-retirement and long-term obligations. In determining the appropriate discount rate, the municipality considers the market yields at the reporting date on government 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 or other long-term liability. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for long maturities by extrapolating current market rates along the yield curve.

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

Effective interest rate

The municipality uses the prime interest rate to discount other future cash flows.This interest rate is adjusted for risk where appropriate.

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.

1.6 Investment property

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

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

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

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

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

Significant Accounting Policies

1.6 Investment property (continued)

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

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

Cost model

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

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

Property - land	indefinite
Property - buildings	30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal. Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

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.

The nature OR type of properties classified as held for strategic purposes.

The municipality discloses relevant information relating to assets under construction or development in the notes to the annual financial statements, which include: the cumulative expenditure recognised in the carrying value of investment property; the carrying value of investment property that is taking a significantly longer period of time to complete than expected; and the carrying value of investment property where construction or development has been halted.

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

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

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

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

Subsequent to initial measurement; Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinte
Buildings - Building improvements	Straight-line	10 - 30 years
Community -Community facilities & Recreatonal facilities	Straight-line	15 - 30 years
Plant and Equipment	Straight-line	5 - 15 years
Furniture and fixtures	Straight-line	5 - 10 years
Motor vehicles	Straight-line	7 - 15 years
Office equipment	Straight-line	5 - 15 years
Computer equipment	Straight-line	5 - 10 years
Emergency Equipment	Straight-line	5 - 10 years
Other assets	Straight-line	25 - 30 years
Bins and containers	Straight-line	5 -15 years
Specialised vehicles	Straight-line	10 - 20 years

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

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

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

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

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

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.8 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

1.9 Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical substance. The municipality has classified computer software as an intangible asset.

An asset is identifiable if it either:

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

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

Significant Accounting Policies

1.9 Intangible assets (continued)

An intangible asset is recognised when:

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

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

Intangible assets are initially measured at cost.

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.

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.

Amortisation is provided on a straight line basis over the expected useful lives of the intangible assets.

Amortisation is provided to write down the intangible assets, on a straight-line basis to their residual values, if any. The amortisation charge for each period is recognised in surplus or deficit.

The useful lives of intangible assets have been assessed as follows:

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

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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

1.10 Heritage assets

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

Recognition

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

When the municipality holds a heritage asset, but on initial recognition it does not meet the recognition criteria because it cannot be reliably measured, information on such a heritage asset is disclosed in the note for Heritage assets.

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.

Significant Accounting Policies

1.10 Heritage assets (continued)

Subsequent measurement

Subsequent to initial measurement, classes of heritage assets are carried at cost less any accumulated impairment losses .

Impairment

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

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

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

1.11 Financial instruments

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

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

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

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 a municipality'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.

Significant Accounting Policies

1.11 Financial instruments (continued)

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

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 municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

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 a municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

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

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

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

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

A residual interest is any contract that manifests an interest in the assets of a municipality 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 a municipality's net assets, either before the contribution occurs or at the time of the contribution; or

Significant Accounting Policies

1.11 Financial instruments (continued)

- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of a municipality.

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 municipality 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 municipality 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.

Significant 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
Non-current investments	Financial asset measured at amortised cost
Bank, Cash and Cash Equivalents - Call Deposits	Financial asset measured at amortised cost
Bank, Cash and Cash Equivalents - Bank	Financial asset measured at amortised cost
Bank, Cash and Cash Equivalents - Cash	Financial asset measured at amortised cost

The municiipality 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
Consumer deposits	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

Significant Accounting Policies

1.11 Financial instruments (continued)

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, except for financial instruments subsequently measured at fair value, which are measured at its fair value.

Subsequent measurement of financial assets and liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:
All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations.

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique.

The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:

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

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

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

Gain and losses

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

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

Significant Accounting Policies

1.11 Financial instruments (continued)
Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (if practically determinable). Where the effective interest rate at initial recognition is not practically determinable, the government bond rate is used as the risk-free rate and adjusted for any risks specific to the financial assets.The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

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

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

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

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

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

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

1.11 Financial instruments (continued)

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

Financial liabilities

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

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

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

Presentation

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

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

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

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

1.12 Value Added Tax

Revenue, expenses and assets are recognized net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The municipality accounts for value-added tax (VAT) on the accrual basis, declarations to SARS are made on payments basis.

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 - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Significant Accounting Policies

1.13 Leases (continued)

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

Operating leases - lessee

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

1.14 Inventories

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

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

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

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

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

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

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

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Significant Accounting Policies

1.14 Inventories (continued)

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

1.15 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term “contractor” thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.16 Impairment of cash-generating assets

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

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

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

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

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

Significant Accounting Policies

1.16 Impairment of cash-generating assets (continued)

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

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

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

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

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

The municipality assesses and defines cash-generating assets as all assets held by the municipality with the primary objective to generate commercial return, and non-cash generating assets as those assets other than cash generating assets.

Designation

At initial recognition, the municipality 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 a municipality's objective of using the asset.

The municipality 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.

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 municipality 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 commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

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

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

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable 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 a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

1.16 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of impairment loss

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

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

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

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

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

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.

1.17 Impairment of non-cash-generating assets

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

Significant Accounting Policies

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

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

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

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

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

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

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

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

Useful life is either:

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

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

The municipality assesses and defines cash-generating assets as all assets held by the municipality with the primary objective
to generate commercial return, and non-cash generating assets as those assets other than cash generating assets.

Designation

At initial recognition, the municipality 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 a municipality's objective of using the asset.

The municipality 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 municipality 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 municipality 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 municipality 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.

Significant Accounting Policies

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

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 a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

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 municipality 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.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Significant Accounting Policies

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

Reversal of an impairment loss

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

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

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

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

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

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.

Significant Accounting Policies

1.18 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting municipality, 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 municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, 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 municipality to reimburse it for employee benefits already paid.

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

- a municipality'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 postemployment 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 a municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality 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 municipality 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 municipality 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 municipality 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.

Post-employment benefits

Significant Accounting Policies

1.18 Employee benefits (continued)
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 a municipality 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 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 municipality 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 municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality 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 municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality 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 municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality'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.

Significant Accounting Policies

1.18 Employee benefits (continued)

The amount determined as a defined benefit liability may be negative (an asset). The municipality 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.

The municipality 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 financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality 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 municipality 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, a municipality 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, a municipality 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 municipality 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 municipality 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 presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality 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.

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.

Significant Accounting Policies

1.18 Employee benefits (continued)

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.

1.19 Provisions and contingencies

A provision is a liability of uncertain timing or amount

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

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

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

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

Significant Accounting Policies

1.19 Provisions and contingencies (continued)

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

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

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

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

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

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

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

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

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

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and

1.19 Provisions and contingencies (continued)

- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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

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

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 1.17.

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.

1.20 Commitments

Items are classified as commitments when a municipality 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:

1.20 Commitments (continued)

- 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 municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.21 Revenue from exchange transactions

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

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

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

Measurement

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

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

Sale of goods

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

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

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Significant Accounting Policies

1.21 Revenue from exchange transactions (continued)

Interest income

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

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

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

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

Significant Accounting Policies

1.22 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

Significant Accounting Policies

1.22 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.

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.

1.23 Investment income

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

1.24 Borrowing costs

1.25 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Significant Accounting Policies

1.25 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality 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 municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality 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 municipality 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 municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.26 Comparative figures

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

1.27 Segment information

A segment is an activity of a municipality:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same municipality);
- 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.

Significant Accounting Policies

1.27 Segment information (continued)

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.28 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.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense. Upon investigation, if a person was found to be liable in law for the unauthorised expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

For details on the unauthorised expenditure, refer to note 50- unauthorised expenditure

1.29 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense. Upon investigation, if a person was found to be liable in law for the fruitless and wasteful expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

For details on unauthorised expenditure, refer to note 51 - Fruitless and wasteful expenditure.

1.30 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).

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense. Upon investigation, if a person was found to be liable in law for the irregular expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Amount disclosed under irregular expenditure are VAT inclusive.

Significant Accounting Policies

1.31 Housing development fund

1.32 Related parties

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

Control is the power to govern the financial and operating policies of a municipality 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 municipality and a related party, regardless of whether a price is charged.

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

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

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

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

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.34 Budget information

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

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

Significant Accounting Policies

1.34 Budget information (continued)

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

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

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

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

1.35 Construction contracts

Construction contracts are those contracts entered between the municipality and a customer (or third party) whereby the municipality delivers a constructed asset in terms of an agreement with such party. The construction can be done by the municipality or through the use of a sub-contractor. The benefit of the constructed item (or group of items) must be received by such party and not the municipality.

Revenue from such contracts shall comprise the agreed value in terms of the contract plus any agreed variations to such contract on the conditions that these variations will result in an inflow of economic resources that can be measured reliably.

Contract costs are costs that directly relate to the contract as well as costs that are attributable to the execution of the construction work and any additional costs as agreed between the municipality and the party obtaining the final goods. Attributable costs are only assigned to the contract costs if these can be assigned on a systematic and rational basis. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

The municipality assessed all of the contracts in place and found that those contacts pertaining to the Integrated National electrification programme (INEP) where the Municipality is not licensed would meet the definition in terms of construction contracts Construction Contracts.

All of these contracts for the municipality are fixed-price contracts. Revenue and costs are therefore recognised with reference to the stage of completion provided that the conditions for contract revenue and contract costs are met and the stage of contract completion can be measured.

In exceptional cases, if any, for a cost-plus or cost-based contract, the outcome of a construction contract can be estimated reliably when it is probable that the economic benefits or service potential associated with the contract will flow to the entity and the contract costs can be clearly identified and measured reliably.

An expected deficit on a construction contract shall be recognised as an expense immediately based on the stage of completion. Future losses are only accounted for when these losses are incurred in terms of the stage of completion. This implies that only the proportional loss of a contract would be recognised based on the percentage of completion.

As the percentage or stage of completion is an estimate at year-end, any subsequent changes to the estimate would be accounted for as a change in estimate in terms of the relevant municipal accounting policy.

Figures in Rand	2024	2023

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	It is unlikely that the standard will have a material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2023	It is unlikely that the standard will have a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	It is unlikely that the standard will have a material impact

2.2 Standards and interpretations issued, but not yet effective

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

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The nature of change in the accounting policy and the impact on financial statements on initial application is detailed below:

Change in accounting policy:

Financial assets:

The revised version of GRAP 104 retains but establishes three primary measurement categories for financial assets: cost, amortised cost and fair value through profit and loss. The basis of classification depends on the municipality's business model and the contractual cash flow characteristics of the financial asset.

There is now a new expected credit losses model that replaces the incurred loss impairment model used.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The standard contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, and enhanced disclosures.

Financial liabilities:

There were no changes to classification and measurement except for the recognition of changes in own credit risk in statement of financial performance, for liabilities designated at fair value, through profit or loss. Financial guarantee contracts and loan commitments now in GRAP 104, not GRAP 19.

Presentation:

The revised version of GRAP 104 provides guidance on offsetting financial assets and financial liabilities.

Disclosure:

The revised version of GRAP 104 will require extensive new disclosures, about hedge accounting, credit risk and expected credit losses.

Impact on initial application

Classification:

The municipality does not believe that the new classification requirements will have a material impact on its accounting for financial assets and liabilities. All fair value gains and losses will continue to be recognised in profit or loss.

Impairment:

In general, the municipality anticipates that the application of the expected credit loss model of GRAP 104 will result in earlier recognition of credit losses for the respective items and will increase the amount of loss allowance for those items. Budget for the impairment will need to be considered as the increased loss allowance could lead to unauthorised expenditure. In addition, Significant judgements, assumptions, and estimation supporting in terms of GRAP 1 requirements will need to be amended in consideration with the new expected credit losses model.

Hegde accounting:

The municipality does not believe that the hedging requirements will have a material impact.

Disclosure:

The municipality anticipates extensive new disclosures, about hedge accounting, credit risk and expected credit losses will have material impact on the financial statements.

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods and the expected impact is currently being assessed:

GRAP 107 Mergers
GRAP 106 Transfer of Functions Between Enities Not Under Common Control
GRAP 105 Transfer of Functions Between Entities Under Common Control
GRAP 1 Presentation of Financial Statements (Going Concern)
GRAP 103 Heritage Assets
Improvements to the Standards of GRAP 2023

Figures in Rand	2024	2023

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	498 122	489 654
Short-term deposits	11 372 836	18 252 335
	11 870 958	**18 741 989**

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
Call Account:- First National Bank - Account number 61356002695	21	101 252	34 791	21	101 252	34 791
Housing Operating Account:- First National Bank - Account number 62134473280	947 461	829 041	755 109	947 461	829 041	755 109
First National Bank - Account number 62810019217	2 587 607	2 399 511	2 258 688	2 587 607	2 399 511	2 258 688
First National Bank - Account number 53565322104	497 822	489 355	9 701 159	497 822	489 355	9 701 159
Patheni Housing Account:- First National Bank -Account number 62117170407	177 176	174 130	169 155	177 176	174 130	169 155
Siyathuthuka Phase II Account:- First National Bank-Account number 62176174383	334 229	327 956	318 921	334 229	327 956	318 921
Zwelethu Housing Account:- First National Bank - Account 62155682844	394 036	387 183	376 197	394 036	387 183	376 197
Small Town Account:- First National Bank - Account 62833571385	1 856	-	-	1 856	-	-
First National Bank -Account number 62833571385	-	-	4 543	-	-	4 543
First National Bank - Library Account number 62833569900	1 910	965	152 325	1 910	965	152 325
First National Bank - Account number - 6 3003024063	1 201	418 266	6 464 389	1 201	418 266	6 464 389
First National Bank - Richmond Branch -Account number - 63003663506	16 322	50 527	6 666 426	16 322	50 527	6 666 426
First National Bank - High-over Account number -3024683319	214 152	2 768 733	-	214 152	2 768 733	-
Nedbank account - 03/7165013946	6 343 950	10 794 773	-	6 343 950	10 794 773	-
First National Bank - Nelson Street Account number - 63107196932	352 907	-	-	352 907	-	-
Total	**11 870 650**	**18 741 692**	**26 901 703**	**11 870 650**	**18 741 692**	**26 901 703**

Figures in Rand	2024	2023

4. Receivables from exchange transactions

Refuse	3 814 521	3 318 308
Other receivables	1 834 869	1 604 986
Provision for impairment	(5 294 895)	(4 558 667)
	354 495	**364 627**
Gross balances:		
Refuse	3 814 521	3 318 308
Other receivables	1 834 869	1 604 987
	5 649 390	**4 923 295**
Less: Provision for impairment		
Refuse	(3 575 163)	(3 072 549)
Other receivables	(1 719 732)	(1 486 118)
	(5 294 895)	**(4 558 667)**
Net Balance	-	-
Refuse	239 358	245 759
Other receivables	115 137	118 868
Total receivables from exchange transactions	**354 495**	**364 627**

Receivables from exchange transactions

Other Receivables include outstanding debtors for various other services, e.g. deposits, interest, rentals and sundry services like dumping fees, impounding fees, etc.

Receivables from exchange transactions are billed monthly, latest end of month. No interest is charged on receivables until the end of the following month, thereafter interest is charged at 15% as determined by council on the outstanding balance. Therefore, the interest was charged at 15% in the 2024 and 2023 financial years.

The municipality strictly enforces its approved credit control policy to ensure the recovery of receivables.

No receivables from exchange transactions were pledged as as collateral for liabilities or contingent liabilities.

Ageing of receivables from exchange transactions

As at 30 June 2024	**Current**	**Past Due**			
Refuse	0 - 30 days	31-60 days	61 - 90 Days	+ 90 Days	Total
Gross Balances	274 397	94 785	84 216	3 361 123	3 814 521
Subtotal	274 397	94 785	84 216	3 361 123	3 814 521
Less: Allowance for impairment	(257 179)	(88 837)	(78 931)	(3 150 216)	(3 575 163)
	17 218	**5 948**	**5 285**	**210 907**	**239 358**
Other Receivables	0 - 30 days	31-60 days	61 - 90 Days	+ 90 Days	Total
Gross Balances	237 039	29 583	30 009	1 538 234	1 834 865
Subtotal	237 039	29 583	30 009	1 538 234	1 834 865
Less: Allowance for impairment	(222 166)	(27 727)	(28 127)	(1 441 711)	(1 719 731)
	14 873	**1 856**	**1 882**	**96 523**	**115 134**

Figures in Rand	2024	2023

4. Receivables from exchange transactions (continued)

As at 30 June 2023	Current	Past Due			
Refuse	0 - 30 days	31-60 days	61 - 90 Days	+ 90 Days	Total
Gross Balances	210 554	93 232	86 227	2 928 295	3 318 308
Subtotal	210 554	93 232	86 227	2 928 295	3 318 308
Less: Allowance for impairment	(194 960)	(86 327)	(79 841)	(2 711 421)	(3 072 549)
	15 594	**6 905**	**6 386**	**216 874**	**245 759**

Other Receivables	0 - 30 days	31-60 days	61 - 90 Days	+ 90 Days	Total
Gross Balances	127 990	53 714	48 038	1 375 244	1 604 986
Subtotal	127 990	53 714	48 038	1 375 244	1 604 986
Less: Allowance for impairment	(118 511)	(49 736)	(44 481)	(1 273 392)	(1 486 120)
	9 479	**3 978**	**3 557**	**101 852**	**118 866**

As at 30 June 2024

Refuse	Residential	Commercial	Government	Other	Total
0 - 30 Days	119 182	43 328	9 068	102 818	274 396
31-60 Days	41 328	18 413	2 744	32 298	94 783
61-90 Days	38 703	16 552	2 626	26 334	84 215
+ 90 Days	1 266 699	264 522	913 918	915 986	3 361 125
Subtotal	1 465 912	342 815	928 356	1 077 436	3 814 519
Less: Allowance for impairment	(1 373 928)	(321 304)	(870 103)	(1 009 827)	(3 575 162)
	91 984	**21 511**	**58 253**	**67 609**	**239 357**

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates: The creation and release of provision for impaired receivables have been included in the surplus/ deficit for the year. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Receivables from exchange transactions past due but not impaired

Analysis of the age of financial assets that are past due as at the end of the reporting period but not impaired:

Current (0 -30 days)	156 671	84 505
31 - 60 days	12 546	22 533
61 - 90 days	2 436	5 692
Over 90 days	479	1 139

Receivables from exchange transactions impaired

Analysis of financial assets that are determined to be impaired as at the end of the reporting period:

Current (0 -30 days)	354 766	254 039
31 - 60 days	111 822	124 413
61 - 90 days	111 789	128 573
Over 90 days	4 898 878	4 302 400

Financial assets are assessed individually for impairment with reference to their payment behavior and financial assets with outstanding balances exceeding 90 days are regarded as impaired. Collective assessment: Average collection rate and collection period is determined for Receivables not impaired under individual assessment. In addition, the collection rate per debtor is considered and debtors with a balance over 90 days but with a collection rate of 95% and above are assessed as not impaired.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

4. Receivables from exchange transactions (continued)

Reconciliation of provision for impairment of receivables from exchange transactions

Opening balance	4 558 668	4 327 084
Provision for impairment	736 227	231 584
	5 294 895	**4 558 668**

5. Receivables from non-exchange transactions

Rates	45 331 471	41 663 311
Sundry debtors	2 703 087	2 202 702
Fines	2 319 076	2 082 826
Accrued income	40 432	244 653
Provision for impairment	(43 409 746)	(40 311 869)
	6 984 320	**5 881 623**
Gross balances:		
Rates	45 331 471	41 663 310
Accrued income	40 432	244 653
Fines	2 319 076	2 082 826
Sundry debtors	2 703 088	2 202 703
	50 394 067	**46 193 492**
Less: Provision for impairment		
Rates	(42 486 964)	(38 577 658)
Accrued income	-	(137 511)
Fines	(922 782)	(974 767)
Sundry debtors	-	(621 933)
	(43 409 746)	**(40 311 869)**
Net Balance		
Rates	2 844 507	3 085 652
Accrued income	40 432	107 142
Fines	1 396 293	1 108 059
Sundry debtors	2 703 088	1 580 770
	6 984 320	**5 881 623**

Ageing of receivables from non-exchange transactions

As at 30 June 2024	Current	Past Due			
Assessment Rates	0 -30 Days	31- 60 Days	61 - 90 Days	+ 90 Days	Total
Gross Balance	1 696 824	932 700	802 227	41 899 718	45 331 469
Subtotal	1 696 824	932 700	802 227	41 899 718	45 331 469
Less: Provision for impairment	(1 590 349)	(874 174)	(751 888)	(39 270 550)	(42 486 961)
	106 475	**58 526**	**50 339**	**2 629 168**	**2 844 508**

Figures in Rand	2024	2023

5. Receivables from non-exchange transactions (continued)

Accrued Income	0 -30 Days	31- 60 Days	61 - 90 Days	+ 90 Days	Total
Gross Balance	-	23 252	-	17 181	40 433
Subtotal	-	23 252	-	17 181	40 433
	-	**23 252**	**-**	**17 181**	**40 433**

Traffic Fines	0 -30 Days	31- 60 Days	61 - 90 Days	+ 90 Days	Total
Gross Balance	8 600	35 300	27 300	2 247 876	2 319 076
Subtotal	8 600	35 300	27 300	2 247 876	2 319 076
Less: Provision for impairment	-	-	-	(922 782)	(922 782)
	8 600	**35 300**	**27 300**	**1 325 094**	**1 396 294**

Sundry Debtors	0 -30 Days	31- 60 Days	61 - 90 Days	+ 90 Days	Total
Gross Balance	568 238	342 409	-	1 792 440	2 703 087
Subtotal	568 238	342 409	-	1 792 440	2 703 087
	568 238	**342 409**	**-**	**1 792 440**	**2 703 087**

As at 30 June 2023	**Current**		**Past Due**		
Assessment Rates	0 -30 Days	31- 60 Days	61 - 90 Days	+ 90 Days	Total
Gross Balance	6 790 421	953 225	830 161	33 089 503	41 663 310
Subtotal	6 790 421	953 225	830 161	33 089 503	41 663 310
Less: Provision for impairment	(6 287 512)	(882 628)	(768 678)	(30 638 840)	(38 577 658)
	502 909	**70 597**	**61 483**	**2 450 663**	**3 085 652**

Accrued Income	0 -30 Days	31- 60 Days	61 - 90 Days	+ 90 Days	Total
Gross Balance	23 251	-	-	221 402	244 653
Subtotal	23 251	-	-	221 402	244 653
Less: Provision for impairment	-	-	-	(137 511)	(137 511)
	23 251	**-**	**-**	**83 891**	**107 142**

Traffic Fines	0 -30 Days	31- 60 Days	61 - 90 Days	+ 90 Days	Total
Gross Balance	20 000	33 600	114 300	1 914 926	2 082 826
Subtotal	20 000	33 600	114 300	1 914 926	2 082 826
Less: Provision for impairment	-	-	-	(974 767)	(974 767)
	20 000	**33 600**	**114 300**	**940 159**	**1 108 059**

Sundry Debtors	0 -30 Days	31- 60 Days	61 - 90 Days	+ 90 Days	Total
Gross Balance	169 534	-	-	2 033 169	2 202 703
Subtotal	169 534	-	-	2 033 169	2 202 703
Less: Provision for impairment	-	-	-	(621 933)	(621 933)
	169 534	**-**	**-**	**1 411 236**	**1 580 770**

Figures in Rand	2024	2023

5. Receivables from non-exchange transactions (continued)

Summary of assessment rates debtors customer classification:

As at 30 June 2024	Residential	Commercial	Government	Other	Total
0 - 30 Days	748 847	345 955	37 604	564 416	1 696 822
31- 60 Days	406 678	181 194	27 003	317 823	932 698
61- 90 Days	368 687	157 674	25 020	250 845	802 226
+ 90 Day	13 413 312	2 805 539	15 572 353	10 108 513	41 899 717
Gross Balance	14 937 524	3 490 362	15 661 980	11 241 597	45 331 463
	14 937 524	**3 490 362**	**15 661 980**	**11 241 597**	**45 331 463**

As at 30 June 2023	Residential	Commercial	Government	Other	Total
0 - 30 Days	470 857	173 762	5 625 372	520 431	6 790 422
31- 60 Days	417 009	216 790	40 054	279 372	953 225
61- 90 Days	382 612	180 202	31 298	236 050	830 162
+ 90 Days	12 448 919	2 690 215	8 998 760	8 951 608	33 089 502
Gross Balance	13 719 397	3 260 969	14 695 484	9 987 461	41 663 311
	13 719 397	**3 260 969**	**14 695 484**	**9 987 461**	**41 663 311**

Credit quality of receivables from non-exchange transactions

The credit quality of receivables fom non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates: The creation and release of provision for impaired receivables have been included in the surplus/ deficit for the year. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Receivables from non-exchange transactions impairement

Financial assets are assessed individually for impairment with reference to their payment behavior and financial assets with outstanding balances exceeding 90 days are regarded as impaired. Collective assessment: Average collection rate and collection period is determined for Receivables not impaired under individual assessment. In addition, the collection rate per debtor is considered and debtors with a balance over 90 days but with a collection rate of 95% and above are assessed as not impaired.Additional text

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(38 577 657)	(38 658 891)
Provision for impairment	(3 909 305)	-
Unused amounts reversed	-	81 234
	(42 486 962)	**(38 577 657)**

Figures in Rand	2024	2023

5. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Property Rates

Property rates are levied in terms of the Local Government: Municipal Property Rates Act No 6 of 2004, hence this is therefore recognised as a Statutory receivable. The receivable is calculated by the Council Approved rates randages against the valuation of the individual properties within the Municipality's jurisdiction. Council Approved rebates and exemptions are further applied to reduce the receivables.

Fines

Traffic fines are issued to offenders in terms of the Criminal Procedures Act, hence this is therefore recognised as a Statutory receivable. The receivable is calculated by determining the value of the fine to be paid on initial recognition, and accounting for subsequent measurement by taking into account reductions and discounts made to the value of the fine payable in terms of the court of law.

Determination of transaction amount

Property Rates

Property rates are levied by applying the Council Approved rates randages against the valuation of the individual properties within the Municipality's jurisdiction.

Traffic Fines

Schedule 3 of the AARTO Regulations 2008 for charge codes and descriptions, penalties and their discounts, and demerit points.

Interest or other charges levied/charged

The Municipality charges interest on all outstanding debtor balances older than 30 days in respect of the property rates account at 15%.

No interest is charged on outstanding fines, and any additions are further applied by the court is paid by the offender to the court directly, and therefore not considered to be revenue for the municipality

Basis used to assess and test whether a statutory receivable is impaired

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired. If there is an indication that a statutory receivable or a group of Statutory receivables may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. When the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced. The amount of loss is recognised in the surplus or deficit.

Discount rate applied to the estimated future cash flows

The discount rate used by the municipality is the rate as determined in the government gazette which is: 11.75%. The discount rate is divided by 365 in order to get a daily rate.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

5. Receivables from non-exchange transactions (continued)

Statutory receivables past due but not impaired

Property rates

Analysis of the age of stautory receivables that are past due as at the end of the reporting period but not impaired

Current (0 -30 days)	302 374	1 694 982
31 - 60 days	94 091	146 167
61 - 90 days	17 111	35 195
Over 90 days	4 028	9 360

Analysis of statutory receivables that are determined to be impaired as at the end of the reporting period

Current (0 -30 days)	1 394 449	5 095 439
31 - 60 days	838 608	807 057
61 - 90 days	785 116	794 965
Over 90 days	41 895 690	33 080 142

Reconciliation of provision for impairment for statutory receivables

Opening balance	39 552 424	39 552 141
Provision for impairment	3 909 306	81 517
Unused amounts reversed	(51 984)	(81 234)
	43 409 746	**39 552 424**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

6. VAT receivable

VAT	2 686 000	4 270 751
VAT Receivable - SARS	2 724 818	2 884 594
VAT accrual	(38 818)	1 386 157
	2 686 000	**4 270 751**

Statutory receivables general information:

VAT is governed by Value Added Tax Act No. 89 of 1991.

Transactions arising from statute:

The municipality is required to levy or pay VAT at a rate of 15% as per requirements of section 7 of the No. 89 of 1991. VAT amount is based on the supply of good or service by the municipality in the company enterprises conducted by the municipality

Determination of the transaction amount:

The amount due from SARS is determined based on the VAT returns that are submitted to SARS on a monthly basis. A receivable arises when VAT input paid is more than output amount received from customers

Basis used to assess and test whether statutory receivables is impaired:

SARS is required by the Act to refund the municipality unless if there is an assessment. This guarantees recoverability of the amount claimed from SARS and not impairment has been provided for.

Discount rate applied to estimate future cash flows:

No discounting applied as this amount claimed from SARS represents the present value of the future received from SARS.

7. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	212 767	-	212 767	212 767	-	212 767

Reconciliation of heritage assets - 2024

	Opening balance	Total
Heritage assets	212 767	212 767

Reconciliation of heritage assets - 2023

	Opening balance	Total
Heritage assets	212 767	212 767

8. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1 185 899	-	1 185 899	1 185 899	-	1 185 899

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

8. Investment property (continued)

Reconciliation of investment property - 2024

	Opening balance	Total
Investment property	1 185 899	1 185 899

Reconciliation of investment property - 2023

	Opening balance	Total
Investment property	1 185 899	1 185 899

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.

Amounts recognised in surplus or deficit

Rental revenue from Investment property	221 052	221 052
From Investment property that generated rental revenue		
Direct operating expenses (excluding repairs and maintenance)	-	-
Repairs and maintenance	-	-
	-	-

In terms of the signed lease agreement the lessee is responsible for all operational expenses including the repairs and maintenance, therefore no costs were incurred by the municipality

9. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 791 856	(1 994 772)	797 084	2 191 856	(1 838 711)	353 145

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	353 145	600 000	(156 061)	797 084

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software, other	465 729	(112 584)	353 145

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	67 380 835	-	67 380 835	67 380 835	-	67 380 835
Landfill asset - Solid waste**	4 723 114	(4 723 114)	-	4 723 114	(4 723 114)	-
Leased assets	742 617	(495 078)	247 539	742 617	(247 539)	495 078
Plant and machinery	6 003 572	(3 887 159)	2 116 413	5 011 463	(3 146 693)	1 864 770
Furniture and fixtures	2 689 109	(1 855 195)	833 914	2 543 716	(1 678 317)	865 399
Motor vehicles	13 043 615	(9 218 333)	3 825 282	13 098 672	(8 532 080)	4 566 592
Office equipment	7 921 217	(4 600 840)	3 320 377	7 012 232	(3 712 717)	3 299 515
Infrastructure	366 952 432	(166 460 575)	200 491 857	354 446 725	(155 132 606)	199 314 119
Community	91 151 333	(36 092 712)	55 058 621	83 029 184	(33 379 127)	49 650 057
Buildings	39 312 990	(18 890 355)	20 422 635	39 312 991	(17 702 674)	21 610 317
Work in progress	16 600 288	(1 541 551)	15 058 737	18 684 383	(1 541 551)	17 142 832
Total	**616 521 122**	**(247 764 912)**	**368 756 210**	**595 985 932**	**(229 796 418)**	**366 189 514**

Note**
In line with IGRAP 2, par 5(b), the decrease in the liability exceeds the carrying amount of the landfill asset and the excess has been recognised in the statement of financial performance.

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Land	67 380 835	-	-	-	-	-	-	67 380 835
Leased Office Equipment	495 078	-	-	-	-	(247 539)	-	247 539
Plant and machinery	1 864 770	992 109	-	-	-	(495 723)	(244 743)	2 116 413
Furniture and fixtures	865 399	145 393	-	-	-	(164 717)	(12 161)	833 914
Motor vehicles	4 566 592	734 170	(483 287)	-	-	(820 342)	(171 851)	3 825 282
Office equipment	3 299 515	908 985	-	-	-	(848 646)	(39 477)	3 320 377
Infrastructure	199 314 119	-	(662)	12 518 773	-	(10 432 605)	(907 768)	200 491 857
Community	49 650 057	-	-	8 122 149	-	(2 476 535)	(237 050)	55 058 621
Buildings	21 610 317	-	-	-	-	(835 422)	(352 260)	20 422 635
Work in progress	17 142 832	18 556 827	-	-	(20 640 922)	-	-	15 058 737
	366 189 514	**21 337 484**	**(483 949)**	**20 640 922**	**(20 640 922)**	**(16 321 529)**	**(1 965 310)**	**368 756 210**

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers received	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	67 380 835	-	-	-	-	-	-	-	67 380 835
Leased assets	-	742 617	-	-	-	-	(247 539)	-	495 078
Plant and machinery	1 925 934	448 012	(2 370)	-	-	-	(503 780)	(3 026)	1 864 770
Furniture and fixtures	754 998	255 147	(302)	-	-	-	(143 257)	(1 187)	865 399
Motor vehicles	4 795 566	749 242	-	-	-	-	(917 527)	(60 689)	4 566 592
Office equipment	2 977 207	1 130 383	(193 121)	-	-	-	(606 552)	(8 402)	3 299 515
Infrastructure	188 431 704	-	-	21 335 067	-	-	(10 135 261)	(317 391)	199 314 119
Community	47 423 265	-	-	4 736 494	-	-	(2 494 232)	(15 470)	49 650 057
Buildings	21 795 582	-	-	769 020	-	-	(852 847)	(101 438)	21 610 317
Work in progress	20 897 858	23 085 554	-	-	(26 840 580)	-	-	-	17 142 832
Landfill asset - Solid waste	902 776	-	-	-	-	(900 878)	(1 898)	-	-
	357 285 725	**26 410 955**	**(195 793)**	**26 840 581**	**(26 840 580)**	**(900 878)**	**(15 902 893)**	**(507 603)**	**366 189 514**

Halted projects

- Kwabulawayo Sportfield	6 166 205	6 166 205

The project is taking longer than expected due to lack of funding. As at 30 June 2024, no additional work has been performed. An amount of R 1 541 551 was recognised as impairment in the 2021 financial year resulting to a carrying amount of R 6 166 205. The project has been assessed for impairment in the current financial year and there was no indication of further impairment.

- Completion of the Richmond Testing Ground	2 419 025	2 419 025

The project is taking longer than expected due to lack of funding. As at 30 June 2024, no additional work has been performed. The project was assessed for impairment in the current financial year and there was no indication of impairment or impairment recognized.

Figures in Rand	2024	2023

10. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress - 2024

	Included within Infrastructure	Included within Buildings	Included within Community	Total
Opening balance	8 025 488	2 205 114	6 912 272	17 142 874
Additions/capital expenditure	11 052 648	-	7 504 178	18 556 826
Transferred to completed items	(12 518 772)	-	(8 122 149)	(20 640 921)
	6 559 364	**2 205 114**	**6 294 301**	**15 058 779**

Reconciliation of Work-in-Progress - 2023

	Included within Infrastructure	Included within Buildings	Included within Community	Total
Opening balance	7 597 774	2 205 114	11 095 012	20 897 900
Additions/capital expenditure	21 762 780	769 021	553 752	23 085 553
Transferred to completed items	(21 335 066)	(769 021)	(4 736 492)	(26 840 579)
	8 025 488	**2 205 114**	**6 912 272**	**17 142 874**

Expenditure incurred to repair and maintain property, plant and equipment is included in Statement of Financial Performance

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Maintenance of Buildings and Facilities	3 853 384	3 638 175
Maintenance of Equipment	3 808 936	3 171 529
Maintenance of Unspecified Assets	3 307 333	2 684 084
	10 969 653	**9 493 788**

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.

11. Non-current investment

At amortised cost		
Investment	266	266

12. Payables from exchange transactions

Trade payables	265 681	421 412
Retentions	4 014 755	4 548 228
Accrued leave pay	3 177 378	5 466 352
Accrued bonus	2 023 452	1 768 859
Deposits received	13 000	11 000
	9 494 266	**12 215 851**

13. Payables from non-exchange transactions

Payments received in advance	1 406 971	2 329 410
Unallocated receipts	185 093	185 093
	1 592 064	**2 514 503**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Human Settlement Grant	4 440 512	4 117 820
CoGTA Grant - Small Town	-	408 764
High-over Game Reserve	211 922	2 752 851
Nelson Street SMME Rehabilitation	352 689	-
	5 005 123	**7 279 435**

15. Operating lease asset (liability)

Current liabilities	672 062	627 802

16. Finance lease obligation

Minimum lease payments due		
- within one year	280 280	280 280
- in second to fifth year inclusive	-	280 280
	280 280	560 560
less: future finance charges	(12 133)	(45 431)
Present value of minimum lease payments	**268 147**	**515 129**
Present value of minimum lease payments due		
- within one year	268 147	246 983
- in second to fifth year inclusive	-	268 147
	268 147	**515 130**
Non-current liabilities	-	268 146
Current liabilities	268 148	246 983
	268 148	**515 129**

The municipality leased multiple photocopying machine in July 2022 for a period of 3 years which will expire in June 2025. Lease instalments are payable monthly at the beginning of the month. Interest rate was charged at 8,25% per annum. No restrictions are imposed by lease arrangements. The lease agreements do not provide for contingent lease payments. It is municipality policy to lease certain photocopying machine under finance leases.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

17. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Post-Retirement Medical obligation	(7 436 000)	(6 582 000)
Long Service Awards	(3 249 000)	(2 875 000)
	(10 685 000)	**(9 457 000)**
Non-current liabilities	(10 064 000)	(8 843 000)
Current liabilities	(621 000)	(614 000)
	(10 685 000)	**(9 457 000)**

Post-retirement health care benefits liability.

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2024 by ARCH Actuarial Consulting a fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	6 582 000	6 990 881
Net expense recognised in the statement of financial performance	854 000	(408 881)
	7 436 000	**6 582 000**
Net expense recognised in the statement of financial performance		
Current service cost	342 000	402 566
Subsidy (benefit) payments	(238 000)	(235 026)
Interest cost	812 000	905 279
Actuarial (gains) losses	(62 000)	(1 481 700)
	854 000	**(408 881)**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(62 000)	(1 481 700)

Figures in Rand	2024	2023

17. Employee benefit obligations (continued)

Key assumptions used

The following summarizes the key financial assumptions used for the liabilities at the Valuation Date and the expense figures for the ensuing year:

Discount rates used	12,34 %	12,56 %
Health care cost inflation rate	7,81 %	8,16 %
Net effective discount rate	4,20 %	4,07 %
Maximum subsidy inflation rate	5,48 %	5,75 %
Net-of-maximum-subsidy-inflation discount rate	6,50 %	6,44 %

Key Demographic Assumptions

Assumption	**Value**
Average retirement age	62
Mortality during employment	SA 85-9
Mortality post-employment	PA(90) -1 with a 1% mortality improvement p.a. from 2010
Proportion with a spouse dependent at retirement	60%
Continuation of membership at retirement	75%
Proportion of in-service non-members joining a scheme by Retirement and continuing with the subsidy at retirement	15%

History of Liabilities, Assets and Experience Adjustments

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.

Net Defined Benefit Liability History	**2024**	**2023**	**2022**	**2021**	**2020**
Defined benefit obligation	(7 436 000)	(6 582 000)	(6 990 811)	(6 269 000)	(5 695 000)

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

17. Employee benefit obligations (continued)

Other long-term employee benefits

Long Services Award

Employee benefit obligation relates to long service award extended to municipal staff who served on the payroll of the municipality for each five-year interval completed as an employee. The most recent actuarial valuations of present value of the defined benefit obligation was carried out as at 30 June 2024 by ARCH Actuarial Consulting a fellow of the Actuarial Society of South Africa an expert who is a member of the Actuarial society of South Africa. The present value of the defined benefit obligation and the related current cost and past service costs were measured using the projected Unit Credit Method. The approach taken in this valuation has been made with reference to the guidelines issued by the Actuarial Society of South Africa (ASSA), in particular, the Advisory Practice Note 301 as issued by ASSA, and is consistent with the requirements of GRAP25. The municipality is under no obligation to cover any unfunded benefits.

Changes in the present value of the defined benefit obligation are as follows		
Opening balance	2 875 000	2 834 354
Net expense recognised in the statement of financial performance	374 000	40 646
	3 249 000	**2 875 000**

Net expense recognised in the statement of financial performance		
Current service cost	295 000	289 992
Subsidy (benefit) payments	(376 000)	(206 016)
Interest cost	310 000	302 633
Actuarial (gains) losses	145 000	(345 963)
	374 000	**40 646**

Calculation of actuarial gains and losses		
Actuarial (gains) losses – Obligation	145 000	(345 963)

Net Defined Benefit Liability History	**2024**	**2023**	**2022**	**2021**	**2020**
Accrued liability	(3 249 000)	(2 875 000)	(2 834 354)	2 326 000	(2 268 000)

Assumption	**30 June 2024**	**30 June 2023**
Discount rate	11,43 %	11,53 %
CPI	5,53 %	5,75 %
Salary increase rate	6,53 %	6,75 %
Net Discount Rate	4,60 %	4,48 %
	- %	**- %**

Key Demographic Assumptions

Assumption	Value
Average retirement age	62
Mortality during employment	SA 85-90

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

18. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Interest cost	Change in provision of obligation	Total
Environmental rehabilitation	6 476 345	817 315	(407 378)	6 886 282

Reconciliation of provisions - 2023

	Opening Balance	Interest cost	Change in provision of obligation	Total
Environmental rehabilitation	8 638 124	307 517	(2 469 296)	6 476 345

Non-current liabilities	6 146 420	5 659 030
Current liabilities	739 862	817 315
	6 886 282	**6 476 345**

Environmental rehabilitation provision

In terms of the licencing of the landfill refuse site, the municipality will incur rehabilitation costs of R 6 886 282 as at 30 June 2024 to restore the sites at the end of its useful life. Provision has been made for the net present value of the future cost, using the average cost of borrowing interest rate.

19. Service charges

Refuse removal	1 023 421	966 377

20. Construction contracts revenue

Construction contracts revenue	6 956 521	8 196 081

The municipality received a schedule 5B grant to undertake electrification projects. The municipality is undertaking construction activities as a primary contractor on behalf of Department of Mineral Resources and Energy and ESKOM. The municipality has accounted for this transaction according to GRAP 11, Construction contract. To measure reliably the work performed, the completion of a contract is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs and the completion of a physical proportion of the contract work. A Construction contract revenue to the value of R 6 956 521 in 2024 and R 8 196 081 in 2023 financial year was raised based the completion of the physical work of the contract.

21. Rental of facilities and equipment

Facilities and equipment		
Rental of facilities	899 466	1 097 787

22. Interest earned - Outstanding debtors

Interest on service charges	429 550	408 504

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

23. Other income

Insurance Refund	283 397	205 285
Sundry income	135 787	122 192
Town planning and building fees	371 983	694 595
Tender documents	84 490	99 066
Cementery fees	126 406	112 237
Photocopy charges & printing	2 488	1 123
SETA Refunds	171 514	101 923
	1 176 065	**1 336 421**

24. Interest received - investment

Interest revenue		
Bank	495 163	213 561
Interest received - other	2 444 097	2 565 029
	2 939 260	**2 778 590**

25. Property rates

Rates recognised

Business and Commercial Rates	4 974 792	4 367 357
Public Service Property (PSP) Rates**	13 154 396	12 492 273
Agricultural Rates	5 537 953	5 314 153
Residential developed rates**	4 026 132	3 817 988
Vacant Land Rates	1 177 245	1 123 526
	28 870 518	27 115 297
Property rates - penalties imposed	2 925 073	3 674 200
	31 795 591	**30 789 497**

***Refer to note 46 on Prior Period Adjustments*

Valuations

Residential	619 012 500	621 457 500
Commercial	283 768 000	282 618 000
Agricultural	2 570 149 000	2 586 791 000
Municipal	133 472 000	132 187 000
Place of worship	15 179 000	15 179 000
Protected Area	22 049 000	15 726 000
Public Benefit Organisation	291 327 500	291 327 500
Public Service Infrastructure	4 023 000	4 023 000
Public Service Property	739 389 000	739 389 000
Vacant land	44 795 500	44 440 500
Rural Communal	64 613 000	63 738 000
	4 787 777 500	**4 796 876 500**

26. Licences and permits (non-exchange)

Trading	919 812	807 455
Road and Transport	1 458 073	1 757 612
	2 377 885	**2 565 067**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

27. Government grants & subsidies

Operating grants		
Equitable share	92 919 000	86 415 887
Finance Management Grant	1 950 000	1 950 000
Expanded Public Works Programme	1 125 000	1 287 000
Library Grant	3 200 000	3 963 425
Nelson Street SMME Rehabilitation	147 311	-
	99 341 311	**93 616 312**
Capital grants		
Municipal Infrastructure Grant	22 331 000	20 511 000
Small Town Grant	408 766	4 791 235
	22 739 766	**25 302 235**
	122 081 077	**118 918 547**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	29 162 077	32 502 660
Unconditional grants received	92 919 000	86 415 887
	122 081 077	**118 918 547**

Equitable share

Current-year receipts	92 919 000	86 415 887
Conditions met - transferred to revenue	(92 919 000)	(86 415 887)
	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. Indigent residential households receive basic refuse removal and 50 kWh electricity free every month.

Human Settlement

Balance unspent at beginning of year	4 117 820	3 878 070
Interested capitalized	322 692	239 750
	4 440 512	**4 117 820**

The Department of Human Settlement allocated a grant to municipality to assist municipalities to implement the provision of housing to the community. The municipality implemented the project in the prior years and there was an amount which remains unspent and the municipality will write the motivation to the transferring department requesting to utilize the funding.

CoGTA Grant - Small Town

Balance unspent at beginning of year	408 764	-
Current-year receipts	-	5 200 000
Conditions met - transferred to revenue	(408 764)	(4 791 236)
	-	**408 764**

Figures in Rand	2024	2023

27. Government grants & subsidies (continued)

The purpose of the grant was for the installation of Solar Street Lights in the Richmond Municipality. The grant was 100% implemented and the conditions of the grants were met in full.

Library Grant

Balance unspent at beginning of year	-	509 424
Current-year receipts	3 200 000	3 454 000
Conditions met - transferred to revenue	(3 200 000)	(3 963 424)
	-	-

The purpose of the grant is to address the Constitutional mandate whereby public libraries are an exclusive provincial competency. The funding assists the municipalities with the provision of library services.

UMDM Grant

Balance unspent at beginning of year	-	47 820
Grants Repaid	-	(47 820)
	-	-

The municipality had received funds from uMgungundlovu District Municipality as a contribution towards the clearing of vacant land and plots. The unspent amount was paid back by the municipality

Scheme support programme grant

Current-year receipts	-	11 000
Other	-	(11 000)
	-	-

The purpose of the grant was for the development of a single land use scheme for Richmond Local Municipality. The project was completed in the 2021. The balance was paid back by the municipality in the last financial year.

Expanded Public Works Programme Grant

Current-year receipts	1 125 000	1 287 000
Conditions met - transferred to revenue	(1 125 000)	(1 287 000)
	-	-

The purpose of the grant is to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the Expanded Public Works Programme Guidelines. The grant was 100% implemented and the conditions of the grants were met in full.

Integrated National Electrification Programme Grant

Balance unspent at beginning of year	-	6 633 081
Current-year receipts	8 000 000	2 700 000
Conditions met - transferred to revenue	(8 000 000)	(8 196 081)
Other	-	(1 137 000)
	-	-

The purpose of the grant is to provide capital subsidies to municipalities to address the electrification backlog of permanently occupied residential dwellings. The grant was 100% implemented and the conditions of the grants were met in full.

Financial Management Grant

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

27. Government grants & subsidies (continued)

Current-year receipts	1 950 000	1 950 000
Conditions met - transferred to revenue	(1 950 000)	(1 950 000)
	-	-

National Conditional Grants are allocated in terms of the Division of Revenue Act. The Financial Management Grant is used to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).The grant was 100% implemented and the conditions of the grants were met in full.

Municipal Infrastructure Grant

Current-year receipts	22 331 000	20 511 000
Conditions met - transferred to revenue	(22 331 000)	(20 511 000)
	-	-

The Municipal Infrastructure Grant (MIG) is for providing specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprise and social institutions servicing poor communities. The grant was 100% implemented and the conditions of the grants were met in full.

High-Over Grant

Balance unspent at beginning of year	2 752 851	-
Current-year receipts	-	3 000 000
Conditions met - transferred to revenue	(2 540 929)	(247 149)
	211 922	**2 752 851**

The Richmond Local Municipality has under the Economic Development, Tourism and Environmental Affairs received a grant amount of R3 million for the implementation of High-over Wildlife Sanctuary. The total amount spent as at the 30 June 2024 amounts to R 2 540 929 with a total remaining balance of R 211 922 unspent.

Nelson Street SMME Rehabilitation

Current-year receipts	500 000	-
Conditions met - transferred to revenue	(147 311)	-
	352 689	**-**

The purpose of the grant is to change the current trading conditions of local SMME and create a value chain of business opportunities. The Richmond Local Municipality has under the Economic Development, Tourism and Environmental Affairs received a grant amount of R 500 000 for the rehabilitation of Nelson Street SMME Unit stalls. The total amount spent as at 30 June 2024 amounts to R 147 311 with a total remaining balance of R 352 688.85..

28. Fines, Penalties and Forfeits

Pound Fees Fines	8 892	469
Municipal Traffic Fines	391 150	742 300
	400 042	**742 769**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
29. Employee related costs		
Basic	45 254 344	40 006 684
Bonus	3 360 819	3 076 734
Medical aid - company contributions	2 414 736	2 132 816
Unemployment Insurance	377 582	348 986
Post-retirement Benefits	579 241	789 175
Post-employment medical aid contributions	812 000	905 279
Allowances	3 963 120	6 066 034
Pension	6 389 360	5 680 213
Other company contributions	616 150	548 774
	63 767 352	**59 554 695**
Remuneration of Municipal Manager		
Annual Remuneration	1 065 788	1 021 754
Car Allowance	180 000	180 000
Leave payout	-	15 078
Contributions to UIF, Medical and Pension Funds	2 262	2 405
Other Allowance	127 145	119 240
	1 375 195	**1 338 477**
Remuneration of Chief Finance Officer		
Annual Remuneration	874 665	720 000
Car Allowance	156 000	156 000
Contributions to UIF, Medical and Pension Funds	2 262	2 255
Other Allowance	108 033	220 329
	1 140 960	**1 098 584**
Remuneration of Strategic Manager : Community Services		
Annual Remuneration	874 665	800 000
Car Allowance	156 000	156 000
Leave payout	-	43 832
Contributions to UIF, Medical and Pension Funds	2 262	2 255
Other Allowance	108 033	212 900
	1 140 960	**1 214 987**
Remuneration of Strategic Manager : Technical Services		
Annual Remuneration	874 665	804 000
Car Allowance	156 000	156 000
Contributions to UIF, Medical and Pension Funds	2 262	2 255
Other allowance	108 033	136 329
	1 140 960	**1 098 584**
Remuneration of Strategic Manager: Corporate Services		
Annual Remuneration	868 460	540 000
Car Allowance	156 000	117 000
Contributions to UIF, Medical and Pension Funds	2 262	1 691
Other allowance	102 327	146 822
	1 129 049	**805 513**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

30. Remuneration of councillors

Executive Major	984 939	476 824
Deputy Executive Mayor	812 141	765 609
Mayoral Committee Members	450 162	490 086
Speaker	813 402	774 038
Councillors	3 488 822	3 544 870
	6 549 466	**6 051 427**

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

31. Depreciation and amortisation

Property, plant and equipment	16 321 529	15 902 893
Intangible assets	156 061	112 585
	16 477 590	**16 015 478**

32. Finance costs

Finance cost	850 613	360 309

33. Lease rentals on operating lease

Premises		
Contractual amounts	44 260	44 260
Motor vehicles		
Contractual amounts	2 761 159	2 905 168
Plant and equipment		
Contractual amounts	68 120	41 457
	2 873 539	**2 990 885**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

34. Contracted services

Outsourced Services		
Business and Advisory	377 455	1 002 444
Catering Services	895 692	712 272
Hygiene Services	22 855	22 604
Medical Health Services & Support	100 770	28 402
Professional Staff	348 299	172 141
Security Services	13 165 829	12 533 107
Consultants and Professional Services		
Business and Advisory	2 205 207	1 585 766
Legal Cost	1 062 011	1 064 219
Contractors		
Building	83 846	942 399
Electrical	-	799 745
Interior Decorator	14 700	30 000
Maintenance of Buildings and Facilities	3 853 384	3 638 175
Maintenance of Equipment	3 808 936	3 171 529
Maintenance of Unspecified Assets	3 307 333	2 684 084
Pest Control and Fumigation	18 560	14 800
Plants, Flowers and Other Decorations	-	19 500
Prepaid Electricity Vendors	1 622 837	1 418 156
Tracing Agents and Debt Collectors	496 876	358 690
Sports and Recreation	5 450	-
Prepaid Water Vendors	560 850	396 335
	31 950 890	**30 594 368**

35. Construction contract cost

Construction contract cost	6 956 241	8 196 081

The municipality received a schedule 5B grant to undertake electrification projects. The municipality is undertaking construction activities as a primary contractor on behalf of Department of Mineral Resources and Energy and ESKOM. The municipality has accounted for this transaction according to GRAP 11, Construction contract. To measure reliably the work performed, the completion of a contract is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs and the completion of a physical proportion of the contract work. A Construction contract cost to the value of R 6 956 521 in 2024 and R 8 196 081 in 2023 financial year was raised based the completion of the physical work of the contract.

36. Inventory consumed

Consumables	2 114 039	1 520 742
Materials and supplies	2 580 157	1 567 892
	4 694 196	**3 088 634**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
37. Operational cost		
Advertising	824 721	420 757
Auditors remuneration	2 020 527	1 771 977
Bank charges	189 511	203 689
Bursaries (employees)	398 796	498 928
Conferences and seminars	1 048 547	614 331
Fuel and oil	4 828 637	4 766 523
Groceries for indigent relief	148 500	112 109
Hire	3 181 090	3 107 056
IT expenses	171 036	333 388
Insurance	1 559 225	810 396
License and registration	55 022	32 445
Postage and courier	50 365	72 527
Prepaid electricity and water vendors	522 775	556 406
Printing and stationery	314 693	132 359
Protective clothing	1 158 223	646 400
Remuneration of ward committees	1 063 400	809 200
Subscriptions and membership fees	815 879	719 123
Telephone and fax	1 127 132	1 779 235
Transport and freight	320 130	194 500
Travel - local	2 309 225	1 781 183
Vehicle tracking	12 807	2 296
Workmans compensation	469 088	429 962
	22 589 329	**19 794 790**
38. Impairment loss		
Impairments		
Property, plant and equipment	1 965 310	507 605
Trade and other receivables	736 227	201 378
Other receivables from non-exchange revenue	3 909 306	40 000
	6 610 843	**748 983**
Reversal of impairments		
Other receivables from non-exchange revenue	(811 428)	(81 233)
Total impairment losses (recognised) reversed	**5 799 415**	**667 750**
39. Irrecoverable debts written off		
Property rates	(670 442)	(12 113 097)
Refuse and other	(29 378)	(687 507)
Sundry debtors	(1 013 248)	-
	(1 713 068)	**(12 800 604)**
40. Gain on remeasurement of landfill provision		
Landfill site asset - solid waste	407 378	1 568 418
41. Auditors' remuneration		
Fees	2 020 527	1 771 977

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
42. Cash generated from operations		
Surplus	130 549	5 328 761
Adjustments for:		
Depreciation and amortisation	16 477 590	16 015 478
Loss on disposal of assets	123 885	195 794
Irrecoverable debts written off	1 713 068	12 800 604
Finance costs	33 297	46 655
Impairment loss	5 799 415	748 983
Reversal of Impairment Loss	-	(81 233)
Leave pay accrual	-	750 201
Movements in operating lease assets and accruals	44 260	44 260
Movements in retirement benefit assets and liabilities	1 145 000	1 459 428
Movements in provisions	409 935	307 517
Accrued bonus	254 593	82 964
Movement in payables relating to acquisition of assets - Retentions	533 473	596 402
Actuarial gains and losses	83 000	(3 396 081)
Changes in working capital:		
Receivables from exchange transactions	(726 095)	167 265
Other receivables from non-exchange transactions	(4 200 576)	5 319 358
Bad Debts Written-off	(1 713 068)	(12 800 604)
VAT Receivable/(payable)	1 584 751	(2 165 772)
VAT impairment	-	30 205
Consumer deposits	2 000	400
Payables from exchange transactions	(3 646 024)	(2 438 600)
Leave pay accrual	-	(750 201)
Finance costs	(254 593)	(82 964)
Transfers and subsidies unspent & grants received in advance	(2 274 312)	(3 799 960)
	15 520 148	**18 378 860**

43. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Roads Infrastructure	17 854 573	5 091 035
• Community Asset	132 688	857 977
• Electrification	3 058 220	11 057 898
	21 045 481	**17 006 910**

Total capital commitments		
Already contracted for but not provided for	21 045 481	17 006 910

Total commitments

Total commitments		
Authorised capital expenditure	21 045 481	15 901 784

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

44. Contingencies

Case 1 : Zibonele Funeka vs Richmond Municipality

Municipality employee filed a claim for damages against the Municipality based on defamation of character. The action is based on vicarious liability. During the 2024 financial year there was no movement since the plaintiff's attorney is not further prosecuting the matter.

Case 2 : G&R Raunbeheimer vs Richmond Municipality

One of the municipal vehicles with registration number NK 3856 was involved in an accident and a claimant filed a claim against the municipality for damages. As at 30 June 2024 the matter was still pending in Court.

Case 3 Phumelela B Madonda vs Richmond Municipality

One of the municipal vehicles with registration number NK 2680 had a mechanical fault and was towed to a repair centre however, it later transpired that no authority was given to send the vehicle to repair center. The vehicle has since remained in the repair Centre and the owner of the repair centre has filed a claim against the municipality for storage costs. The municipality has engaged legal attorneys to the handle matter. As at 30 June 2024, the case was still pending.

Case 4 : Vox communications vs Richmond Municipality

The municipality terminated the services of a telecommunications service provider previously responsible for telephone lines in the municipality however, the service provider filed a claim for early termination citing outstanding contractual fees The municipality is defending the claim, as at 30 June 2024 the matter was still pending.

Case 5 : DotCom Africa vs Richmond Municipality

An advertising agent claims that the municipality owes the Agent for advertisement related services. The municipality disputed the claim. As at 30 June 2024 there was no movement on this claim and the matter was not sent to court by the claimant. Therefore, this matter is unlikely to be persued any further by the claimant given the nature and time that has lapsed on the claim.

The table below sets out the contingent liabilities at year end with the maximum potential liability to the municipality:

Summary of contingent liabilities		
Case 1	1 000 000	1 000 000
Case 2	300 000	300 000
Case 3	100 000	218 000
Case 4	200 000	200 000
Case 5	-	153 265
	1 600 000	**1 871 265**

45. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note 29
Councillors	Refer councillors allowances in note 30
Members of key management	Refer to employee related costs note 29

There were no balances due to / from related parties as at the end of the financial year.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

46. Prior-year adjustments

Statement of financial position

2023

	Note	As previously reported	Correction of error	Restated
Property Plant and Equipment		366 186 694	2 815	366 189 509
Accumulated surplus / deficit		(358 111 696)	(2 815)	(358 114 511)
		8 074 998	**-**	**8 074 998**

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Restated
Inventory consumed	36	7 436 848	(4 348 220)	3 088 628
Operational cost	37	15 446 570	4 348 220	19 794 790
Surplus for the year		**22 883 418**	**-**	**22 883 418**

Cash flow statement

2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Cash flow from operating activities					
Property rates and other receipts from non-exchange transactions		23 894 253	-	4 145 642	28 039 895
Services charges and other receipts from exchange transactions		1 228 769	-	2 557 833	3 786 602
Transfers and Subsidies and Public contributions		124 480 887	-	239 570	124 720 637
Other income		6 471 994	-	(6 471 994)	-
Interest received - Human Settlement		239 750	-	(239 750)	-
Employees and Councillors		(64 645 907)	-	(4 223 774)	(68 869 681)
Suppliers, Service Providers and other		(61 857 554)	-	(10 213 492)	(72 071 046)
Remuneration for councillors		(6 051 428)	-	6 051 428	-
Highover / INEP Payment		(8 443 230)	-	8 443 230	-
Finance cost		(360 309)	-	354 172	(6 137)
		14 957 225	**-**	**642 865**	**15 600 270**
Cash flow from investing activities					
Purchase of property, plant and equipment		(25 668 337)	-	(596 403)	(26 264 740)
Cash flow from financing activities					
Finance cost – Borrowings and Finance		-	-	(46 655)	(46 655)

Figures in Rand	2024	2023

46. Prior-year adjustments (continued)

Errors

The following correction of errors occurred:

Inventory consumed

The municipality corrected the misclassification of expenditure items for inventory consumed in the prior year. The net effect of the correction was a decrease in the line item for inventory consumed by an amount of R 4 348 220 with a corresponding increase in the line item for operational cost.

Commitments disclosure

The balance disclosed as commitment was restated by an amount of R 1 105 127 in the 2023 financial year to a total of R 17 006 911.46 . The restatement was effected to correct the error identified on the prior year.

Property Plant and Equipment

The items of Property Plant and Equipment as disclosed in Note 10 were updated to correct an error identified in the asset classes:

Furniture and fixtures: The municipality corrected a misclassification of assets from furniture and fixtures to office equipment in the prior year. The net effect of the correction in the prior year was a decrease in the carrying value by an amount of R 10 541.82 for furniture and fixtures and an increase in the carrying amount for office equipment by the same amount.

Plant and machinery: The municipality corrected a misclassification of assets from plant and machinery to motor vehicles and office equipment in the prior year. The net effect of the correction in the prior year was a decrease in the carrying value by an amount of R 565 635.97 for plant and equipment and an increase in the carrying amount of office equipment and motor vehicles.

Infrastructure: The municipality corrected a calculation of depreciation for infrastructure asset and the effect of the correction was processed in the accumulated surplus for the prior period. The correction resulted in the overall increase in the carrying value of the property plant and equipment by an amount of R 2815 whilst the accumulated surplus for prior year was also increased by the same amount

Reclassifications

The following reclassifications adjustment occurred:

Property rates

The municipality updated the disclosure note for property rates by showing separately the Public Service Property (PSP) Rates from the Residential Developed Rates. The reclassification was done to enhance the disclosure of property rates in the annual financial statements. The overall effect on the property rates notes was R nil.

Employee related cost

The municipality updated the disclosure note for the employee related cost by grouping similar items to enhance the disclosure note and align the disclosure note with the National Treasury recommended disclosure of employee related cost. The reclassification and or grouping of items has a R nil effect in the total amount presented in the statement of financial performance for the prior year.

Figures in Rand	2024	2023

46. Prior-year adjustments (continued)

Cash flow statement items

The municipality updated the presentation of the cash flows from operating activities to enhance the presentation of the cash flows by grouping major classes of gross cash receipts and gross cash payments. This resulted in the net cash flows from operating activities increasing by R 642 865 whilst the net cash flows from investing activities increased by R 596 303 and the net cash flows from investing activities by R 46 655. Furthermore, the reclassification in the prior year was effected to ensure that the financial statements are comparable on an annual basis.

The disclosure note 42 on explaining the cash generated from operations was also updated to provide meaningful information on the items reconciling the net cash flows from operating activities.

47. Risk management

Financial risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Credit risk

Credit risk is managed on a group basis.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

Financial instrument	2024	2023
Cash and cash equivalents	11 870 958	18 741 989
Other financial assets	266	266
Receivables from exchange transactions	354 495	364 628

Market risk

Interest rate risk

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

Figures in Rand	2024	2023

48. Going concern

We draw attention to the fact that at 30 June 2024, the municipality had an accumulated surplus of 358 245 055 and that the municipality's total assets exceed its liabilities by 358 245 055.

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

The ability of the 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 and that the sound financial management will remain in force for so long as it takes to maintain the solvency of the municipality.

Consideration was given to the following key financial indicators when assess whether the municipality will continue as a going concern:

Financial position assessment:

Current ratio - The municipality has a current ratio of 1.2:1 which indicate that the municipality can be able to honour its obligations as they fall due.

Cash coverage ratio - The municipality has a cash coverage ratio of 1 month which indicate that the municipality could operate for a period of a month with it current available resources. This ratio is within the stipulated norm of 1-3 months.

Collection rate - The municipality maintained a collection rate of 80% which is below the recommended rate of 95%. The municipality continues to implement aggressive collection strategies with an aim to improve collection on prior years old debt.

Creditor payment period - The municipality maintained a payment period of 20 days which is in line with the legislated payment period of 30 days.

Sources of funding

Per the Division of Revenue Act (DORA) allocations, the municipality is projected to receive the following:
- Equitable share
- FMG Grant
- Library Grant
- MIG Grant
- EPWP Grant
- SMME Rehabilitation Grant
- INEP Grant and
- Informal Economy Infrastructure Grant

The total allocation for the next financial year R 131 444 000 and such funding is expected in the 2 outer years.

Other considerations:

As at the date of approval of the annual financial statements, there were no material uncertainties related to events or conditions which may cast significant doubt upon the municipality’s ability to continue as a going concern.

Taking the above into account, there were no factors identified that would cast significant doubt on the Municipality's ability to continue as a going concern. Therefore, the Annual Financial Statements were on a going concern basis.

49. Events after the reporting date

No event that should be disclosed has come to the municipality's attention after the reporting date that existed at the reporting.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

50. Unauthorised expenditure

Opening balance as previously reported	-	17 637 862
Less: Approved by council	-	(17 637 862)
Closing balance	**-**	**-**

51. Fruitless and wasteful expenditure

Opening balance as previously reported	-	19 014
Add: Fruitless and wasteful expenditure identified - current	498 295	6 137
Less: Amount recovered - current	-	(6 137)
Less: Amount recovered - prior period	-	(1 000)
Amount transferred to debtor for recovery	(498 295)	(18 014)
Closing balance	**-**	**-**

Payment made to the Department of Transport for outstanding motor licence revenue that could not be supported by bank deposit slips.

52. Irregular expenditure

Opening balance as previously reported	-	227 688
Less: Amount written off - prior period	-	(227 688)
Closing balance	**-**	**-**

53. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

SCM Regulation Number 36		
Provision for security services for VIP close protection for a period of 2 months.	-	185 000

All deviations considered by the Accounting Officer are processed in terms of the SCM regulations and the municipality's SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee or SCM Quotations Committee in terms of the stipulated criteria for emergency procurements and circumstances where it is impractical or not possible to follow the official procedure.

54. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Figures in Rand	2024	2023

54. Segment information (continued)

Aggregated segments

The municipality is organised and operates in three key reportable functions throughout the seven wards under Richmond dermacations. Segments were aggregated on the basis of service delivery as management considered that the economic characteristics of the segments throughout Richmond were sufficiently similar to warrant aggregation.

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
Community and Public safety	Community and social services
Economic and Enviromental	Planning and development
Trading services	Provision of refuse services, solid waste disposal - Landfill Sites
Governance and administration - not a reportable segment***	Provision of support services - finance, corporate, municipal managers office

Information about geographical areas

The municipality has seven wards which it currently service and operate on, however there is no avaiable reportable information on the following :
- Revenues from non-exchange transactions and external revenues from exchange transactions attributed to the wards
- Total expenditure attributed to the wards
- Non-current assets for wards

54. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Revenue from non-exchange transactions	Revenue from exchange transactions	Revenue interest investments	Total Segment revenue	Salaries and wages	Depreciation, amortisation and impairment loss	Other expenses (excluding finance cost	Total Segment expenditure (excluding finance cost)	Total segment (deficit) surplus
Revenue									
Community and Public safety	3 200 000	190 459	-	3 390 459	(13 141 354)	(803)	(13 617 021)	(26 759 178)	(23 368 719)
Economic and Enviromental	25 652 975	7 507 203	-	33 160 178	(24 314 869)	(18 336 112)	(24 827 696)	(67 478 677)	(34 318 499)
Trading services	-	1 095 144	290 615	1 385 759	(2 937 424)	-	(4 432 109)	(7 369 533)	(5 983 774)
Governance and administration - not a reportable segment***	127 789 590	1 274 693	3 078 193	132 142 476	(35 257 931)	(105 985)	(30 613 840)	(65 977 756)	66 164 720
Total	**156 642 565**	**10 067 499**	**3 368 808**	**170 078 872**	**(75 651 578)**	**(18 442 900)**	**(73 490 666)**	**(167 585 144)**	**2 493 728**

Other reconciling items	
Finance cost	(850 613)
Loss on disposal of assets	(123 885)
Gain on remeasurement of landfill provision	407 378
Actuarial gains/losses	(83 000)
Irrecoverable debts written off	(1 713 068)
Entity's Surplus (deficit) for the period	**130 540**

Governance and administration - not a reportable segment***

The governance and administration is not a reportable segment as defined however, the information pertaining to this function is presented to reconcile the; municipality's segment deficit / surplus with the amount reported in the statement of financial performance and the municipality's segment assets and liabilties with the balances in the statement of financial position

54. Segment information (continued)

2023

		Revenue from non-exchange transactions	Revenue from exchange transactions	Total Segment revenue	Salaries and wages	Depreciation, amortisation and impairment loss	Other expenses (excluding finance cost	Total Segment expenditure (excluding finance cost)	Total segment (deficit) surplus
Revenue									
Community and Public safety	37 667 424	483 737	38 151 161	(11 538 680)	-	(12 400 113)	(23 938 793)	14 212 368	
Economic and Enviromental	28 598 003	489 697	29 087 700	(21 810 758)	(16 018 897)	(15 648 169)	(53 477 824)	(24 390 124)	
Trading services	-	1 299 495	1 299 495	(2 772 698)	-	(5 093 953)	(7 866 651)	(6 567 156)	
Governance and administration - not a reportable segment***	-	-	-	-	-	-	-	-	
Total	**66 265 427**	**2 272 929**	**68 538 356**	**(36 122 136)**	**(16 018 897)**	**(33 142 235)**	**(85 283 268)**	**(16 744 912)**	
Governance and administration - not a reportable segment				-					-
Total (deficit) surplus				-					20 348 710
Other reconciling items									
Finance cost									-
Loss on disposal of assets									(195 794)
Gain on remeasurement of landfill provision									1 568 418
Actuarial gains/losses									1 827 663
Irrecoverable debts written off									(12 800 604)
Impairement loss									667 750
Entity's Surplus (deficit) for the period									**5 328 769**

Notes to the Annual Financial Statements

Figures in Rand

54. Segment information (continued)

Segment assets and liabilities

2024

	Total capital expenditure	Total assets:	Total liabilities:
Community and Public safety	-	326 633 423	(2 519 341)
Economic and Enviromental	-	40 201 328	(7 791 817)
Trading services	-	5 787 629	(5 108 168)
Governance and administration - not a reportable segment***	-	20 225 618	(19 183 621)
Total for entity	**-**	**392 847 998**	**(34 602 947)**

2023

	Total capital expenditure	Total assets:	Total liabilities :
Community and Public safety	-	333 985 807	(19 909 696)
Economic and Enviromental	-	55 280 605	(10 366 641)
Trading services	-	3 581 588	(8 809 728)
Governance and administration - not a reportable segment***	-	-	-
Total for entity	**-**	**392 848 000**	**(39 086 065)**

The prior year segment information on assets and liabilities was updated.

Notes to the Annual Financial Statements

Figures in Rand

55. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government		
Current year subscription / fee	773 271	631 572
Amount paid - current year	(773 271)	(631 572)
	-	-
Audit fees		
Current year fees	2 020 527	1 771 977
Amount paid-current year	(2 020 527)	(1 771 977)
	-	-
PAYE and UIF		
Current year subscription/fee	11 348 422	9 942 003
Amount paid-current year	(11 348 422)	(9 942 003)
	-	-
Pension and Medical aid deductions		
Current year subscription/fee	14 197 203	12 550 369
Amount paid-current year	(14 197 203)	(12 550 369)
	-	-

Councillor's Municipal Accounts in Arrears

There are no councillor's with outstanding or arrear municipal accounts as at 30 June 2024.

56. Agency services

Vehicle Registration	905 004	904 210

The municipality is a Registering Authority and in terms of the Agreement between the Department of Transport and Richmond Municipality, the municipality is regarded as an Agency. The municipality currently earns an 8.62% agency fee which is based on the revenue generated from the collection of motor vehicle registration and licensing fees.

57. Accounting by principals and agents

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

Details of the arrangement(s) is|are as follows:Details of the arrangement(s) is|are as follows:

Arrangement with the Department of Economic Development, Tourism and Environmental Affairs

The Richmond Local Municipality is party to a principal-agent arrangement with the Department of Economic Development, Tourism and Environmental Affairs (EDTEA). The Department provides the municipality with a grant for the implementation of High-over Wildlife Sanctuary. The focus area of implementation is the High-over lodge within the Sanctuary. No agency fees are charged for this principal-agent arrangement.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

57. Accounting by principals and agents (continued)

Entity as agent

Additional information

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of payables

High-Over		
Opening balance	2 752 851	-
Receipt from principal	-	3 000 000
Expenses incurred on behalf of the principal	(2 540 929)	(247 149)
	211 922	**2 752 851**

The municipality currently holds an amount of R211 922 that belongs to the Department of Economic Development, Tourism and Environmental Affairs that was transferred to the municipality during the current financial year and was not utilised. The municipality will apply for a Grant Rollover of the remaining amount so that it is not returned to the principle but utilised for the completion of the project in the next financial year.

All categories		
Opening balance	2 752 851	-
Receipt from principal	-	3 000 000
Expenses incurred on behalf of the principal	(2 540 929)	(247 149)
	211 922	**2 752 851**