

2024/25

ANNUAL REPORT

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CHAPTER 1:

**MAYOR'S FOREWORD &
EXECUTIVE SUMMARY**

1.1 COMPONENT A: MAYOR'S



HIS WORSHIP THE MAYOR – CLLR. MK NGCONGO

I am honored to present the 2024/2025 annual report of Richmond local municipality on behalf of our dedicated team.

Throughout the year, we have strived to enhance the overall performance and efficiency of our municipality. We remain committed to maintaining a transparent administration with the ultimate goal of improving the lives of our citizens. Furthermore, we are actively implementing innovative strategies to ensure the successful achievement of our service delivery objectives.

During 2024/2025, we successfully completed the following projects: Upgrading of Stormwater and roads in ward 7 Khetho to Mjintini (2.11kms of stormwater and 2kms of tarred surface), Upgrading of Greater Indaleni Passages: Upgrading of Slahla Access Road to Blacktop Surface in Ward 2 (0.6kms) and the Rehabilitation of Nelson Street Stall (8).

One of our primary goals was to develop and transform the informal sector into a sustainable economic practice by providing a safe trading space for informal traders. Through this initiative the municipality aims to stimulate economic growth.

In addition to various infrastructure development projects, the municipality continued to focus on maintaining our existing infrastructure through our technical services team in all our 7 wards:

- WARD 1 Maintenance of access road – 4.5kms
- WARD 2 Maintenance of access road – 11.75kms
- WARD 3 Maintenance of access road – 7.3kms
- WARD 4 Maintenance of access road – 10.1kms
- WARD 5 Maintenance of access road – 10.2kms
- WARD 6 Maintenance of access road – 4.9kms
- WARD 7 Maintenance of access road – 3kms

To reduce youth unemployment our municipality initiated an internship programme and facilitated in-service training to help unemployed graduates gain the necessary experience to complete their qualification where possible. The municipality managed to place over 100 interns at the municipality and at sector departments across the municipality.

As a municipality, we are financially viable and have remained consistent in maintaining sound financial management and investments. We have maintained spending 100% of our grants funding received in the 2024/2025 financial year.

Through our unwavering dedication to good governance, the municipality has successfully managed to obtain a second clean audit opinion from the Auditor-General, by continually refining internal controls and proactively strengthening risk management protocols, thereby ensuring ongoing transparency and accountability within our operations and throughout the municipality.

Our municipality has fostered a culture that exemplifies our commitment to transparent and ethical administration, guided by the principles of good governance. This approach has played a crucial role in securing positive audit results from the Auditor General of south Africa.

As a council, we reaffirm our dedication to working collaboratively with the municipality's administration to effect meaningful transformation in the lives of our citizens. We are committed to upholding the values of good governance by operating with integrity, honesty and transparency while ensuring the financial sustainability of our organization. The primary goal is to provide high quality services to all residents of Richmond and fulfil our promises.

CLLR MK NGCONGO
HIS WHORSHIP THE MAYOR
RICHMOND LOCAL MUNICIPALITY



1.2 COMPONENT B: EXECUTIVE SUMMARY



MUNICIPAL MANAGER: B E MSWANE

Richmond Local Municipality has again for the second consecutive year received a Clean Audit opinion from the Auditor General of South Africa (AGSA) for the 2024/2025 audit.

The AGSA conducted the mandated external audit in compliance with the Public Audit Act requirements and has issued a unqualified audit opinion on the 2024/2025 annual financial statements. Notably, there were no material findings related to compliance matters or the annual performance report. This marks the second consecutive year since the 2023/2024 financial year that we have achieved this commendable result, often referred to as a "clean

audit." This accomplishment reflects the diligent efforts of our administration to continuously enhance service delivery while maintaining the highest standards in our administrative processes.

Our clean audit not only reflects our commitment to transparency and accountability but also enhances our eligibility for additional grant opportunities. We are actively applying for these grants, which will significantly benefit the community of Richmond, mostly in areas that require upliftment. The AG has recognized the substantial progress our municipality has made over the past financial years, specifically commending the implementation of consequence

management. This initiative ensures that officials are held accountable and perform their duties diligently and efficiently.

We remain steadfast in our commitment to clean governance and will continue striving to improve and modernize our systems and processes throughout the municipality.

I would like to extend my heartfelt gratitude to everyone who contributed to making the 2024/2025 financial year a success. While we acknowledge that there is still much work to be done, we are encouraged by the progress we have made in changing Richmond.

Municipal Manager
Bhekani Errol Mswane



MUNICIPAL FUNCTIONS, POPULATION & ENVIRONMENTAL OVERVIEW

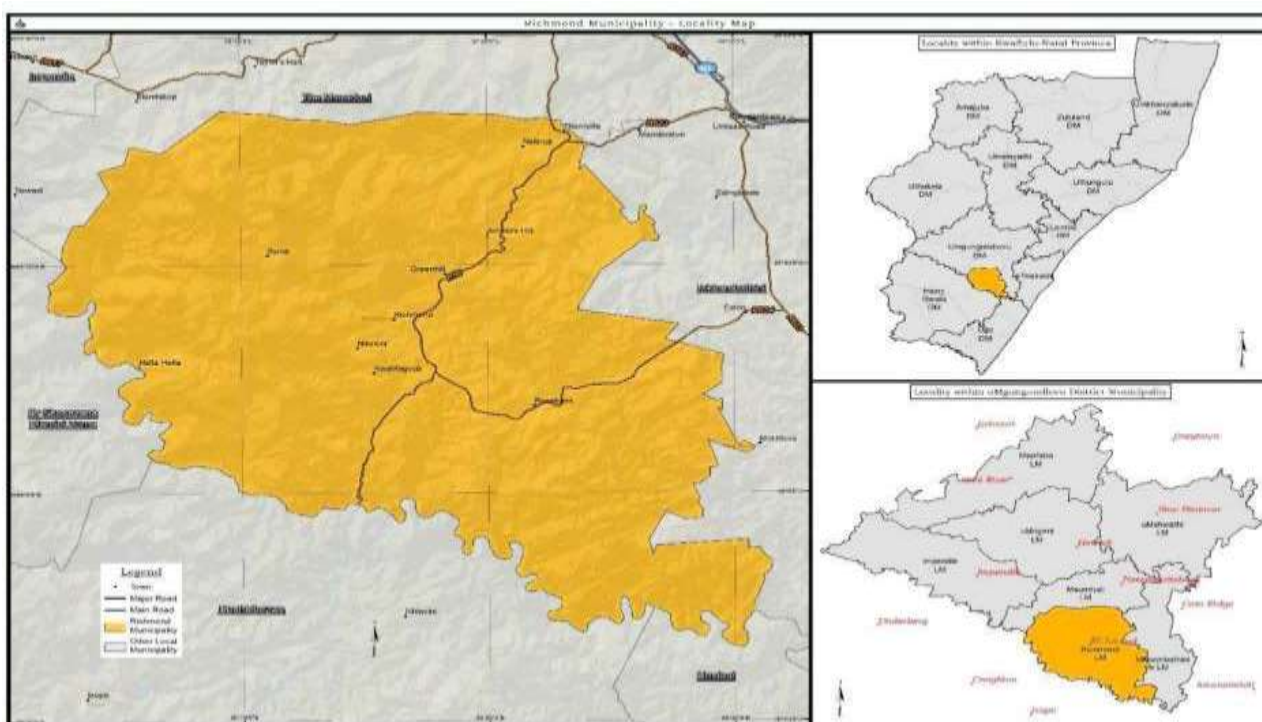
1.3 MUNICIPAL OVERVIEW

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.

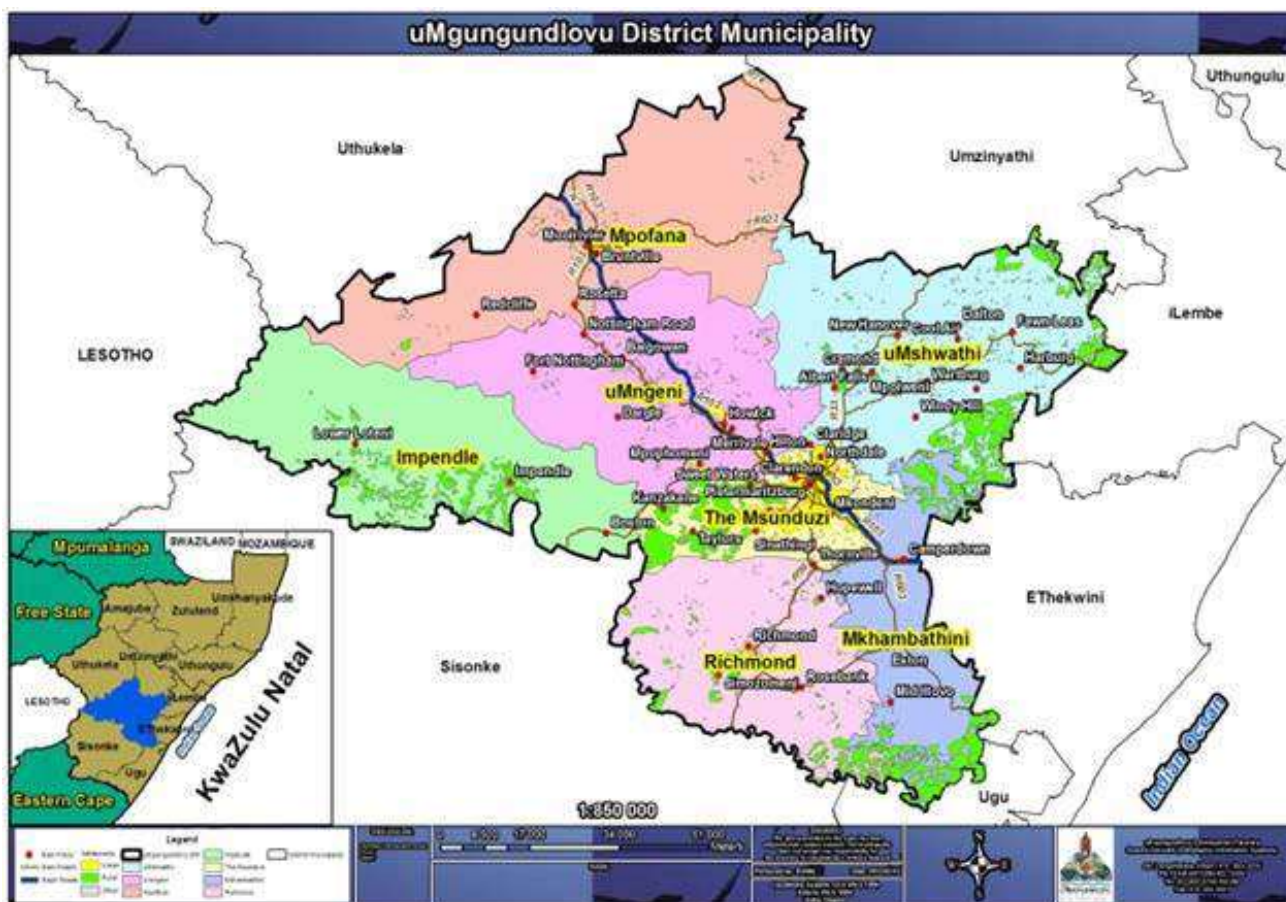
It is approximately 1232 square kilometres in extent with an estimated population of 62 754 people accommodated within 13 580 households according to Statistics South Africa Census 2022 data. It is the fourth smallest Municipality within the uMgungundlovu District Municipality family of Municipalities.

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

RICHMOND MUNICIPALITY LOCALITY MAP



DISTRICT LOCALITY MAP



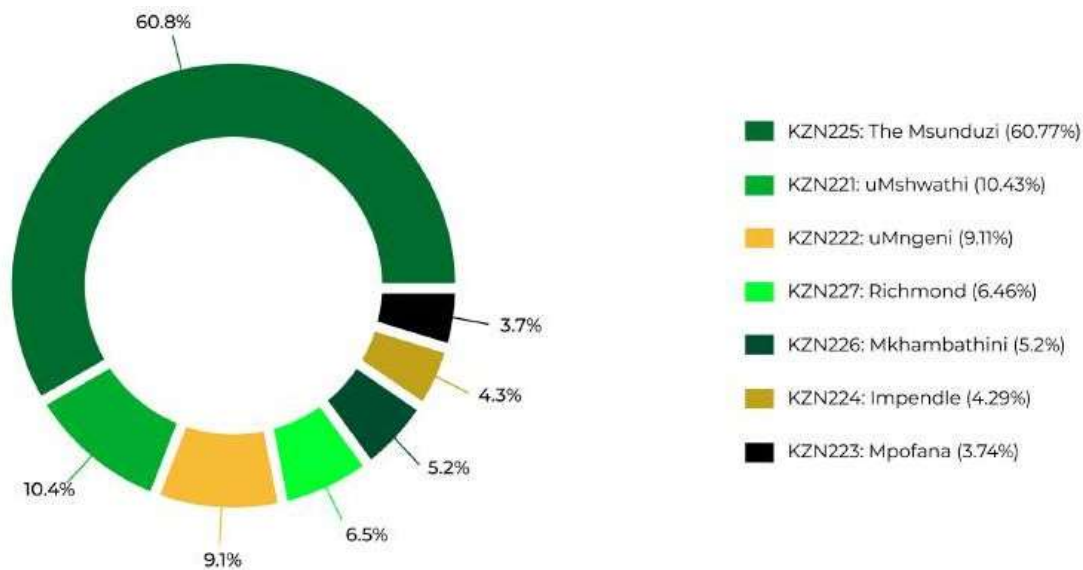
The majority of the population resides in areas which are predominantly rural in nature and characterized by low levels of basic services and facilities with a high unemployment rate. The Town of Richmond in Ward 1 is the only urban centre which is recognized as the primary economic node as presented 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 adequate provision of social facilities and services to support the resident populations.

The Richmond Municipality has a total of 7 wards under its jurisdiction and three Traditional Councils namely: Esiphahleni Traditional Authority; Vumakwenza Traditional Authority and Vumindaba Traditional Authority.

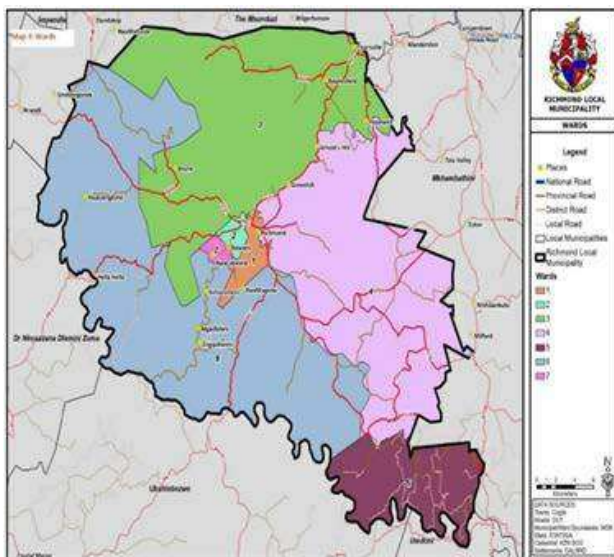


SOURCE: (CENSUS 2022)

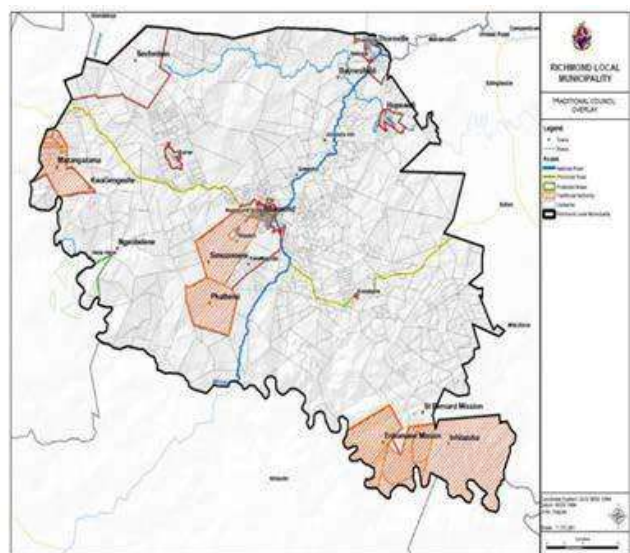


The figure above indicates that Msunduzi is the most populated local Municipality within the District.

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 for 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.

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 include and are not limited to:

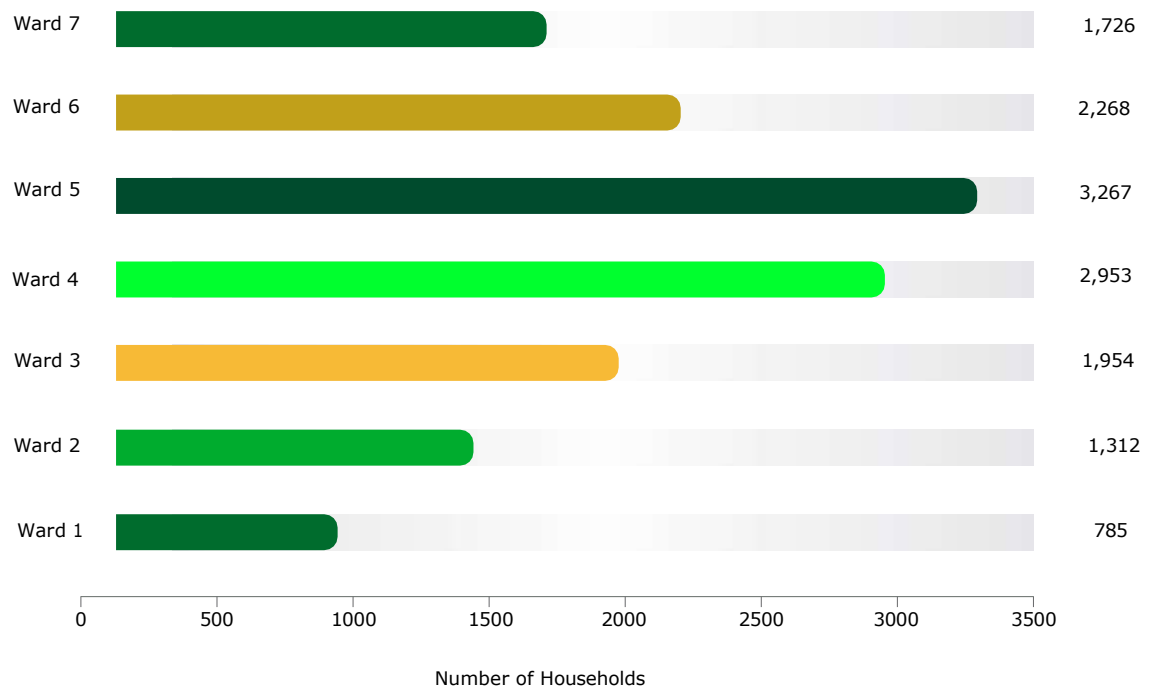
- **Identified industrial nodes,**
- **Location in terms of identified corridors (proximity to N3 and R56), Availability of vacant land for development needs,**
- **Agriculture and Agro-processing, and**
- **Nature based tourism.**

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 municipals' 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:





Richmond Municipality Household Distribution by Ward
Total Households: 14,265

Ethnic Group	No. 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

SOURCE: QUANTEC EASY DATA 2010

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

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%

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.

SOURCE: COMMUNITY SURVEY 2007

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 the causes of decline, we can speculate that it may be a direct result of migration for educational purposes and better economic opportunities.

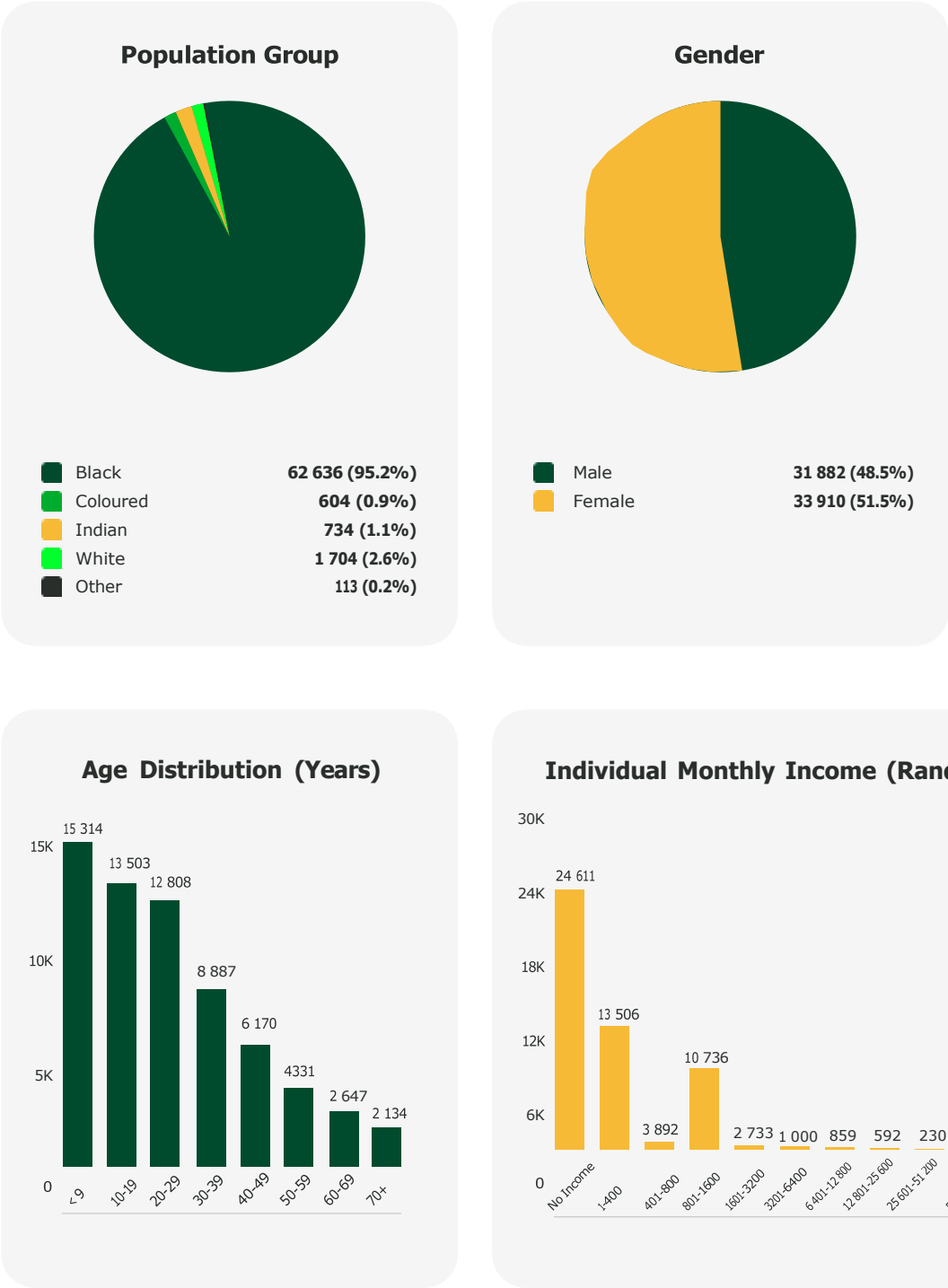
The population structure of the Richmond Municipality is comprised of a youthful population, where a larger proportion of the population is younger than 35 years.



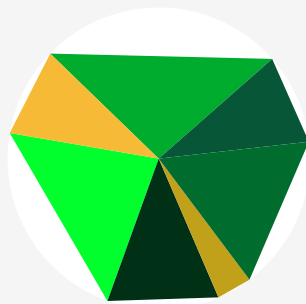
Richmond Municipality Demographics

Total Population: 62 754

TABLE 10. POPULATION DISTRIBUTION BY AGE AND GENDER



Highest Education



No Schooling	6 321 (10%)
Some Primary Ed	19 173 (29%)
Primary Ed Completed	3 509 (5%)
Some Secondary Ed	17 093 (26%)
Grade 12 Complete	8 516 (13%)
Higher Education	1 540 (2%)
Education NA	9 599 (15%)
Education Unspecified	41 (0%)

Employment Status



Employed	13 337 (20%)
Unemployed	4 754 (7%)
Discouraged	4 014 (6%)
Not Active	18 504 (28%)
Employment NA	25 185 (38%)

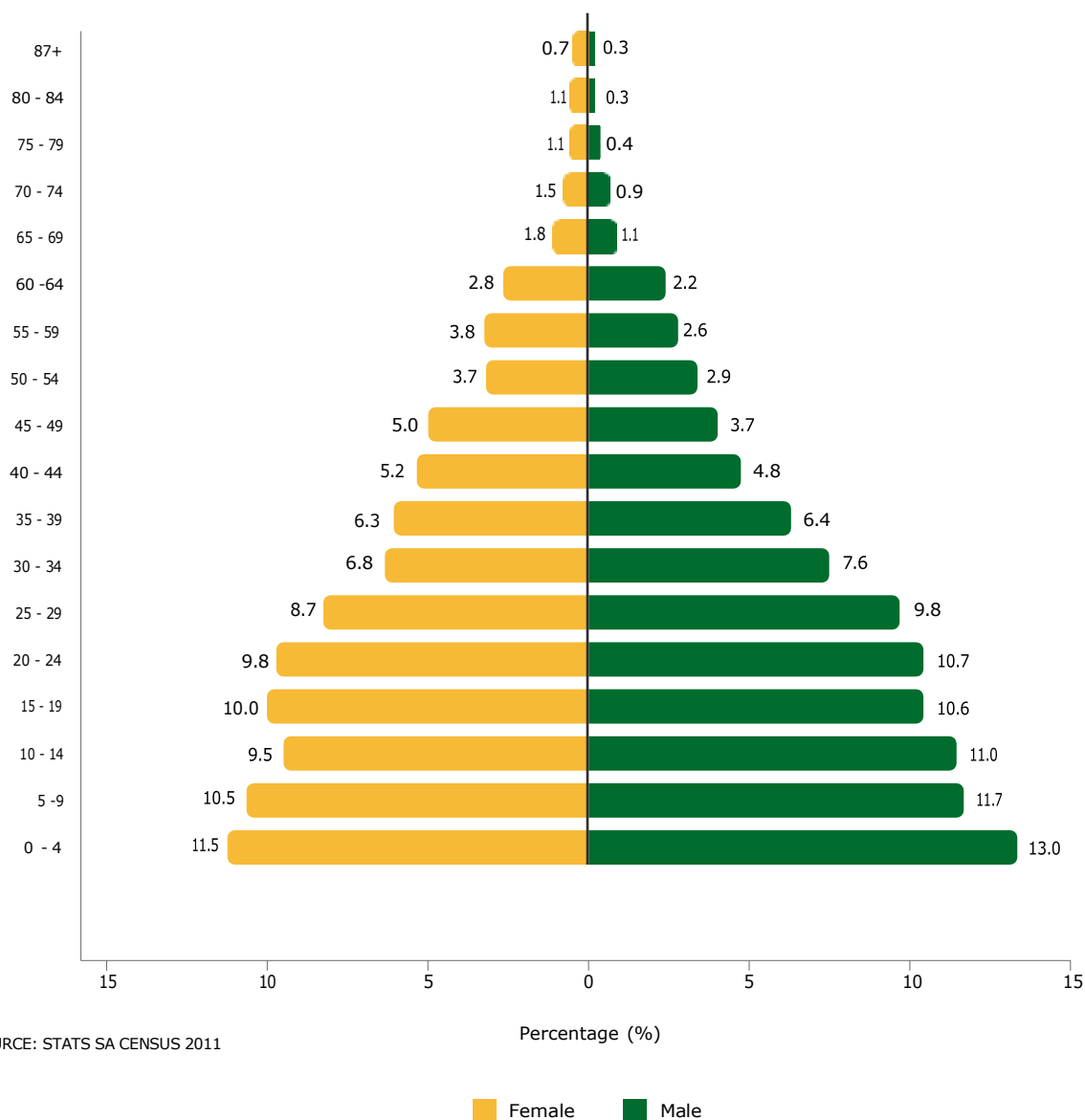
TABLE 11. AGE STRUCTURE

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 SA: CENSUS 2011

Percentage distribution of the population in five-year age group by sex

Richmond Municipality, 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)

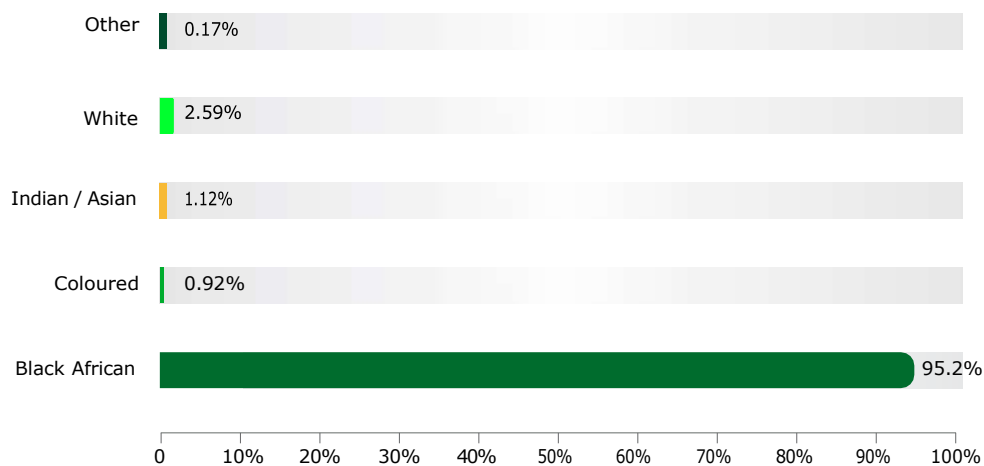
which accounts for 21%. This therefore has serious implications in terms of development planning and requires the development and implementation of programs addressing the needs of a youthful population which may include educational facilities, creation of job opportunities and improving access to social facilities.

TABLE 12. POPULATION GROUP BY RACE

Population Group	KZN227: Richmond (Population)	Percentage
Black African	62 635	95.20%
Coloured	605	0.92%
Indian / Asian	735	1.12%
White	1 705	2.59%
Other	113	0.17%
Total	65 793	100.00%

SOURCE: STATS SA: CENSUS 2011

Racial Population Distribution



SOURCE: STATS SA: CENSUS 2011

FIGURE 3. POPULATION BY RACE

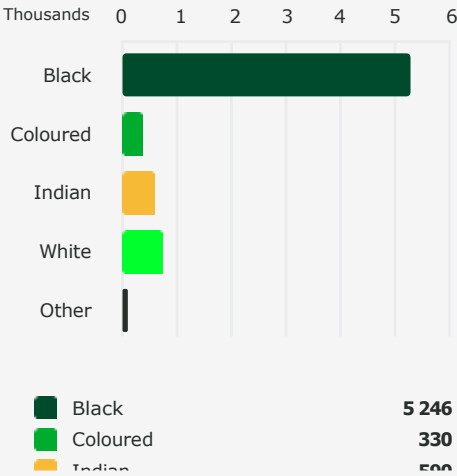
It is indicated in the figure above that the Blacks dominates the population group in Richmond.

WARD INFORMATION

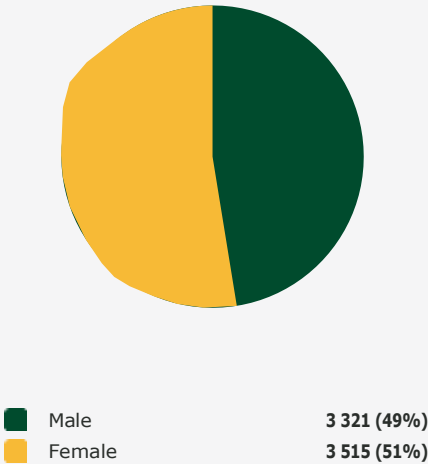
WARD 1

POPULATION: 6 836

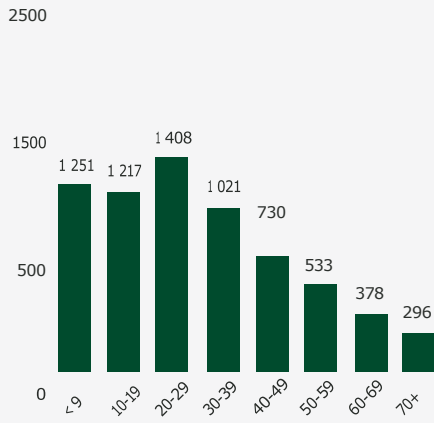
Population Group



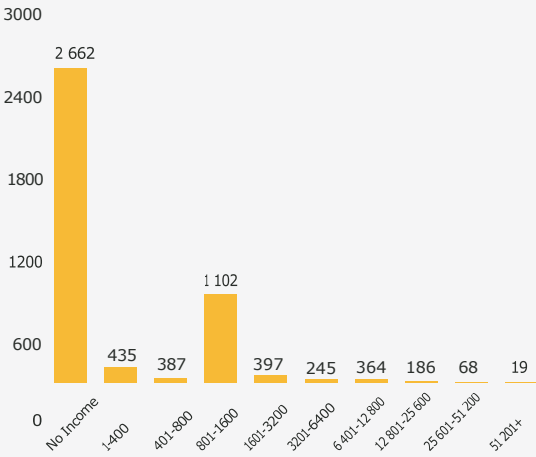
Gender



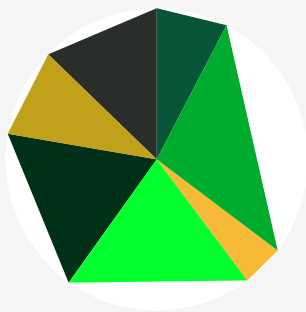
Age Distribution (Years)



Individual Monthly Income (Rand)



Highest Education



No Schooling	520 (8%)
Some Primary Ed	1 698 (25%)
Primary Ed Completed	299 (5%)
Some Secondary Ed	1 666 (24%)
Grade 12 Complete	1 180 (17%)
Higher Education	550 (8%)
Education NA	910 (13%)

Employment Status

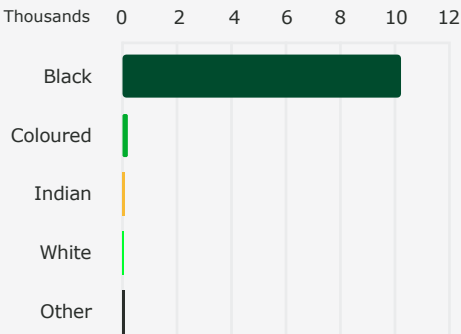


Employed	2 018
Unemployed	443
Discouraged	285
Not Active	1 752
Employment NA	2 338

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

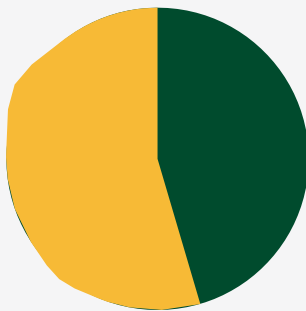
WARD 2
POPULATION: 10 285

Population Group



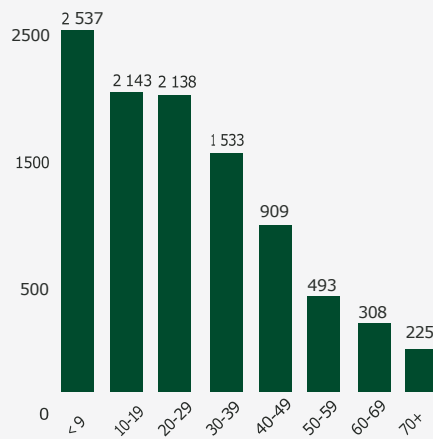
Black	10 155
Coloured	81
Indian	23
White	4
Other	23

Gender

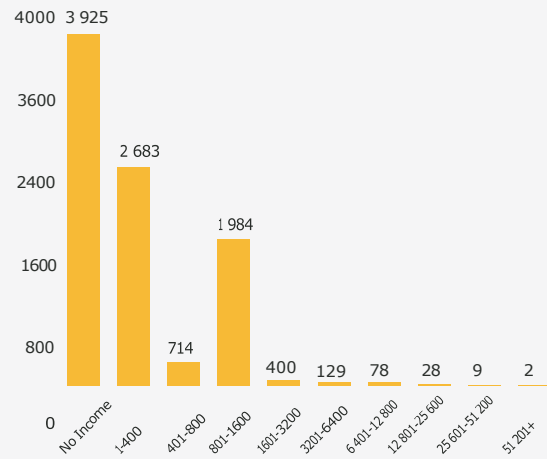


Male	4 856 (47%)
Female	5 429 (53%)

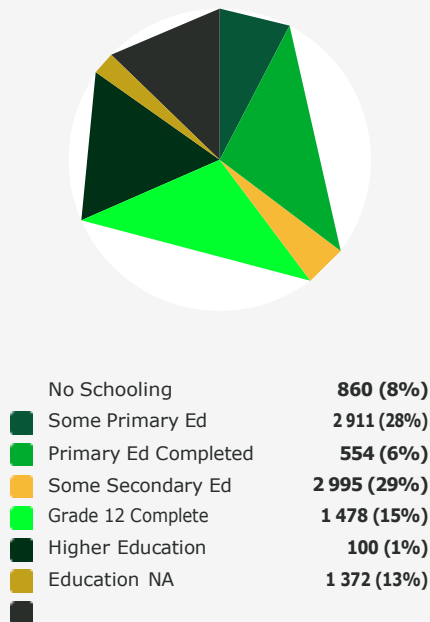
Age Distribution (Years)



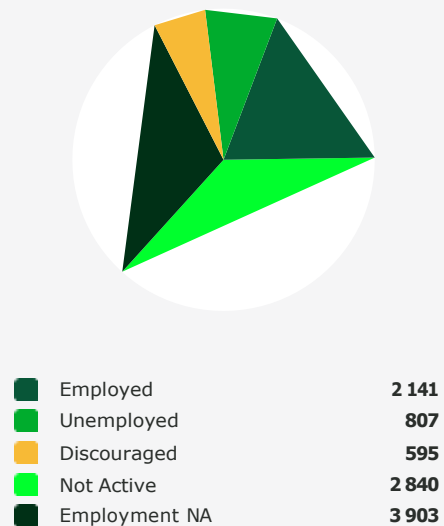
Individual Monthly Income (Rand)



Highest Education



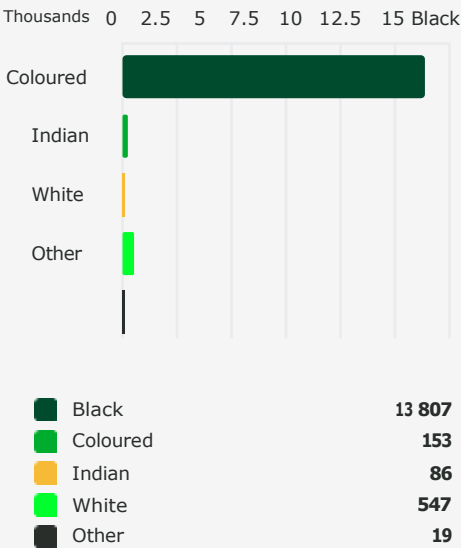
Employment Status



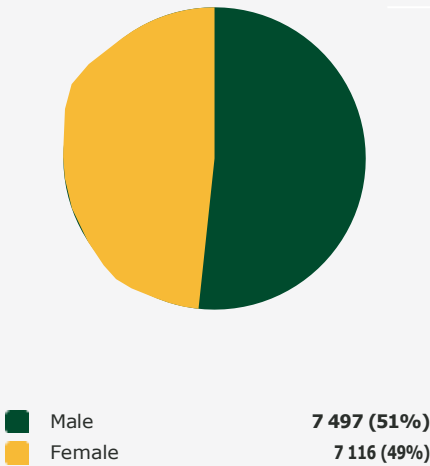
WARD 3

POPULATION: 14 612

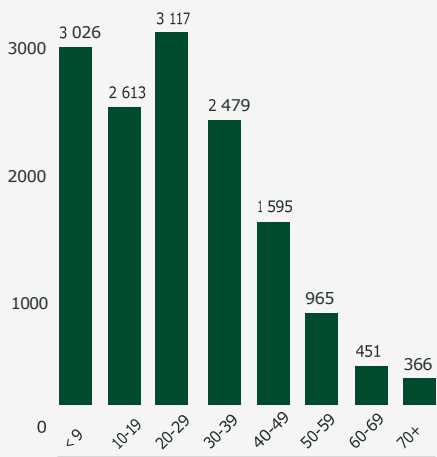
Population Group



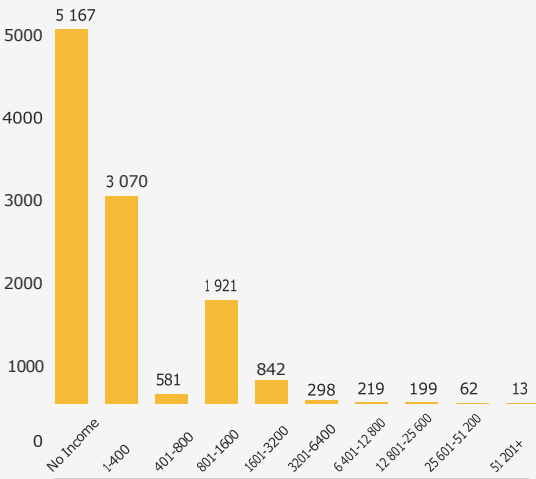
Gender



Age Distribution (Years)



Individual Monthly Income (Rand)



Highest Education



No Schooling	966 (7%)
Some Primary Ed	3 968 (27%)
Primary Ed Completed	754 (5%)
Some Secondary Ed	4 033 (28%)
Grade 12 Complete	1 823 (12%)
Higher Education	378 (3%)
Education NA	2 683 (18%)

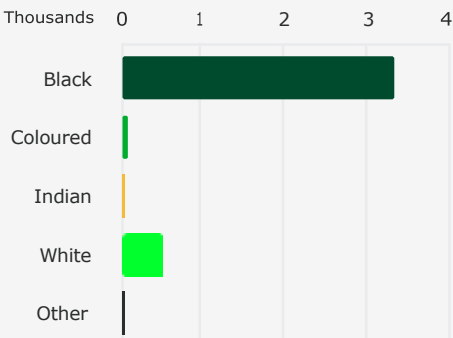
Employment Status



Employed	3 529
Unemployed	899
Discouraged	867
Not Active	4 462
Employment NA	4 856

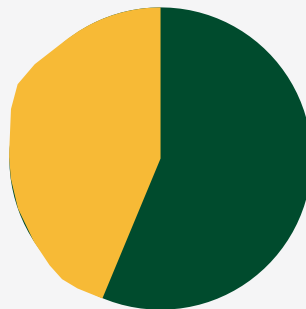
WARD 4
POPULATION: 3 823

Population Group



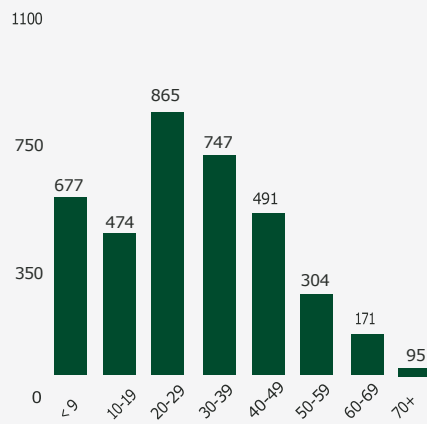
Black	3 341
Coloured	7
Indian	9
White	457
Other	9

Gender

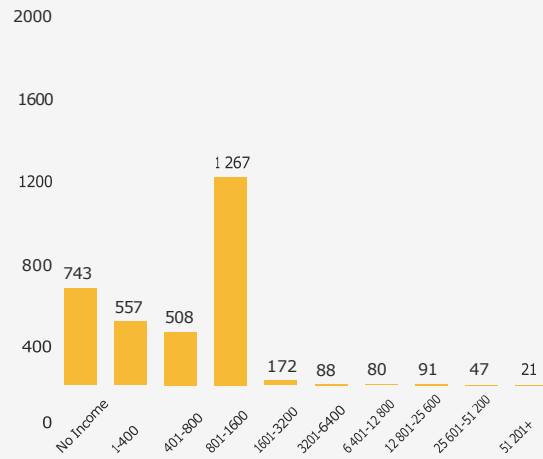


Male	2 091 (55%)
Female	1 732 (45%)

Age Distribution (Years)



Individual Monthly Income (Rand)



Highest Education



No Schooling	585 (15%)
Some Primary Ed	1 241 (32%)
Primary Ed Completed	264 (7%)
Some Secondary Ed	802 (21%)
Grade 12 Complete	333 (9%)
Higher Education	225 (6%)
Education NA	368 (10%)

Employment Status

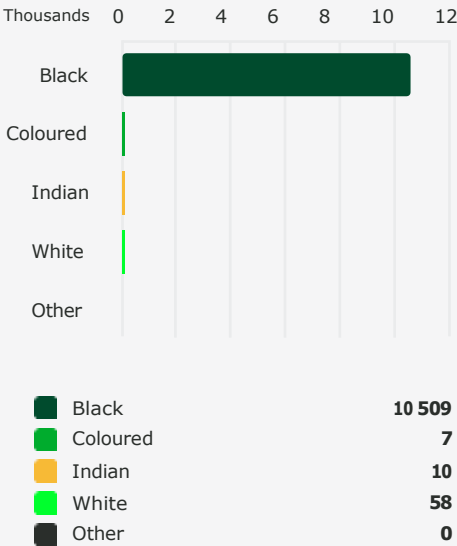


Employed	2 130
Unemployed	79
Discouraged	61
Not Active	483
Employment NA	1 069

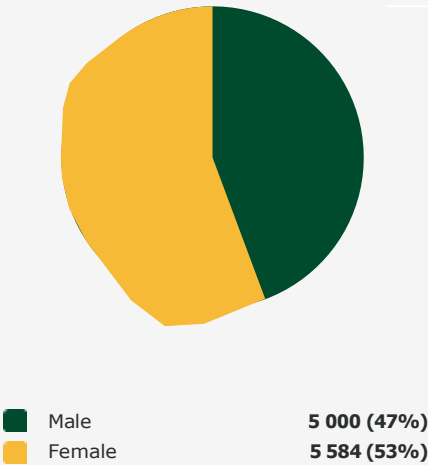


WARD 5
POPULATION: 10 585

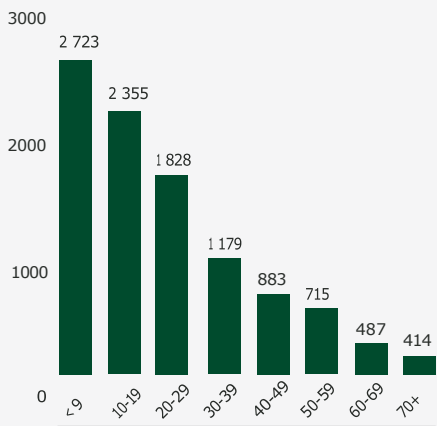
Population Group



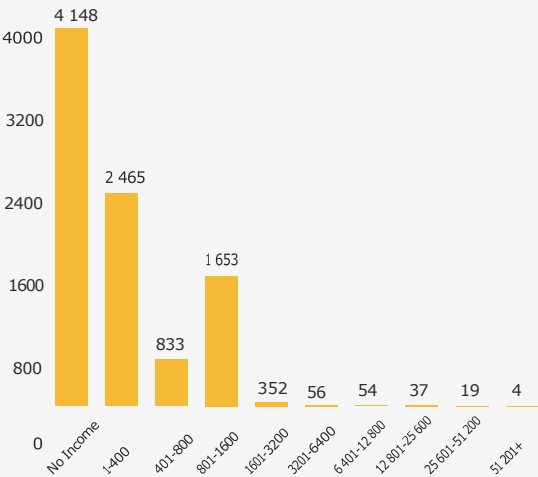
Gender



Age Distribution (Years)



Individual Monthly Income (Rand)





Highest Education



No Schooling	1 258 (12%)
Some Primary Ed	3 554 (34%)
Primary Ed Completed	592 (6%)
Some Secondary Ed	2 646 (25%)
Grade 12 Complete	979 (9%)
Higher Education	128 (1%)
Education NA	1 429 (13%)

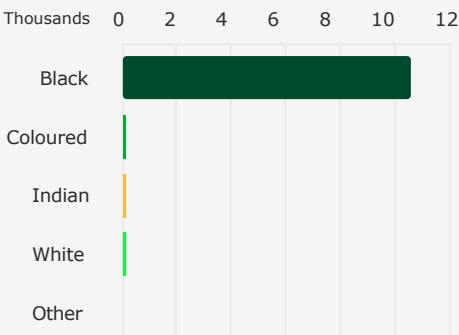
Employment Status



Employed	1 559
Unemployed	852
Discouraged	712
Not Active	2 929
Employment NA	4 533

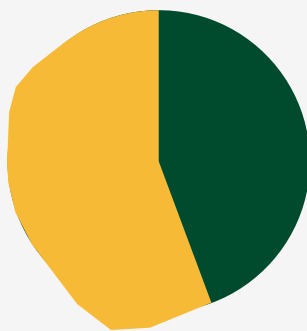
WARD 6
POPULATION: 10 585

Population Group



Black	10 509
Coloured	7
Indian	10
White	58
Other	0

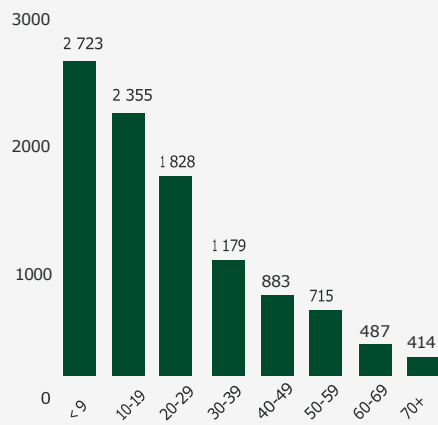
Gender



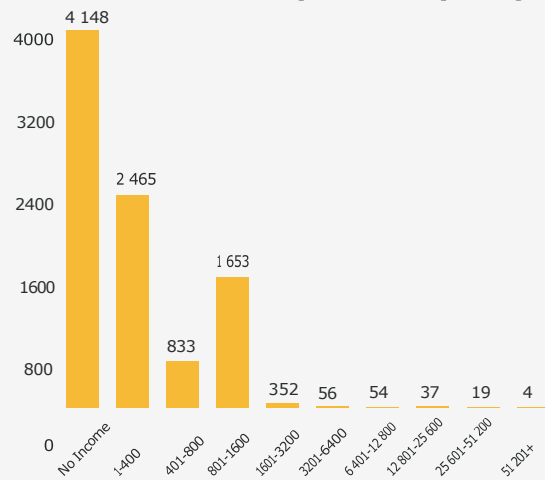
Male	5 000 (47%)
Female	5 584 (53%)



Age Distribution (Years)



Individual Monthly Income (Rand)



Highest Education



No Schooling	1 258 (12%)
Some Primary Ed	3 554 (34%)
Primary Ed Completed	592 (6%)
Some Secondary Ed	2 646 (25%)
Grade 12 Complete	979 (9%)
Higher Education	128 (1%)
Education NA	1 429 (13%)

Employment Status

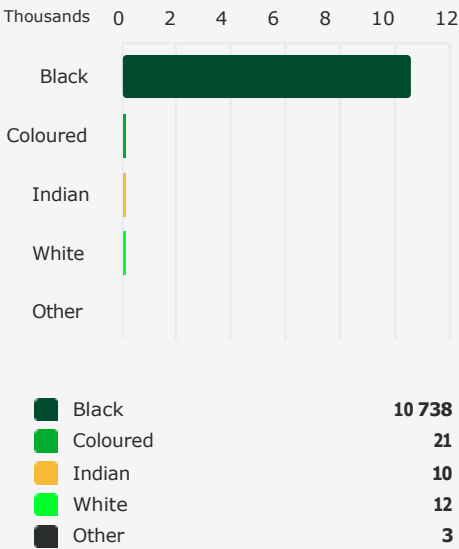


Employed	1 559
Unemployed	852
Discouraged	712
Not Active	2 929
Employment NA	4 533

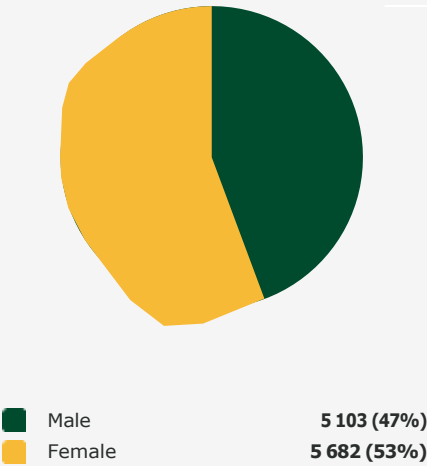


WARD 7
POPULATION: 10 785

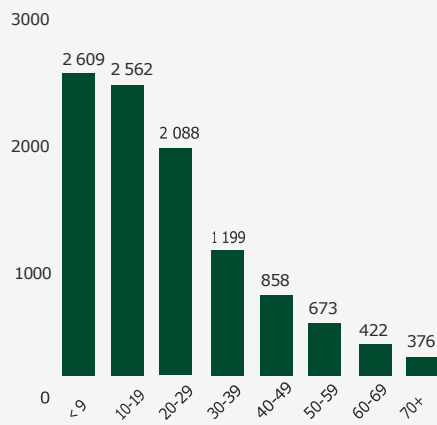
Population Group



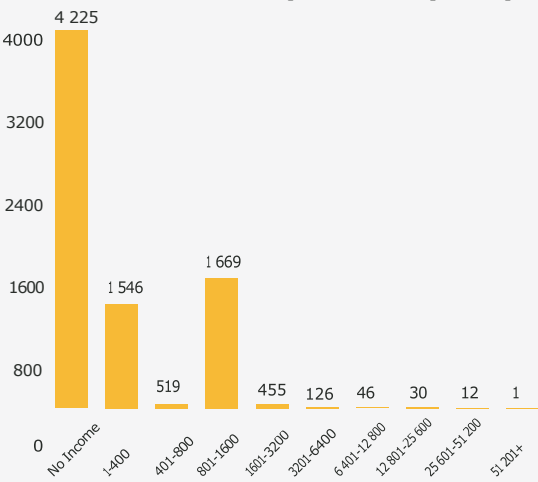
Gender



Age Distribution (Years)



Individual Monthly Income (Rand)



Highest Education



No Schooling	950 (9%)
Some Primary Ed	2 900 (27%)
Primary Ed Completed	593 (5%)
Some Secondary Ed	3 018 (28%)
Grade 12 Complete	1 699 (16%)
Higher Education	107 (1%)
Education NA	1 518 (14%)

Employment Status



Employed	1 387
Unemployed	1 438
Discouraged	823
Not Active	2 721
Employment NA	4 416

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	8	5	3
Independent	1	1	0
Democratic Alliance	1	0	1
Economic Freedom Fighter	2	0	2
Inkatha Freedom Party	1	0	1
Mkhonto Wesizwe Party	1	1	0
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)	8	5	3
Democratic Alliance (DA)	1	1	0
Independent	1	1	0
Economic Freedom Fighters (EFF)	2	1	1
Inkatha Freedom Party	1	1	0
Mkhonto Wesizwe Party	1	1	0

There are 3 portfolio committees appointed by the Council. These committees are aligned 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 Councillors (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:



His Worship the Mayor

Cllr. M K Ngcongo
(ANC)



The Honourable Deputy Mayor

Cllr. BT Mbanjwa
(ANC)



The Honourable Member of EXCO

Cllr. BSL Kunene
(EFF)

Council Members 2021-2026



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 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

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 Councillors.



The Honourable Speaker
Cllr. KE Mkize
(ANC)

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; & • Local Economic Development
 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
Vacant	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 Ntanzu	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: INTER- GOVERNMENTAL 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 neighboring 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
Premier's 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

COMPONENT C:

PUBLIC ACCOUNTABILITY & 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 exists 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.

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 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.

IDP PARTICIPATION & ALIGNMENT

TABLE: IDP IZIMBIZO

Ward	Date	Venue	Time
1	30/10/2024	KwaMagoda Hall	12h00
2	12/11/2024	Slahla Hall	12h00
3	31/10/2024	Nsongeni Hall	10h00
4	31/10/2024	Argosy Hall	13h00
5	13/11/2024	Maliphume Hall	12h00
6	12/11/2024	Smozomeni Hall	10h00
7	30/10/2024	Ndabikhona PS	14h00

2.5 WARD COMMITTEES

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 100% of Ward Committees were functional and the contributing wards being ward 1 and 7 where 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

Section 62 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), states that the Accounting Officer should take all reasonable steps to ensure that the Municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control, as well as the effective, efficient and economical use of the resources of the Municipality.

The Local Government: Municipal Systems Act (Act 32 of 2000) (Systems Act) enables Local Government to establish a simple framework for the planning, performance management, resource mobilisation and organisational change core processes that underpin the notion of developmental local government. The Act provides for legal matters pertaining to Local Government.

Other legislation such as the Local Government: Municipal Structures Act (Act 117 of 1998) (Structures Act) and the Municipal Finance Management Act (Act 56 of 2003) (MFMA) establish frameworks and legislation to regulate the internal systems and structures as well as to secure sound and sustainable management of the financial affairs of municipalities.

Section 154 of the Constitution obliges National and Provincial Governments to take part in cooperative government as well as to support and strengthen the capacities of municipalities to manage their affairs, exercise their powers and perform their functions.

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 2024/2025 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 dealing 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 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 2024/2025 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 Quarterly Reviews;
- Records Management;
- Security Management;
- Internal Control Quarterly Reviews;
- Annual Report Review;
- Traffic Fines Processing;
- ICT General Controls; and
- Compliance.

■ 2.8 ANTI – CORRUPTION & 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 EXTRA-ORDINARY 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
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 includes but is 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 utilizes 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	N/A
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 developments that took place in Richmond were 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 up 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.



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

Satisfaction Surveys Undertaken during June 2025				
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 2025	50	Good 55%
(b) Municipal Service Delivery	written form	07-June 2025	50	Poor 40%
(c) Mayor	written form	07-June 2025	50	Good 57%
(d) Deputy Mayor	written form	07-June 2025	50	Good 55%
Satisfaction with:				
(a) Refuse Collection	written form	07-June 2025	50	Average 50%
(b) Road Maintenance	written form	07-June 2025	50	Poor 46%
(c) Electricity Supply	written form	07-June 2025	50	Poor 40%
(d) Water Supply	written form	07-June 2025	50	Poor 35%
(e) Sanitation	written form	07-June 2025	50	Good 59%
(f) Information supplied by municipality to the public	written form	07-June 2025	50	Good 58%
(g) Opportunities for consultation on municipal affairs	written form	07-June 2025	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)	
PL Buthelezi	PAC Chairperson
N Ticka - Ragunanan	MPAC Member
NT Msane	PAC Member
MJ Litile	PAC Member



CHAPTER 3:

SERVICE DELIVERY
PERFORMANCE
(PERFORMANCE REPORT
PART I)

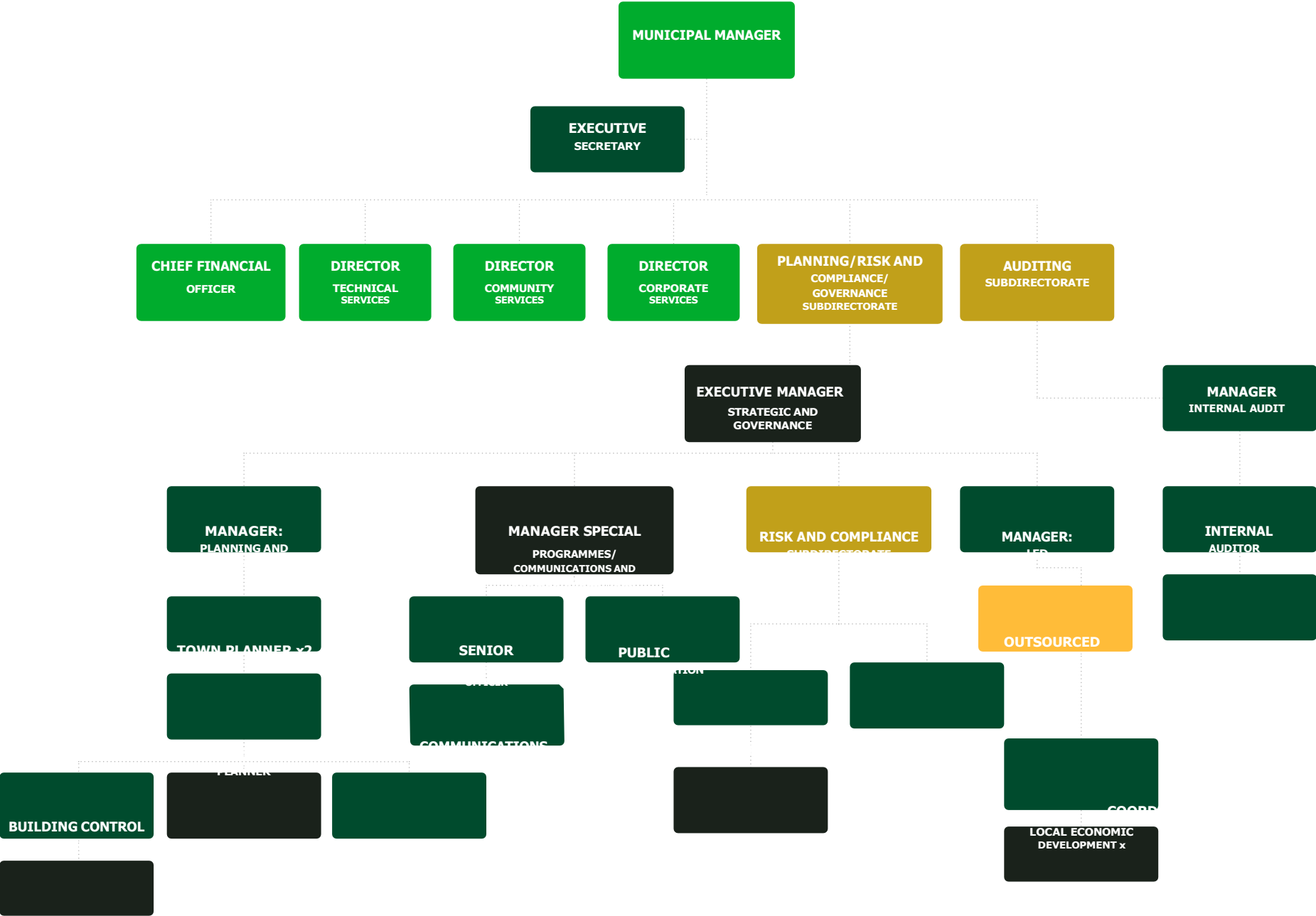
FOCUS ON SERVICE DELIVERY

■ 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 2024/2025 financial year, the LED unit achieved the following targets:

Local Economic Development

The Local Economic Development (LED) Unit operates under the Office of the Municipal Manager within the Richmond Local Municipality. The unit is responsible for promoting and facilitating sustainable local economic growth through business development support, regulatory compliance, skills development, agricultural development, and the implementation of economic development projects. Its work focuses on strengthening the informal and formal economy, supporting entrepreneurs and farmers, coordinating with key stakeholders and government departments, and improving the overall economic environment of the municipality.

The unit provides services that include business registration and licensing, informal economy and tuck shop inspections, coordination of training programmes, agricultural support initiatives, data capturing, and the management of local economic development projects funded by external stakeholders such as the Department of Economic Development, Tourism and Environmental Affairs

(EDTEA). Through these interventions, the unit contributes to job creation, enterprise development, and improved livelihoods within Richmond.

Business Registration and Formalization Support

Local Economic Development provides support to entrepreneurs and community members by assisting with the registration and formalization of businesses. This includes facilitating company registrations through the Companies and Intellectual Property Commission (CIPC), as well as the establishment of Non-Profit Companies (NPCs), and Cooperatives. These services promote legal compliance, economic inclusion, and improved access to funding and development opportunities.

1

Agriculture

Agricultural Development and Farmer Support

The LED Unit supports agricultural development in partnership with the Department of Agriculture and Rural Development. LED Strategy requires that projects site visits are done for small scale farmers to support and monitor growth progress. Key activities include the incubation of farmers through a municipal database, which enables the municipality to link farmers to available funding and support opportunities.

The unit also conducts farm visits to gather information on types of produce, previous assistance received, and current support needs. LED has visited 6 farmers and is still in the process of visiting more farmers to formulate the database of all the farmers in Richmond. In addition, the LED Unit organizes agricultural initiatives such as Market Day events, providing farmers with opportunities to showcase their produce, engage in cultural activities, and connect with potential stakeholders.



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Local Economic Development Projects Funded by EDTEA

As part of its mandate to stimulate local economic growth, the LED Unit is implemented one major project funded by the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) which was the refurbishment of Nelson Street stalls and Chilley with a budget of R 2.8 Million for the year 2024/25. This project was aimed at enhancing informal trading spaces and

improving the aesthetic presentation of the town. This project was completed during the financial year with electricity and water installed. the project has been sent to EDTEA since the project will not be done in March 2026. The unit participates in monthly progress meetings with EDTEA to monitor and report on project implementation.

2

SMME Incubation Centre

The overall aim of the 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 (BB-BEE 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.

Accredited Capacity Building Training

Skills Development and Entrepreneurial Training

The LED Unit facilitates skills development and capacity-building initiatives aimed at strengthening local entrepreneurship. This includes the coordination of annual training programs that are facilitated through external stakeholders such as SEDFA, NYDA, ETDEA and District Municipality amongst other stakeholders involved. Training focuses on key aspects of business management. These programs are intended to equip entrepreneurs, particularly youth, with practical skills to improve business sustainability and growth.



Partnership with the Moses Kotane Research Institute

As a leading institution committed to promoting digital inclusion and socio-economic development, we have focused on empowering individuals and communities with the skills and knowledge necessary to thrive in the rapidly evolving digital landscape. Our Richmond Digital Center, a collaborative effort with the Richmond Municipality, has been at the forefront of these efforts, providing accessible training and support to diverse groups, including students, learners, and individuals from marginalized communities.

Through our work, we aim to contribute to the growth and development of the Richmond community, fostering a culture of innovation, entrepreneurship, and digital literacy. We believe that education and skills development are key to unlocking the potential of individuals and communities, and we are committed to making a positive impact in the lives of those we serve.

Digital Literacy and Skills Development

Our flagship program, offering free short courses in Digital Literacy, Data Analytics, Entrepreneurship Essentials, and Skills to Succeed, has successfully trained students over 50, bridging the digital divide in our community.



Youth Empowerment and Education Support

In line with our mission to equip Richmond youth with knowledge, we have provided support to learners from Richmond Combined School, Indala High School, Ihuba High School, and Mzwandile High School. Our team has assisted with university applications and NSFAS applications, opening doors to higher education opportunities.



Key Achievements

- Trained over 100 students over 50 in digital literacy and skills development.
- Supported over 200 learners with university and NSFAS applications.
- Established partnerships with local schools and organizations to promote digital inclusion.

Future Plans

We aim to expand the digital literacy programs, increase our support for local youth and foster stronger partnerships with stakeholders to drive positive changes in the Richmond community.

4

LED & Tourism Strategy

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

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 machines which will be placed at the landfill site.

1.2 Develop an agri-processing programme- create a value chain of activities to sustain the local economy and interact 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 formalise and establish a local firm. Local schools are a potential market for the proposed initiative or sector. It will be vital to get an agreement with the local schools regarding making or sewing uniforms, tracksuits and T-shirts for pupils.

1.4 Furniture-making projects- a similar principle can be used, as many pupils have been provided training through the LED Unit, and negotiations could be carried out with local shops to buy their products and eventually be able to sustain and have their own businesses.

1.5 Informal sector facilities- Facilities to host business support services, information/training centres which are linked to the SMME Support and Development centre and an integral part of it and creation of more trading space-trading stalls, especially in CBD, Ward 5 (Nhlazuka Thusong Centre) and Ward 4, Hopewell.



5

Tourism

The municipality has re-established the Community Tourism Organisation (CTO). The 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 and has been registered with the Department of Economic Development, Tourism, and Environmental Affairs.

As part of strengthening tourism development within the Municipality, the Local Economic Development unit facilitated support to the Community Tourism Organisation (CTO). The Municipality offered the CTO a Memorandum of Agreement (MOA), which was formally signed by the Municipal Manager. This agreement serves as an official commitment by the Municipality to support tourism development initiatives and to promote collaboration between Richmond Municipality and the CTO.

Tourism Site Inspections

Local Economic Development officials conducted site visits as part of routine inspections and monitoring of tourism establishments within the Municipality. The purpose of these visits was to assess operational conditions, identify development needs, and ensure that tourism sites align with municipal tourism objectives and compliance.

During these visits, LED officials engaged with site representatives and observed the general condition, the accommodation pricing and potential of each tourism establishment. The inspections demonstrated the Municipality's ongoing commitment to supporting tourism as a key driver of local economic development. The visited sites reflect cultural, recreational, and hospitality offerings that contribute to job creation and economic growth within local communities.

Thula Inyoni located at Nhlazuka

It is a rustic self-catering nature retreat cabin set in an indigenous mist belt forest on a working family farm. It's designed for people who want to escape everyday life and reconnect with nature in a peaceful rural setting.

Indoni Cultural Village located at KwaGengeshe

It is a cultural and eco-tourism village that focuses on celebrating, teaching African heritage and cultural identity and preserving—particularly through programmes for youth empowerment, education, social change and cultural celebration. It also offers scenic retreat-style accommodation with mountain views, communal spaces, and areas for cultural immersion.

Serendipity Lounge located at Byrne Village

It is most prominently used as the Serendipity Guest Farm accommodation and social farm experience, which includes scenic stays, outdoor activities, and communal spaces for relaxing, eating and enjoying the countryside.





SAKABULA CIRCUIT TOUR



6

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.



7

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 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.

8

Business Inspections Conducted

Regulatory Compliance and Interdepartmental Coordination

The LED Unit works in close coordination with relevant government departments to ensure regulatory compliance within the local economy. This includes conducting formal and informal business inspections in collaboration with the Department of Health, planning department, Disaster Management unit, SAPS, EDTEA and the Fire Department to ensure adherence to health, safety, and fire regulations. Informal inspections for tuck-shops have been done for the foreign and south Africans, most challenging aspect for inspecting foreign nationals is the language barrier we find it so hard to communicate with them as they cannot hear us, also their shops are over stoked, lack of cross ventilation, expired food and hygiene and sleeping inside the shops.

For South African we find that they do not have standalone tuck-shops they are using their housing for conducting business, also they do not have many storks, its causes a challenge inspecting their businesses since they need approval for Certificate of Acceptance from Department of Environmental Health and trading permit from the Municipality.

In a total of 132 tuck-shops applications 6 permits have been issued and currently 4 are waiting for a COA Certificate to get a permit. 40+ tuck-shops have been inspected, and the challenges are that the tuck-shops owners change the building plans and take time to submit the new ones, change of ownership and immigration takes time to send feedback of foreign national documents.

Inspections for informal traders are done every month to check compliance with traders where we find that most of the traders do not have trading permits, and foreign national runaway since they do not have trading permits and abandon their products, lack of trading spaces for new applicants who wish to trade on the street.



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9

Handover of Equipment to SMMES

Funding Support and Business Development Assistance

The Local Economic Development (LED) Unit provides support to both formal and informal businesses in accessing funding opportunities. This includes identifying relevant funding programs, assisting businesses with application forms, and providing guidance throughout the submission process where required. The unit plays a facilitative role in ensuring that local entrepreneurs and informal traders are informed about available funding opportunities and are adequately supported to meet application requirements.

Through this function, the LED Unit helps improve access to financial resources that contribute to business sustainability, growth, and local economic development. We had Vula Fund which is another local economic development funding initiative that assist small businesses to start, stabilize and grow businesses by providing financial support, 14 beneficiaries from the 7 wards which are small tuck-shops and informal traders in Richmond benefited from the from the Vula Fund Program and 18 beneficiaries benefited from the Municipal SMME program which were also from the 7 wards of Richmond.





Expanded Public Works Programme

The Expanded Public Works Programme (EPWP) is one element within a broader government strategy to reduce the poverty through the alleviation and reduction of unemployment. The programme has been implemented in phases and currently the implementation is in fifth phase. The Richmond Municipality, as a sphere of government, is mandated to comply with the provisions of the legislative prescripts and as a recipient of government funding to enable the realization of the Expanded Public Works Programme.

The LED Unit is required to, in respect of the conditions of Incentive Grant, ensure that the targets set by National Public Works are met, including a data capturing and administrative function that supports programmes, through reporting, provide training and protective clothing for its participants.

Handover of PPE to EPWP participants

The handover of Personal Protective Equipment (PPE) to EPWP participants is a critical, mandated process designed to ensure the safety, dignity, and productivity of workers engaged in government led projects. These handovers are often formalized through official ceremonies, frequently organized by municipalities

Key aspects of the PPE handover process for EPWP include:

- **Purpose:** The primary purpose of handing over PPE is to ensure the safety and health of participants engaged in public works projects, which often involve physical and environmental work like cleaning, greening, waste management, and construction.
- **Objective of Handover:** The primary goal is to provide necessary safety boots, gloves, masks, hats, Conti jacket trouser, T-shirt that comply with national safety standards for individuals in sectors like waste management, construction, and cleaning.

- **Significance:** Beyond safety, the issuance of proper uniforms and equipment boosts the morale and dignity of the workers, according to municipal leaders.
- **Procurement and Standards:** The PPE handed over must adhere to strict quality standards and is often sourced from specialized service providers, with recent trends emphasizing locally manufactured products.



INTRODUCTION TO DEVELOPMENT & PLANNING

■ 3.2 DEVELOPMENT 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 fulfil its legislative requirements for GIS. Some of these functions (GIS) are performed on a basic level, and the municipality is supported by the 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 giving priority to the basic needs of the community, and promoting 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 long-term growth and development 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

Delivering 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 environment- mental technologies and processes; and

Formulate the Municipality's Integrated Development Plan (IDP)

The Integrated Development Plan (IDP) is regarded as the principal strategic planning instrument which guides and informs all planning and development, and all decisions about 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 good long-term development. It aims to coordinate 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 with the UMDM Framework Plan. The framework with the IDP/Budget process plan was approved by the Council. Quarterly public interaction was experienced at IDP engagements, e.g. izimbizo and representative forums.

SMART MUNICIPALITY

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 Applications
	2024/2025	2024/2025
Planning application received	6	18
Determination made in the year of receipt	1	5
Determination made in the following year	1	13
Applications withdrawn	0	0
Applications outstanding at year-end	4	13

CEMETORIES & CREMATORIUMS

Richmond Municipality manages, administers and develops Cemeteries. Plans and implements for the development of new cemeteries. Prepares burial sites for burial. Manage the pauper burials within the municipal district. Maintains the cemeteries by cutting grass. Enforces the cemeteries' bylaws. 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 & 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 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 2024/2025 financial year.

The Department of Mineral Resources and Renewable Energy approved the application for an amount of R17 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 776 256	Project at 50% completion
Mthunzini-Lindelani Electrification Project - Ward 3	100	R 776 256	Project at 70% completion
Mcsteel - Masonite Electrification Project - Ward 4	100	R 776 256	Project at 60% completion
Mpofane - Nkumane Electrification Project - Ward 5	100	R 776 256	Project at 60% completion
TOTAL ALLOCATION		R3 105 024	

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.

WASTE MANAGEMENT, REFUSE COLLECTION, WASTE DISPOSAL & 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

Description 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 formalised areas like Byrne Village, Siyathuthuka Low-cost Houses, Richmond CBD and the 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 Municipality intends 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 the 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 2024/2025 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 a 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

PROJECTS IN PLANNING	WARD	YIELD	PREVIOUS PROGRESS	PROGRESS TO DATE
Hopewell	03	1000	HDA (Housing Development Agency) compiled a report of a 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	A 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. The municipality has sent an application to the Department of Human Settlements for assistance to purchase the land for a proposed housing project.
Bhongoza Slump & Umkhuzana	01	200	Bageso consultants and Gudluza have completed their study of informal upgrading plans for both settlements. The 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 the Municipality, looking into existing services; thereafter, it will be taken to the board for approval.	The relocation to the commonage 5319 site appointed by the 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 on 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 the appointment of an implementing agent to execute planning work. Seed Consulting is appointed to execute detailed planning.

PROJECTS IN PLANNING	WARD	YIELD	PREVIOUS PROGRESS	PROGRESS TO DATE
St Bernard & Amundus Projects	05	400	The Land Affairs Director requested two letters from the church before assigning surveyors. A letter for resubdivision and a letter of intention to donate. Unfortunately, the church hasn't been able to provide these letters due to internal issues.	The Church submitted the required letters to the Land Affairs. Awaiting 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.



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 rate assistance, to its citizens. The allocation of these free basic services is determined using 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 a 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 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 & OTHER INFRASTRUCTURE

The Department of Cooperative Governance and Traditional Affairs (Cogta) had allocated the municipality an amount of R20 398 052.66 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 3 105 024.00 to Richmond Local Municipality for Electrification Projects for the 2024/2025 financial year.

As per the Division of Revenue Act (DRA), the Treasury gazetted R20 398 052.66 for the Richmond Local Municipality under MIG Grant funding for the implementation of infrastructure projects within the municipality.

During the 2024/2025 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: Upgrading of Stormwater and roads in ward 7 Khetho to Mjintini	Construction of stormwater and tar road	R 16 871 796	Ongoing project (2.11km completed)
2.	MIG PROJECTS: Upgrading of Greater Indaleni Passages: Upgrading of Siahla Access Road to Blacktop Surface in Ward 2	Upgrading of Upgrading of Siahla Access Road to Blacktop	R 3 526 256,66	Practically Completed
3.	MIG PROJECTS: Rehabilitation of Nelson Street Stall	Construction of Street Stalls	R 2 800 000,00	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 huge damage to the road infrastructure.

The municipality continued to focus on maintaining our existing infrastructure through our technical services team in all our 7 wards:

- WARD 1 Maintenance of access road – 4.5kms
- WARD 2 Maintenance of access road – 11.75kms
- WARD 3 Maintenance of access road – 7.3kms
- WARD 4 Maintenance of access road – 10.1kms
- WARD 5 Maintenance of access road – 10.2kms
- WARD 6 Maintenance of access road – 4.9kms
- WARD 7 Maintenance of access road – 3kms





■ 3.4 PUBLIC SAFETY & EMERGENCY

TRAFFIC SERVICES

The Municipality aims to ensure the safety of all residents and visitors on roads to the Richmond Municipal Area through dedicated and committed traffic law enforcement services. Municipal law enforcement officers work closely with the South African Police Services (SAPS) to combat crime while traffic law enforcement officers assist and collaborate with these agencies. Integrated and joint operations are held to prevent the increase of crime in the Richmond Municipal Area through appropriate planning and action. The willingness of the community to report crime assists and benefits the respective law enforcement agencies in the fight against crime.

Traffic services aim to provide a professional and courteous service to all road users as well as the community of Richmond by promoting road safety and creating a safe road environment through effective management, visible policing, community education, protection, and law enforcement.

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

- **Road Safety Awareness Campaign targeting schools.**
- **Roadblocks, especially during the festive 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 forum aims 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 SERVICES

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 crises, events or disasters, respond rapidly and effectively to disasters and implement post-disaster recovery and rehabilitation by monitoring, integrating, and coordinating the disaster risk management activities of all role-players. The overall implementation of Disaster Risk management initiatives is a shared responsibility of all employees, departments, 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 2024/2025 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 mattresses/sponges.

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





■ 3.5 COMMUNITY & SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The community and social services that the Richmond Municipality provides, is managed by the directorate of Community Services and the department is responsible for the following functions:

- Community Facilities
- Library Services
- Protection Services
- Disaster Management
- Traffic Services
- Learners Centre
- Motor Licensing
- Youth Services
- Gender and Disability

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 sports fields located in wards one, two, three, five and six.

YOUTH DEVELOPMENT

To facilitate and coordinate the strengthening of youth issues within Richmond to have empowered young people who can realise their full potential to make a meaningful contribution to the development of South Africa. The Municipality embarked on the following programmes:

- Awareness (Events)
- Job readiness
- Career expos

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, Ndalen, Phatheni and Mbuthisweni**
- **Private Clinic in Nkumane**
- **Six mobile clinic ports**

SPORTS, ARTS & CULTURE

The geographic spread of sports facilities within the Richmond Municipality indicates that the majority of areas have access to sports facilities. Sports fields are found at Hopewell, Argosy Farm, Ndalen, KwaGengeshe, Mzinolovu, Phatheni, Richmond Village and Nhlazuka.

On top of the above, Richmond Municipality has been involved in several cultural and sporting activities. The most critical event that the Municipality has participated in since then is the SALGA Games. These games aspire to promote sound inter-Municipalities relationships and social cohesion between the Municipalities by using sport as a vehicle to forge sustainable partnerships 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**
- **Athletics**

Mayoral Cup Competition

During the month of August 2025, the Municipality hosted ward selections and Mayoral Cup, involving participation from all wards within the municipal area. The programme formed part of the Municipality's ongoing commitment to promoting sports development, social cohesion, youth empowerment, and healthy lifestyles across communities.

The ward selections served as a platform to identify local sporting talent, while the Mayoral Cup provided competitive opportunities for teams to showcase skills at municipal level and selection of the municipal squads to participate in the district Mayoral Cup games. The sporting codes that participated included soccer, netball, athletics, chess, and indigenous games (IGs). Participation was inclusive, with both male and female teams and individuals competing across the various sporting disciplines.

The event was well coordinated and received positive support from communities, ward structures, and sporting stakeholders. Through this initiative, the Municipality strengthened community participation in sport and recreation, encouraged inter-ward interaction, and contributed to the development of sport at grassroots level. The successful hosting of the Ward Selections and Mayoral Cup further demonstrates the Municipality's commitment to advancing inclusive community development, youth development, and social well-being through sport and recreation programmes.





HEALTH, HIV/AIDS & 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 governmentally 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 the 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 and Disability

To mainstream gender and disabilities and include persons with disabilities in developmental programmes. The Developmental Plan integrates disability components into the budget, programmes, policies and strategies:

- Awareness (Events);
- Skills development;
- Disability audits; and
- Disability awareness and skills development.

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 the municipal financial year from July to June and this is developed on an 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 the 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 (2024/25) as an attachment to the annual report.



KPA	IDP Ref	Dept Code	Objective	Strategy Focus Area	Project/Programme/Measurable Output	Activity	Key Performance Indicator	Budget	Demand	Baseline	Stocking	Performance Target (ANNUAL)	Q 1 Target	Q2 Target	Q3 Target	Q4 Target	Word Information	Responsible Department	PeR	
RICHMOND LOCAL MUNICIPALITY 2024/2025 SDRP REVISED																				
OUTCOME 1 - IMPROVED MUNICIPAL FINANCIAL AND ADMINISTRATIVE CAPABILITY																				
NATIONAL KPA – CROSS CUTTING INTERVENTIONS																				
SBS PILLAR 1 – PUTTING PEOPLE FIRST																				
OFFICE OF THE MUNICIPAL MANAGER																				
TOWN PLANNING AND DEVELOPMENT																				
CROSS CUTTING ISSUES	DEV01	OMM	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	Drafting of the IDP Process plan advert to be published on the Municipal website or local newspapers	Date of publication of IDP process plan	R 0	30-Sep-24	30-Sep-23	0	30-Sep-24	30-Sep-24	N/A	N/A	N/A	N/A	Institutional	Development and Planning	Advert from the local newspaper or municipal website in which the IDP Process Plan was advertised.
	DEV02	OMM			Adoption of the Draft IDP by Council to ensure compliance with legislation	Finalising Draft IDP document and submit document to Council Structures for adoption	Date of tabling Draft IDP to Council	R 0	31-Mar-25	31-Mar-24	0	31-Mar-25	N/A	N/A	31-Mar-25	N/A	Institutional	Development and Planning	Council resolution adopting Draft IDP	
	DEV03	OMM			Community/Public consultation in the budget/IDP process	Prepare and approve a schedule for the community meetings, book venues and inspect their readiness, procure catering and public transport services	Number of IDP meetings held in all 7 wards	R 125 000	Meeting with all communities within the 7 Wards	7	0	Meeting with all communities within the 7 Wards	N/A	Community Meeting for all 7 Wards	N/A	N/A	1,2,3,4,5,6,7	Development and Planning	Minutes of meetings and attendance registers.	
	DEV04	OMM			Adoption of the Final IDP by Council to ensure compliance with legislation	Preparation of IDP document and incorporating all received comments from various stakeholders	Date of Final IDP adopted by Council	R 0	31-May-25	31-May-24	0	31-May-25	N/A	N/A	N/A	31-May-25	Institutional	Development and Planning	Council resolution adopting final IDP	
	DEV05	OMM			Continuous professional development through professional Registration with the South African Council for Planners	Payment of annual fees to SACPLAN	Date of renewal and registration with SACPLAN	R 6 300	30-Jun-25	30-Jun-24	0	30-Jun-25	N/A	N/A	N/A	30-Jun-25	Institutional	Development and Planning	Expenditure Voucher and proof of payment	
	DEV06	OMM	To ensure compliance with Municipal by-laws	Prevention of illegal activities through Compliance with Town Planning Scheme	Inspections conducted to prevent illegal activities (Illegal land use)	Site visits and physical stopping of any illegal land use	Number of physical site inspections conducted	R 0	60	60	0	60	15	15	15	15	Institutional	Development and Planning	Signed Quarterly Report	
	DEV07	OMM	To ensure sustainable and coordinated development throughout the municipality	Compliance with Spatial Planning and Land Use Management Act (SP/LUMA)	Processed and Approved SP/LUMA applications by Municipal Approval Authority	Liaison with Applicants and provide advice pertaining to the required information and the application process during the pre-submission stage. Municipal Planning Registrar reviews Application and upon determination of a being complete it is then processed in line with the provision of SP/LUMA. Professional Planner completes a report for the submission of the Application to the relevant Municipal Approval Authority for a decision.	Percentage of SP/LUMA applications processed	R 0	100%	100%	N/A	100%	100%	100%	100%	100%	100%	Institutional	Development and Planning	Copy of SP/LUMA Application register or application acknowledgement letter or Record of Decision issued.
	DEV08	OMM			Annual Review of the Spatial Development Plan (SDP) and Spatial Development Framework	Update situational analysis, stats data, etc. and review of the implementation plan.	Date of reviewed SDP and SDP adopted by Council	R 0	30-Jun-25	30-Jun-24	0	30-Jun-25	N/A	N/A	N/A	30-Jun-25	Institutional	Development and Planning	Council resolution adopting reviewed SDP	
BUILDING INSPECTORATE																				
CROSS CUTTING ISSUES	DEV09	OMM	To ensure compliance with Municipal by-laws	Approved building plans and Compliance with building plans regulations	Approval of building plans	Receive, process and decide on submitted application for building plans	Percentage of building plans approved compared to the plans received	R 0	100%	100%	0	100%	100%	100%	100%	100%	100%	Institutional	Development and Planning	Copy of signed and stamped building plan.
	DEV10	OMM			Contravention notices issued	Issuing of notices to contraveners of the municipal By-laws and Building Regulations	Number of contravention notices issued	R 0	60	60	0	60	15	15	15	15	15	Institutional	Development and Planning	Register of issued contravention and copy of signed contravention letter issued.
	DEV11	OMM			Compliance certificates issued	Monitor and inspect building process to ensure compliance with approved plans	Percentage of compliance certificates issued on the approved building plans and completed buildings	R 0	100%	100%	0	N/A	N/A	N/A	N/A	100%	Institutional	Development and Planning	Copy of signed compliance certificate issued.	
	DEV12	OMM			Prevention of illegal activities through Compliance Building regulations	Inspections conducted to prevent illegal activities (illegal construction of buildings)	Site visits and physical stopping of any illegal construction of buildings	Number of physical site inspections conducted	R 0	60	60	0	60	15	15	15	15	Institutional	Development and Planning	Signed Quarterly Reports
OUTCOME 2 - DIFFERENTIATED APPROACH TO MUNICIPAL PLANNING AND SUPPORT																				
NATIONAL KPA – GOOD GOVERNANCE, COMMUNITY PARTICIPATION AND WASTE COMMITTEE SYSTEMS																				
SBS PILLAR 1 – PUTTING PEOPLE FIRST & PILLAR 3 – GOOD GOVERNANCE																				
COMMUNICATIONS UNIT																				
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	COMW01	OMM	Ensure effective and focused communication, both within and outside the Municipality. Strategically profile the Municipality in line with the vision and values	Mayor on Air program	Public engagements through Mayor on Air program	Arrange for slot on radio, payment for slot, arrange for the Mayor to attend slot on radio	Number of Mayoral radio slots conducted	R 570 000	2	2	0	2 radio slot for the Mayor	N/A	1 radio slot for Mayor	N/A	1 radio slot for Mayor	Institutional	Communication	Invoice or confirmation letter for the radio slot	
	COMW02	OMM			Visible municipal branding with Municipal offices and outside buildings	Procurement of branding material and development of questionnaires for surveys and outside buildings	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	Institutional	Communication	Survey/ Filed out questionnaires and signed attendance registers, photographic evidence of the actual campaign and pamphlets	
INTERNAL AUDIT AND RISK																				
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	IAR1	OMM	To provide reasonable assurance on the adequacy and the effectiveness of internal controls, risk and performance management	Effective and operational Internal Audit Unit	Approval of planning internal audit documents	Drafting of the plans taking into account Management's inputs and updating of the charter before submission to the Audit Committee	Date of adoption of the internal audit strategy and operational plan as well as audit charter	R 0	30-Jun-25	30-Jun-24	0	30-Jun-25	N/A	N/A	N/A	30-Jun-25	Institutional	Office of the Municipal Manager	Agenda and minutes of the Performance and Audit Committee approving the plan and charter.	
	IAR2	OMM			Certified members with IASA and or CISA/SAIA	Professional membership for internal audit and risk	Payment of subscription fees	R 18 680	31-May-25	31-May-24	1	31-May-25	N/A	N/A	N/A	31-May-25	Institutional	Office of the Municipal Manager	Payment voucher and proof of payment	
	IAR3	OMM			Stakeholder engagement	IAU/ CISA/SAIA conferences attended for professional development	Booking and paying conference fees and accommodation	Number of attended conferences	R 20 004	2	2	0	2	N/A	1	N/A	1	Institutional	Office of the Municipal Manager	Agenda, payment voucher and attendance registers
	IAR4	OMM				Combined assurance engagements attended	Attending of stakeholder meetings	Number of meetings attended	R 0	4	New Indicator	New Indicator	4	1	1	1	1	Institutional	Office of the Municipal Manager	Agenda and minutes of the meetings
	IAR5	OMM			Attendance of training programmes	Competent Internal Auditors through training and development to address skills gap	Booking and paying training fees and or accommodation	Number of trainings attended	R 0	4	4	0	4	1	1	1	1	Institutional	Office of the Municipal Manager	Attendance register and or payment vouchers
	IAR6	OMM			Provide assurance on key risk, governance and control	Percentage of the planned audits completed in terms of the approved risk based audit plan by 30 June.	Planning, executing and reporting on audit programmes as per the approved plan	R 0	80%	100%	0	80%	80%	80%	80%	80%	80%	Institutional	Office of the Municipal Manager	Internal Audit reports
	IAR7	OMM			Provide insight and advice to improve the Municipality's internal controls, risk management and governance processes	Percentage of recommendations implemented by management to address internal audit findings.	Planning, executing and reporting on audit programmes as per the approved plan	R 0	90%	New Indicator	New Indicator	90%	N/A	N/A	N/A	90%	Institutional	Office of the Municipal Manager	Updated internal audit log	
	IAR8	OMM			Reports submitted to the PAC on the internal quality assessment of the internal audit activity	Planning, executing and reporting on audit programmes as per the approved plan	Number of reports submitted to PAC	R 0	2	New Indicator	New Indicator	1	N/A	N/A	1	N/A	1	Institutional	Office of the Municipal Manager	Reports submitted and minutes of the meeting
	IAR9	OMM			Capable team	Performance reviews conducted	Planning, executing and reporting on audit programmes as per the approved plan	R 0	2	New Indicator	New Indicator	1	N/A	N/A	1	N/A	1	Institutional	Office of the Municipal Manager	Signed performance evaluations/ reviews
	IAR10	OMM			Risk and Anti Fraud/ Corruption Strategy and Framework	Annual Review of the Risk Management Framework and the Anti-Fraud and Anti-Corruption Strategy by the Risk Committee and Council	Compilation and submission of strategy/ Framework to Committee and Council	R 0	30-Jun-25	30-Jun-24	0	30-Jun-25	N/A	N/A	N/A	30-Jun-25	Institutional	Risk Unit / CMM	Resolution adopting the strategy / Framework and minutes of the Risk Committee Meeting	
	IAR11	OMM			Fraud and risk prevention	Quarterly Progress Reports on the implementation of the Risk Management Framework and the Anti-Fraud and Anti-Corruption Strategy submitted to the Risk Committee	Drafting of risk circulation/ register to committee approval and implementation of framework	R 0	4 reports to be submitted to Risk Committee	4	0	4 reports to be submitted to Risk Committee	1	1	1	1	1	Institutional	Risk Unit / CMM	Quarterly Risk progress reports and minutes of the Risk Committee meetings
	IAR12	OMM			Annual Risk workshop	Risk workshop convened once a year	Booking of venue, compiling of agenda for the meeting and sending of invites	Number of workshops to be held	R 39 000	1 Workshop	1 Workshop	0	1 Workshop	N/A	N/A	N/A	1 Workshop	Institutional	Risk Unit / CMM	Minutes of the meetings as well as attendance registers

GOOD GOVERNANCE AND PUBLIC PARTICIPATION	PP01	OMMA	To ensure and public participation and awareness	Ensuring compliance to all legislative mandates and implementing processes and programmes to promote public awareness	Participation on IDP and Budget of local residents	Convening ward committee meetings, receiving quarterly reports from ward committees, compiling consolidated report and submitting to COGTA	Number of reports on the participation of local residents in decision making process	R 0	4	4	0	4 reports	1	1	1	1	Institutional	Public participation	signed public participation reports	
	PP02	OMMA			Community feedback meetings on service delivery	Compilation of Agenda, sending invites and confirmation of venue.	Number of community feedback meetings convened	R 0	4	4	0	4 Meetings	1	1	1	1	Institutional	Public participation	agenda, attendance register and minutes	
	PP03	OMMA			Ward committee meetings inputs	Compilation of Agenda, sending invites and confirmation of venue.	Number of ward committee meetings held	R 0	12	12	0	12 Meetings	3	3	3	3	Institutional	Public participation	agenda, attendance register and minutes	
	PP04	OMMA			Sectoral reports from ward committee members	Receiving sectoral reports and consolidating sectoral reports and submitting to COGTA	Percentage of sectoral reports submitted	R 0	100%	100%	0	100%	100%	100%	100%	100%	Institutional	Public participation	copy of sectoral reports	
	PP05	OMMA			Ward operational plans for the ward committees	Receiving ward operational plans, consolidating WOPs and submitting to COGTA	Number of reports on implementation of WOPs	R 0	4	4	0	4 reports	1	1	1	1	Institutional	Public participation	copy of reports for ward operational plan	
	PP06	OMMA			Processing of Service Delivery Community Issues	Receiving community service delivery issues and consolidating report to submit to COGTA	Percentage of community issues processed	R 0	100%	100%	0	100%	100%	100%	100%	100%	Institutional	Public participation	copy of sectoral reports	
	PP07	OMMA			Payment of ward committee out of pocket expense	Receiving of attendance registers signed by ward committee members, signing and submitting to Finance office.	Percentage of ward committee members paid out of pocket expenses	R 1 124 472	100%	100%	0	100%	100%	100%	100%	100%	100%	Institutional	Public participation	proof of payments for out of pocket expenses paid
OUTCOME 9 - DIFFERENTIATED APPROACH TO MUNICIPAL PLANNING AND SUPPORT																				
NATIONAL RFA - MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT																				
R22 PILLAR 5 - BUILDING CAPABLE LOCAL GOVERNMENT																				
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	PMS01	OMMA	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 SDBP	Compile and review draft SDBP taking into consideration information received from departments for approval by Mayor and Submission of draft SDBP to COGTA/ Provincial Treasury for comments	Date of submission of Draft SDBP to Mayor	R 0	14-Jun-25	14-Jun-24	0	Approval of Draft SDBP by Mayor by 14 June 2025	N/A	N/A	N/A	14-Jun-25	Institutional	Office of the Municipal Manager	Acknowledgement letter signed by the Mayor and proof of receipt signed by PM/ COGTA on receipt of draft SDBP	
	PMS02	OMMA			Final SDBP by Mayor	Amending draft SDBP taking into account the comments received from COGTA/ PT to finalise the SDBP and submitting final SDBP to Mayor for approval	Date of submission of Final SDBP to Mayor	R 0	28-Jun-25	28-Jun-24	0	Approval of Final SDBP by Mayor by 28 June 2025	N/A	N/A	N/A	28-Jun-25	Institutional	Office of the Municipal Manager	Signed acknowledgement letter of receipt from the Mayor and approved Final SDBP	
	PMS03	OMMA			Public notification about the final SDBP 2023/2024	Drafting of advert to be published on the Municipal website and media platforms as well submission of advert to the finance department / IT	Date of publication of Approved Final SDBP / IT	R 0	30-Jun-25	30-Jun-24	0	30-Jun-25	N/A	N/A	N/A	30-Jun-25	Institutional	Office of the Municipal Manager	Advert from the paper in which the SDBP was advertised	
	PMS04	OMMA			Submission of APR to the office of the Auditor General of South Africa	Consolidation of all quarterly performance reviews into a draft APR	Date of submission of Annual Performance Report to Auditor General	R 0	31-Aug-24	31-Aug-23	0	Submission of APR to AG's office by 31 August 2024	31-Aug-24	N/A	N/A	N/A	N/A	Institutional	Office of the Municipal Manager	Acknowledgement letter or proof of receipt signed by the AG's office
	PMS05	OMMA			Quarterly SDBP reports submitted to Council	Receiving quarterly reports from user departments, compiling consolidated report and presenting the report to Council	Number of quarterly SDBPs submitted to Council	R 0	4	4	0	4 Reports submitted to Council	1	1	1	1	1	Institutional	Office of the Municipal Manager	Minutes of the Council meeting as well as reports submitted
	PMS06	OMMA			Signing of Section 56/57 Manager Performance Agreements	Drafting of performance agreements and signing of agreements by section 56/57 managers	Number of signed performance agreements	R 0	5	5	0	5 signed performance agreements	5	N/A	N/A	N/A	N/A	Institutional	Office of the Municipal Manager	Signed Performance Agreements
	PMS07	OMMA			Tabled Annual Report to Council	Collect information, draft report, present to council committees, table to Council and publish Annual report	Date of tabling of Annual report	R 0	31-Mar-25	31-Mar-24	0	31-Jan-25	N/A	N/A	N/A	31-Jan-25	N/A	Institutional	Office of the Municipal Manager	Copy of Tabled Annual report and Council resolution endorsing Annual report
	PMS08	OMMA			Adoption of the Annual Report by Council	Assessment of feedback information received from COGTA, Public treasury and AGSA on the Annual Report	Date of adoption of the Oversight report by Council	R 0	31-Mar-25	31-Mar-24	0	31-Mar-25	N/A	N/A	N/A	31-Mar-25	N/A	Institutional	Office of the Municipal Manager	Copy of adopted oversight report and Council resolution endorsing Annual report
	PMS09	OMMA			Public notification about the Oversight Report	Drafting of advert for the Oversight report, submitting advert to finance and IT for publication on the website and newspapers	Date of publication of the oversight report	R 0	07-Apr-25	07-Apr-24	0	07-Apr-25	N/A	N/A	N/A	N/A	07-Apr-25	Institutional	Office of the Municipal Manager	Advert from the paper in which the Oversight report was advertised
NATIONAL RFA - LOCAL ECONOMIC DEVELOPMENT																				
R22 PILLAR 1 - PUTTING PEOPLE FIRST																				
LOCAL ECONOMIC DEVELOPMENT																				
Formal Business, SMEs and Tourism Subunit																				
LOCAL ECONOMIC DEVELOPMENT	LED 01	OMMA	To promote economic development and economic growth	Job creation, investor attraction and economic growth	Sourcing funding for implementation of LED strategy and programmes	Business plan submitted for funding applications	Number of business plans submitted for funding applications	R 0	1	1	0	1	N/A	N/A	N/A	1	Institutional	LED	Copies of Business plans submitted.	
	LED 02	OMMA			Training programme formulated for Cooperatives & SMEs; beneficiary coops and SMEs	Date of training programme formulated	30-Sep-24	30-Sep-23	0	30-Sep-24	30-Sep-24	N/A	N/A	N/A	N/A	Institutional	LED	Signed training programme developed		
	LED 03	OMMA			Facilitate improved literacy rate and better standard of living	Capacity building for SMEs and Co-operatives	Number of training programmes conducted/facilitated through external stakeholders	R 165 000.00	2	2	0	2	1	N/A	1	N/A	Institutional	LED	Signed attendance registers indicating trainings attended	
	LED 04	OMMA			LED training for beneficiaries implemented	Number of trained beneficiaries	40	40	0	40	N/A	20	20	N/A	Institutional	LED	Signed attendance registers and certificates from service provider LGSEFA			
	LED 05	OMMA			Provision of support to SMEs and business start ups, by procurement of machinery, equipment, implements, seeds, inputs etc.)	Procurement of equipment, machinery and implements as per the requests received from SMEs.	Date of procurement of SME equipment	R 300 000.00	30-Jun-25	31-Dec-23	0	30-Jun-25	N/A	N/A	N/A	30-Jun-25	Institutional	LED	Letter of appointment of service provider and Signed delivery note	
	LED 06	OMMA			Handover of equipment, machinery and implements as per the requests received from SMEs.	Date of handover of SME equipment	30-Jun-25	31-Mar-24	0	30-Jun-25	N/A	N/A	N/A	N/A	30-Jun-25	Institutional	LED	Register of beneficiaries and handover pictures		
	LED 07	OMMA	To support skills development and economic growth	To support small businesses and start-ups	Registration of companies for SMEs on CIPC	Receiving of requests from interested individuals and processing of registrations on the CIPC	Number of SME companies registered on CIPC	R 0	50	20	0	50	10	10	15	15	Institutional	LED	Registration certificates from CIPC	
	LED 08	OMMA			Functional and effective LED Forum	Invite relevant stakeholders to LED Forum meetings, and engage on LED and Business activities	Number of meetings held by the forum	R 0	4	4	0	4	1	1	1	1	1	Institutional	LED	Invitations to stakeholders, minutes of meetings held and attendance register
	LED 10	OMMA			Compliant Businesses with municipal Bylaws	Receipt of new applications, process and approval of the applications	Percentage of business licences issued	R 0	100%	10	0	100%	N/A	N/A	N/A	100%	Institutional	LED	Signed business licences issued and application forms	
	LED 11	OMMA			The hosting of SME Fair	Identify stakeholders, SMEs', brief SMEs and logistical arrangements	Date of SME fair hosted	R 13 008.00	30-Jun-25	30-Jun-24	0	30-Jun-25	N/A	N/A	N/A	30-Jun-25	Institutional	LED	Invites, attendance register and pictures of the event	
	LED 12	OMMA			Ensuring compliance with the operations of the regulatory compliance forum	Joint/various stakeholders' business inspections done	Number of joint quarterly business inspections held	R 0	4	4	0	4	1	1	1	1	1	Institutional	LED	Attendance registers of businesses visited and officials and pictures
	LED 13	OMMA			To promote tourism industry and identify tourism opportunities	Promotion of investment, tourism, local talent	Hosting of Musical (Maskandi, Jazz, Gospel, etc.) Festival	Date of hosting Musical (Maskandi, Jazz, Gospel, etc.) Festival	R 300 000	31-Dec-24	New Indicator	New Indicator	31-Dec-24	N/A	31-Dec-24	N/A	N/A	N/A	Institutional	LED
Informal Business and Agriculture Subunit																				
LOCAL ECONOMIC DEVELOPMENT	LED 14	OMMA	To promote economic development and economic growth	Job creation, investor attraction and economic growth	Establishment of functional project steering committees	Establishment of Project Steering Committee for the Rehabilitation of Nelson Street SME Unit	Number of Project Steering Committee Meetings held	R 0	4	4	0	4	1	1	1	1	Institutional	LED	Invites to meetings, minutes of meeting held and attendance register	
	LED 15	OMMA			Establishment of functional project steering committees	Establishment of Project Steering Committee for the Rehabilitation of Chetty and Shephstone Streets SME Unit	Number of Project Steering Committee Meetings held	R 0	4	4	0	4	1	1	1	1	Institutional	LED	Invites to meetings, minutes of meeting held and attendance register	
	LED 16	OMMA			A functional and effective Richmond Agricultural Forum	Invite relevant stakeholders to forum meetings, and engage on agricultural activities	Number of meetings held by the agricultural forum	R 0	4	4	0	4	1	1	1	1	1	Institutional	LED	Invitations to stakeholders, minutes of meetings held and attendance register
	LED 17	OMMA			Development and support of SMEs' informal economy	Receipt of application renewal, process and approval of the applications	Number of street traders permits issued	R 0	100	50	0	100	N/A	N/A	100	N/A	Institutional	LED	Signed informal traders permits issued and collection register	
	LED 18	OMMA			Development and support of SMEs' informal economy	Number of Spaza/Tuck Shops traders permits issued	Number of Spaza/Tuck Shops traders permits issued	R 0	50	New Indicator	New Indicator	50	N/A	N/A	N/A	50	Institutional	LED	Signed informal traders permits issued and collection register	
	LED 19	OMMA			Informal economy engagement meetings to support and address issues and challenges	Invite all permit holders to address informal economy activities	Number of meetings held by informal traders committees	R 0	4	4	0	4	1	1	1	1	1	Institutional	LED	Invitations to stakeholders, minutes of meetings held and attendance register
	LED 20	OMMA			Ensuring compliance with informal traders policy (allocations policy)	checking compliance on informal traders by doing inspections	Number of monthly informal traders inspections done	R 0	12	0	0	12	3	3	3	3	3	Institutional	LED	Signed attendance register of informal traders inspected
LED 21	OMMA	The hosting of the Commemoration of Heritage Day	Identify stakeholders, SMEs, tourism establishments, brief SMEs and do logistical arrangements	Date of Commemoration of Heritage Day	R20 000.00	30-Sep-24	30-Sep-23	0	30-Sep-24	30-Sep-24	N/A	N/A	N/A	N/A	Institutional	LED	Invites, attendance register and pictures of the event			
EPWP Subunit																				
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	LED 24	OMMA	To update and communicate systems that drive institutional development and enhance staff recruitment, retention and motivation.	Assessment of status quo, develop and implement remedial measures.	Employment opportunities provided through the recruitment of unemployed through the EPWP	Recruitment and selection of unemployed women, youth, disabled people and men through the Expanded Public Works Programme	Number of new work opportunities created/ beneficiaries recruited	1410000.00	42	123	0	42	35	7	N/A	N/A	Institutional	LED	Copy of signed EPWP Contracts and quarterly reports from EPWPS	
	LED 25	OMMA			Recruitment of unemployed through EPWP	Receiving of attendance registers signed by beneficiaries and supervisor, updating on the EPWPS and submitting to payroll office for processing	Number of EPWP quarterly evaluation reports submitted in compliance with DOGA	R 0	4	4	0	4	1	1	1	1	Institutional	LED	Signed quarterly evaluation reports	
	LED 26	OMMA			Provision of EPWP Personal Protective Equipment	Procurement of EPWP PPE by submitting request to SCM	Date of purchase	R 115 380	31-Dec-24	31-Dec-23	0	31-Dec-24	N/A	31-Dec-24	N/A	N/A	N/A	Institutional	LED	Purchase order and signed delivery note

RICHMOND LOCAL MUNICIPALITY 2024/2025 SDBIF REVISED																			
KPA	IDP Ref	Dept. Code	Objective	Strategy Focus Area	Project/ Programme/ Measurable Output	Activity	Key Performance Indicator	Budget	Demand	Baseline	Backlog	Performance Target (ANNUAL)	Q 1 Target	Q2 Target	Q3 Target	Q4 Target	Ward Information	Responsible Department	PoE
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																			
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	FIN01	BTO	To strengthen governance and IGR Structures	Establish governance structures and develop protocols for all processes and participate in all IGR to share knowledge best practices and promote integrated development	Reports compiled and submitted to portfolio committees	Compilation of reports and submission to committees	Number of reports submitted to the Finance Portfolio Committee	R 0	12	12	0	12	3	3	3	3	Institutional	Financial Services	Copies of reports submitted to committees
	FIN02	BTO	Implement systems and processes which ensure clean audits, compliance to legislation and high performance	Implement systems and processes which ensure clean audits, compliance to legislation and high performance	Compliance with Section 65(2)(e) of the MFMA	Maintaining two monthly payment runs	Percentage of Creditors paid within 30 days of invoice date	R 0	100%	100% of creditors paid within 30 days	0	100%	100%	100%	100%	100%	Institutional	Financial Services	Creditors Age Analysis
	FIN03	BTO			Reconciled and reviewed monthly creditors' reconciliations	Preparation and review of monthly creditors' reconciliations	Number of months reconciled within the quarter	R 0	12	12 Monthly Reconciliations	0	12	3	3	3	3	Institutional	Financial Services	Monthly Reconciliations of the creditors module and general ledger (Signed off by Manager)
	FIN04	BTO			Financial Reporting to STATS SA	Preparation, review and submission of quarterly statistical reports to STATS SA	Number of quarterly reports submitted to STATS SA	R 0	4	4 Quarterly Reports	0	4	1	1	1	1	Institutional	Financial Services	Statistical Report
	FIN05	BTO	To improve sound financial viability and financial management as per legislative prescripts	Prepare financial plans and provide reports in terms of applicable legislation	Approved budget process Plan by Council by 31 August	Prepare IDP/Budget Process Plan	Date of approving Mid year performance assessment report	R 0	31-Aug-24	31-Aug-23	0	31-Aug-24	31-Aug-24	N/A	N/A	N/A	Institutional	Financial Services	Council Resolution - Approved IDP/ Budget Process Plan
	FIN06	BTO			Approved Draft Budget in compliance with MFMA	Sourcing budget input from User Departments Public Consultations Completion of Draft Budget	Date of approving draft budget	R 0	31-Mar-25	31-Mar-24	0	31-Mar-25	N/A	N/A	31-Mar-25	N/A	Institutional	Financial Services	Council Resolution - Approved draft Budget
	FIN07	BTO			Approved Annual Budget in compliance to MFMA	Sourcing budget input from User Departments Public Consultations Completion of Draft Budget Approval of the Final budget	Date of approving Final budget	R 0	31-May-25	31-May-24	0	31-May-25	N/A	N/A	N/A	31-May-25	Institutional	Financial Services	Council Resolution - Approved final Budget
	FIN08	BTO			Approved Mid year assessment report in compliance with MFMA	Preparation of MID Year Assessment Report	Date of approval of Mid year performance assessment report	R 0	31-Jan-25	31-Jan-24	0	31-Jan-25	N/A	N/A	31-Jan-25	N/A	Institutional	Financial Services	Council Resolution - Approved Mid year Assessment
	FIN09	BTO			Approved Adjustment budget in compliance with the MFMA	Sourcing budget input from User Departments Public Consultations Approval of adjustment budget	Date of approval of adjustment budget	R 0	28-Feb-25	28-Feb-24	0	28-Feb-25	N/A	N/A	28-Feb-25	N/A	Institutional	Financial Services	Council Resolution - Approved Adjustment Budget
	FIN10	BTO			All monthly returns submitted	Review and approval of monthly returns Submission of monthly returns as legislated	Number of monthly data strings submitted to Provincial Treasury	R 0	12	12	0	12	3	3	3	3	Institutional	Financial Services	Proof of submission - Section 71 data string from the LG portal
	FIN11	BTO			All quarterly returns submitted with zero errors	Review and approval of quarterly returns Submission of monthly returns as legislated	Number of quarterly data strings submitted Provincial Treasury	R 0	4	4	0	4	1	1	1	1	Institutional	Financial Services	Proof of submission - Quarterly data strings from LG Portal
	FIN12	BTO			Annual Financial Statements submitted on time to AGSA	Preparation of AFS Allocation of resources Appointment of service provider	Date of submission of AFS to Auditor General	R 0	31-Aug-24	31-Aug-23	0	31-Aug-24	31-Aug-24	N/A	N/A	N/A	Institutional	Financial Services	Acknowledgement of Receipt by AGSA
	FIN13	BTO	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	Request for quotations Evaluation of Quotations Order Facilitation	Number of days to place an order below R30 000	R 0	12 days	7 days	0	12 days	12 days	12 days	12 days	12 days	Institutional	Financial Services	Requisition Report
	FIN14	BTO			Improved SCM Procurement Turnaround times for an order above R30 000 but below R200 000	Advertising for Goods and Services Evaluation of Quotations received Order Facilitation	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	R 0	21 days	21 days	0	21 days	21 days	21 days	21 days	21 days	Institutional	Financial Services	SCM monthly performance reports
	FIN15	BTO			Improved SCM Procurement Turnaround times I finalize evaluation to bid tender	Scheduling of BID Evaluation Committee Meetings Recording of BID Committee minutes	Number of days to finalize evaluation to bid to tender starting from the closing date of the tender.	R 0	21 days	10 days	0	21 days	21 days	21 days	21 days	21 days	Institutional	Financial Services	SCM monthly performance reports
	FIN16	BTO	Approved Procurement Plans	Approved Procurement Plans	Improved SCM Procurement Turnaround times between tender evaluation and adjudication	Scheduling of BID Adjudication Committee Meetings Recording of BID Adjudication Committee minutes	Number of days between tender evaluation and adjudication starting From date of the finalisation of the evaluation committee	R 0	14 days	7 days	0	14 days	14 days	14 days	14 days	14 days	Institutional	Financial Services	SCM monthly performance reports
	FIN17	BTO			Approved Procurement Planning	Sourcing of Departmental Inputs Preparation of annual procurement plan	Date of approved procurement plan by Council	R 0	30-Jun-25	30-Jun-24	0	30-Jun-25	N/A	N/A	N/A	30-Jun-25	Institutional	Financial Services	Council Resolution and copy of approved procurement plan
	FIN18	BTO	To promote accountability and efficiency in the use of municipal assets and community facilities	Implement systems and processes which ensure clean audits, compliance to legislation and high performance	Safeguarding of Municipal Assets	Quarterly reporting of asset insurer and claims processed to council	Number of quarterly reports	R 0	4	4	0	4	1	1	1	1	Institutional	Financial Services	Quarterly Report
	FIN19	BTO				Perform quarterly reconciliation of fixed asset register to the General Ledger	Number of quarterly reconciliation reports		4	4	0	4	1	1	1	1	Institutional	Financial Services	GRAP Compliant Fixed Asset Register reconciliation

INTERNAL AUDIT, RISK AND PERFORMANCE MANAGEMENT																			
	IARP 01	BTO	To provide reasonable assurance on the adequacy and the effectiveness of internal controls, risks and performance management	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	Updating and Submission of risk implementation update report	Number of quarterly risk register report updated and submitted to the Risk Unit	R 0	4	4	0	4	1	1	1	1	Institutional	Corporate Services	Updated Quarterly Risk Register
	IARP 02	BTO		Quarterly Performance Reports on achieved and not achieved targets submitted to PMS Unit	Monitoring of organisational performance through quarterly SDBIP reports	Updating and Submission of quarterly SDBIP report	Number of quarterly Performance Reports Submitted to PMS Unit	R 0	4	4	0	4	1	1	1	1	Institutional	Corporate Services	Quarterly PMS SDBIP Report signed by HOD
OUTCOME 9 - DIFFERENTIATED APPROACH TO MUNICIPAL PLANNING AND SUPPORT																			
NATIONAL KPA - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT																			
B2B PILLAR 4 - SOUND FINANCIAL MANAGEMENT																			
Municipal Financial Viability and Management	FIN20	BTO	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	Timely and accurate processing of Employee Related Cost and compliance with legal prescripts	Processing, review and payment of salaries.	Number of months Employee Related Costs processed in a timely manner.	R73 130 460	12 timely successful payroll runs	12 timely successful payroll runs	0	12	3	3	3	3	Institutional	Financial Services	Payroll Report & Proof of Payment
	FIN21	BTO		Reduced dependency on grants and increase revenue collection and alternative revenue generation sources	Improved debtors collection rate	Handing over of long outstanding accounts for collection to debt collectors and Treasury where applicable	Accumulated amount collected in respect of old debt	R 487 848	11 923 225,00	0	11 923 225,00	11 000 000	2 750 000	5 500 000	8 250 000	11 000 000	Institutional	Financial Services	Collections Report and collected amount report
	FIN22	BTO				Accurate and timely submission of monthly invoices	Percentage of current billing collected on a monthly basis	R 0	95%	75%	0	95%	25%	50%	75%	95%	Institutional	Financial Services	Collections rate Report
	FIN23	BTO		Improved municipal liquidity position	Investment of access cash	Monthly preparation of cash flow forecasts.	Number of times that cash reserves can cover monthly expenditure	R 0	Average of 3 Times	Average of 3 Times	0	Average of 3 Times	3 times	3 times	3 times	3 times	Institutional	Financial Services	Section 71 Report & Financial Ratios
OUTCOME 9 - DIFFERENTIATED APPROACH TO MUNICIPAL PLANNING AND SUPPORT																			
NATIONAL KPA - MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT																			
B2B PILLAR 5 - BUILDING CAPABLE LOCAL GOVERNMENT																			
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	FIN24	BTO	To ensure effective bid committees to support procurement for service delivery	Training and development	Functional and Effective Bid Committees	Facilitate training through Provincial Treasury and CIDB	Number of trainings arranged	R 0	4	4	0	4 training	1	1	1	1	Institutional	Financial Services	Attendance Register
INFORMATION AND COMMUNICATION TECHNOLOGY																			
	FIN25	ICT	Develop and drive implementation of the Information Communications Technology strategy and plan.	Enhanced support and maintenance of Information Communications Technology Infrastructure	Monitoring of the municipal network, phones, internet connectivity, emails and servers	Number of WAN/LAN Reports Submitted		4	4	0	4	1	1	1	1	Institutional	Corporate Services	Information Communications Technology Steering Committee Agenda, Report and Minutes	
	FIN26	ICT		GCIS Compliance and Responsive Website	Uploading of documents, updating of information and monitoring of the municipal website	Number of Website Compliance Checklist Reports submitted as per GCIS Legislative requirements		4	4	0	4	1	1	1	1	Institutional	Corporate Services	Information Communications Technology Steering Committee Agenda, Report and Minutes	
	FIN27	ICT		Functional Information Communications Technology Steering Committee	Meetings scheduled to consider Information Communications Technology related Matters	Number of Information Communications Technology Steering Committee Meetings		4	4	0	4 meetings	1	1	1	1	Institutional	Corporate Services	Information Communications Technology Steering Committee Agenda, Report and Minutes	
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	FIN28	ICT	To effectively manage the information communication technology systems and ICT infrastructure of the municipality.	Review and Adoption of Disaster Recovery & Business Continuity Plan	Annual Review of Disaster Recovery Plan and Business Continuity Plan	Review DRP and BCP. Present to Council for Adoption	Date of the Information Communications Technology disaster recovery plan and business continuity plan adoption by Council	30-Jun-25	30-Jun-24	0	30-Jun-25	N/A	N/A	N/A	30-Jun-25	Institutional	Corporate Services	Council Resolutions	
	FIN29	ICT		Review and Adoption of Information Communications Technology Security & Systems Policy	Annual Review of Information Communications Technology Security and Systems Policy	Review Security Policy and Present to Council for adoption	Date of Information Communications Technology Security and Systems Policy adoption by Council	30-Jun-25	30-Jun-24	0	30-Jun-25	N/A	N/A	N/A	30-Jun-25	Institutional	Corporate Services	Council Resolutions	
	FIN30	ICT		Review and Adoption of Information Communications Technology Strategy	Annual Review of Information Communications Technology Strategy	Review Information Communications Technology Strategy and Present to Council for Adoption	Date of Information Communications Technology Strategy Adoption by Council	30-Jun-25	30-Jun-24	0	30-Jun-25	N/A	N/A	N/A	30-Jun-25	Institutional	Corporate Services	Council Resolutions	
	FIN31	ICT		Conduct Information Communications Technology Security Awareness Campaigns	Annual Information Communications Technology Security Workshops	Information Communications Technology Security Awareness Flyer or Article or Workshop with proof of dissemination	Number of Information Communications Technology Security Workshops Conducted	1	1	0	1	N/A	N/A	N/A	1	Institutional	Corporate Services	Attendance Register,Flyer,Email	
	FIN32	ICT		Cloud and Offsite Backup Reports	Functioning Information Communications Technology Service Continuity & Backup	Effective Cloud & Offsite Backup	Number of backup reports submitted to the Information Communications Technology Steering Committee	4	4	0	4	1	1	1	1	Institutional	Corporate Services	Information Communications Technology Steering Committee Report with: Cloud Backups, Restores & Offsite backup Report	
	FIN33	ICT		Monitoring of the Network Monitoring Tool and Patch Management Software	Functional Network Monitoring Tool and Patch Management Software	Monitoring of the municipal network, phones, internet connectivity, emails and servers for errors that have been cleared by the system	Number of monitoring reports submitted to the Information Communications Technology Steering Committee	4	4	0	4	1	1	1	1	Institutional	Corporate Services	Information Communications Technology Steering Committee Report with: administrator report reporting outages and network errors cleared	

RICHMOND LOCAL MUNICIPALITY 2024/2025 SDBIP REVISED																			
KPA	IDP Ref	Dept. Code	Objective	Strategy Focus Area	Project/ Programme/ Measurable Output	Activity	Key Performance Indicator	Budget	Demand	Baseline	Backlog	Performance Target (ANNUAL)	Q 1 Target	Q2 Target	Q3 Target	Q4 Target	Ward Information	Responsible Department	PoE
OUTCOME 9 - IMPROVED ACCESS TO BASIC SERVICES																			
NATIONAL KPA - BASIC SERVICES																			
B2B PILLAR 2 - DELIVERING BASIC SERVICES																			
TECHNICAL SERVICES																			
PROJECT MANAGEMENT UNIT																			
Basic Service Delivery and Infrastructure Development	PMU01	Tech	To provide access to proper community facilities	To implement service delivery programmes and reduce services and infrastructure backlogs	MIG PROJECTS: upgrading of roads and stormwater (kheho mintini)	Project Monitoring, Signing of project completion certificate and handover	Number of kilometres of stormwater completed	R 16 871 796,00	2km	New Indicator	New Indicator	2km	N/A	N/A	N/A	2km	Ward 7	Technical	Progress report and appointment letter of consultant and contractor
	PMU02	Tech				Number of kilometres Tared/ Concrete Surface	2km		New Indicator	New Indicator	2km	N/A	N/A	N/A	2km	Ward 7	Technical	Progress report and appointment letter of consultant and contractor	
	PMU03	Tech			MIG PROJECTS: Upgrading of Greater Indeni Passages: Upgrading of Sishio Access Road to Blacktop Surface in Ward 2	Project Monitoring, Signing of project completion certificate and handover	Number of kilometres Tared Surface	R 3 526 256,66	0.6km	New Indicator	New Indicator	0.6km	N/A	N/A	N/A	0.6km	Ward 2	Technical	Progress report and appointment letter of consultant and contractor
	PMU04	Tech			MIG PROJECTS: Rehabilitation of Nelson Street Stail	Project Monitoring, Signing of project completion certificate and handover	Number of stalls rehabilitated	R 2 800 000,00	8	New Indicator	New Indicator	8	N/A	N/A	N/A	8	Ward 1	Technical	Signed practical Completion certificate, final progress report and appointment letter of consultant and contractor
ELECTRIFICATION PROJECTS																			
Basic Service Delivery and Infrastructure Development	ELEC01	Tech	To ensure the role-out of electrification projects throughout the municipality	To implement service delivery programmes and reduce services and infrastructure backlogs	Sishio-Sigcakiini Electrification Project - Ward 2 (100 Connections)	Project Monitoring, Signing of project completion certificate and handover	Number of completed connections	R 776 256	100	New Indicator	New Indicator	100	N/A	N/A	N/A	100	Ward 7	Technical	Copy of signed Practical Completion Certificate, PCS File and final progress Report
	ELEC02	Tech			Mhuzini-Lindelani Electrification Project - Ward 3 (100 Connections)	Project Monitoring, Signing of project completion certificate and handover	Number of completed connections	R 776 256	100	New Indicator	New Indicator	100	N/A	N/A	N/A	100	Ward 6	Technical	Copy of signed Practical Completion Certificate, PCS File and final progress Report
	ELEC03	Tech			Mcsteel - Masonite Electrification Project - Ward 4 (100 Connection)	Project Monitoring, Signing of project completion certificate and handover	Number of completed connections	R 776 256	100	New Indicator	New Indicator	100	N/A	N/A	N/A	100	Ward 3	Technical	Copy of signed Practical Completion Certificate, PCS File and final progress Report
	ELEC04	Tech			Mpoiane - Nkumane Electrification Project - Ward 5 (100 Connection)	Project Monitoring, Signing of project completion certificate and handover	Number of completed connections	R 776 256	100	New Indicator	New Indicator	100	N/A	N/A	N/A	100	Ward 4	Technical	Copy of signed Practical Completion Certificate, PCS File and final progress Report
OPERATIONS MANAGEMENT UNIT																			
Basic Service Delivery and Infrastructure Development	OMU-01	Tech	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	Processing of the gravel material using grader, excavator, 10 ton compactor roller, water truck and 4 trucks.	Number of kilometres of gravel road maintained	municipal running costs	3km	4,4km	0	3km	N/A	3km	N/A	N/A	Ward 1	TECHNICAL	Completion Certificate & Pictures
	OMU-02	Tech			ACCESS ROADS: WARD 2 Maintenance of access road	Processing of the gravel material using grader, excavator, 10 ton compactor roller, water truck and 4 trucks.			3km	4,7km	0	3km	3km	N/A	N/A	N/A	Ward 2	TECHNICAL	Completion Certificate & Pictures
	OMU-03	Tech			ACCESS ROADS: WARD 3 Maintenance of access road	Processing of the gravel material using grader, excavator, 10 ton compactor roller, water truck and 4 trucks.			3km	5,3km	0	3km	N/A	N/A	3km	N/A	Ward 3	TECHNICAL	Completion Certificate & Pictures
	OMU-04	Tech			ACCESS ROADS: WARD 4 Maintenance of access road	Processing of the gravel material using grader, excavator, 10 ton compactor roller, water truck and 4 trucks.			3km	4,7km	0	3km	N/A	N/A	3km	N/A	Ward 4	TECHNICAL	Completion Certificate & Pictures
	OMU-05	Tech			ACCESS ROADS: WARD 5 Maintenance of access road	Processing of the gravel material using grader, excavator, 10 ton compactor roller, water truck and 4 trucks.			3km	9,5km	0	3km	N/A	N/A	3km	N/A	Ward 5	TECHNICAL	Completion Certificate & Pictures
	OMU-06	Tech			ACCESS ROADS: WARD 6 Maintenance of access road	Processing of the gravel material using grader, excavator, 10 ton compactor roller, water truck and 4 trucks.			3km	4,7km	0	3km	N/A	3km	N/A	N/A	Ward 6	TECHNICAL	Completion Certificate & Pictures
	OMU-07	Tech			ACCESS ROADS: WARD 7 Maintenance of access road	Processing of the gravel material using grader, excavator, 10 ton compactor roller, water truck and 4 trucks.			3km	4,3km	0	3km	3km	N/A	N/A	N/A	Ward 7	TECHNICAL	Completion Certificate & Pictures
	OMU-08	Tech			Maintenance of Overgrown Grass and Verges	Transportation, provision of tools to cut grass, preparation of schedule for cutting grass & monitoring	Number of square meters of streets maintained(Grass Cutting, Brush Cutting)	municipal running costs	100 000m2	24 Number work schedules	0	100 000m2	25000m2	25000m2	25000m2	25000m2	All Wards	TECHNICAL	Refuse Lining Report, Completion Certificate, signed work schedules and quarterly report signed off by ward councillor
	OMU-09	Tech	To provide safe and reliable waste management services	To implement service delivery programmes and reduce services and infrastructure backlogs	Collection of planned refuse removal	Transportation, provision of tools to collect refuse, preparation of schedule for collection of refuse & monitoring	Number of billed households, with access to daily solid waste removal (ward 1 and 2)	municipal running costs	1451	24 Number work schedules	0	1418	1451	1451	1418	1418	Ward 1 and 2	TECHNICAL	Refuse Lining Report, refuse site register, signed work schedules, quarterly report signed off by ward councillor and tracker report
	OMU-10	Tech			Collection of Refuse Removal using Skippers	Transportation, provision of tools to collect refuse, preparation of schedule for collection of refuse & monitoring	Number of wards serviced with a skipper bin	municipal running costs	6	12 number of work schedule	0	6	6	6	6	Ward 1,2,3,4,6 and 7	TECHNICAL	Signed Work Schedules and pictures, truck register indicating ward and skipper bin number, landfill site register, quarterly report signed off by ward councillor and tracker report	
	OMU-11	Tech	To improve accessibility through maintenance and road infrastructure provision		Maintenance of urban roads by pothole patching & repairs	Transportation, provision of tools to patch and repair blacktop roads (potholes), preparation of schedule for patching and repaving of blacktop road & monitoring	Number of square meters of potholes patched and repaired	R 750 000,00	1000m2	1000m2	300m2	1000m2	250m2	250m2	250m2	250m2	All Wards	TECHNICAL	Completion certificate, signed Work Schedules and pictures
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																			
GOOD GOVERNANCE AND PUBLIC PARTICIPATION			To strengthen governance and IGR Structures	Establish governance structures and develop protocols for all processes and participate in all IGR to share knowledge best practices and promote integrated development	Reports compiled and submitted to portfolio committees	Compilation of reports and submission to committees	Number of reports submitted to the Economic Development, Planning and Infrastructure Portfolio Committee	R 0	12	12	0	12	3	3	3	3	Institutional	Community Services	Copies of reports submitted to committees
INTERNAL AUDIT, RISK AND PERFORMANCE MANAGEMENT																			
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	IARP 01	BTO	Quarterly Progress Reports on the Implementation of the Risk Management Framework, Anti-Fraud and Anti-Corruption Strategy submitted to the Risk Unit	Quarterly Progress Reports on 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	Updating and Submission of risk implementation update report	Number of quarterly risk register report updated and submitted to the Risk Unit	R 0	4	4	0	4	1	1	1	1	Institutional	Corporate Services	Updated Quarterly Risk Register
	IARP 03	BTO	Quarterly Performance Reports on achieved and not achieved targets submitted to the Risk Unit	Quarterly Performance Reports on achieved and not achieved targets submitted to PMS Unit	Monitoring of organisational performance through quarterly SDBIP reports	Updating and Submission of quarterly SDBIP report	Number of quarterly Performance Reports Submitted to PMS Unit	R 0	4	4	0	4	1	1	1	1	Institutional	Corporate Services	Quarterly PMS SDBIP Report signed by HOD

RICHMOND LOCAL MUNICIPALITY 2024/2025 SDBIF REVISED																				
KPA	IDP Ref	Dept. Code	Objective	Strategy Focus Area	Project/ Programme/ Measurable Output	Activity	Key Performance Indicator	Budget	Demand	Baseline	Backlog	Performance Target (ANNUAL)	Q 1 Target	Q2 Target	Q3 Target	Q4 Target	Word Information	Responsible Department	PoE	
OUTCOME 1 – IMPROVED MUNICIPAL FINANCIAL AND ADMINISTRATION CAPABILITY																				
NATIONAL KPA – CROSS CUTTING INTERVENTIONS																				
Pillar 1 – RISING PEOPLE FIRST																				
COMMUNITY SERVICES																				
DISASTER MANAGEMENT																				
	COM01	COMMA			Reviewed Disaster Management Policy and Disaster Management Plan	Review of disaster policies and aligning them with disaster management legislation	Date of reviewing the disaster Management Policy and Plan	R 0	30-Jun-25	30-Jun-24	0	30-Jun-25	N/A	N/A	N/A	30-Jun-25	Institutional	Community Services	Council Resolution approving the Policy and Plan	
	COM02	COMMA			Disaster Management implemented	Issuing of invitations and brochures	Number of awareness Campaigns to be done in each ward	R 20 004	7	7	0	7	N/A	7	N/A	N/A	N/A	Community Services	Attendance Register, proof of payment for disaster goods and services/invitations	
	COM03	COMMA			Reduced turn around time in responding to disaster incidents	Responding to disaster incidents reported	Number of hours taken to respond to disaster incidents	R 0	5	5	0	5 hours to respond to disaster incidents	5	5	5	5	Institutional	Community Services	Copy of signed incident report indicating times taken to respond to disaster incidents	
	COM04	COMMA			Disaster Advisory Forum Meetings Convened	Compilation of the Disaster Advisory Forum agenda, sending of notices and booking of venue	Number of Meetings convened	R 0	4	4	0	4	1	1	1	1	Institutional	Community Services	Agenda, attendance register and minutes	
LIBRARY SERVICES																				
	COM05	COMMA			Enhancing library educational programmes	Valuing of the other libraries, encouraging reading, inviting schools to visit the libraries, conducting outreach programs	Number of library programmes conducted in the communities	R 0	12	12	0	12	3	3	3	3	Institutional	Community Services	Library Report signed by Manager Library Services	
	COM06	COMMA			To promote the use of libraries facilities and dissemination of information	To update library book stocks of all municipal libraries and collection of new books	Number of book exchanges	R 0	6	6	0	12	3	3	3	3	Institutional	Community Services	Reports of books exchange signed by Arts and Culture	
	COM07	COMMA			Monitoring of the Arts and Culture Grant spending received by the municipality for libraries	Conducting meeting with the Budget unit to get updates of budget spending	Number of expenditure reports submitted	R 0	4	4	0	4	1	1	1	1	Institutional	Community Services	Expenditure reports signed by the SA Community Services or the CFO	
PROTECTION SERVICES																				
	COM08	COMMA			To enhance and promote road safety as per National Road Traffic Act 93/96	Invitation for stakeholders (user National Road Traffic Act 93/96)	Number of roadblocks conducted	R 0	40	40	0	40	10	10	10	10	Institutional	Community Services	Quarterly Road block statistics register, copy of traffic fines issued on the date and road block plan	
	COM09	COMMA			To enhance and educate the community through road safety education awareness programmes and valuing of schools	Notifying of schools and community of proposed presentation of educational material	Number of road safety education awareness programmes conducted	R 0	20	20	0	8	2	2	2	2	Institutional	Community Services	Attendance Register of who attended, register, letter of appreciation	
SOCIAL SERVICES																				
	COM10	COMMA			Ensure functional OSS Task team (LIT)	Functional Operation Sukuma Sakhe	Completion of the Agenda, sending invites and booking of venue	Number of Quarterly OSS Local Task Team Meetings	R 0	4	4	0	4	1	1	1	1	Institutional (Open to all ward)	Community Services	Agenda and attendance register
	COM11	COMMA			To ensure the implementation of Operation Sukuma Sakhe	Operation MBO campaigns implemented	Completion of the Agenda, sending invites and booking of venue	Number of Quarterly Operation MBO campaigns	R 0	4	4	0	2	N/A	N/A	1	1	Institutional (Open to all the day)	Community Services	Attendance register and Programme of the day
	COM12	COMMA			Coordinate Operation Sukuma Sakhe Outreach Programmes	Humanitarian events to commemorate Nelson Mandela Day	Organise transport, invite the community, host awareness	Number of Humanitarian Events in commemoration of Nelson Mandela Day	R 0	4	4	0	1	1	N/A	N/A	N/A	Community Services	Attendance register and Programme of the day	
	COM13	COMMA			HIV/AIDS awareness campaign	Commemoration of World AIDS day	Organise transport, invite the community, host awareness	Date of commemoration of World AIDS day	R 0	31-Dec-24	01-Dec-23	0	31-Dec-24	N/A	31-Dec-24	N/A	N/A	Institutional (Open to all ward)	Community Services	Attendance register and Programme of the day
	COM14	COMMA			Coordinate and hold Local Aids Council Meetings	Functional and effective local AIDS Council	Compilation of the Agenda, sending invites and booking of venue	Number of Quarterly Local Aids Council Meetings	R 0	4	4	0	4	1	1	1	1	Institutional (Open to all ward)	Community Services	Agenda and attendance register
	COM15	COMMA			To coordinate health awareness campaigns	Health awareness campaigns implemented in the community	Organise transport, invite the community, host awareness	Number of Quarterly Health Awareness Campaigns	R 0	4	4	0	4	1	1	1	1	Institutional (Open to all ward)	Community Services	Attendance register and Programme of the day
	COM16	COMMA			To promote a healthy lifestyle and the well-being of citizens	Addressing social ills against vulnerable group	Coordinate / support programmes for vulnerable group to address social ills	Number of programmes conducted	R 0	4	New Indicator	New Indicator	4	1	1	1	1	Institutional (Open to all ward)	Community Services	Attendance register and Programme of the day
	COM17	COMMA			Empowerment of people with disabilities , women , senior citizen	coordinate programmes / educational programmes for all vulnerable groups	Organise transport, invite the community, host awareness	Number of campaigns conducted	R 50 000	4	New Indicator	New Indicator	4	1	1	1	1	Institutional (Open to all the day)	Community Services	Attendance register and Programme of the day
	COM18	COMMA			Improve healthy lifestyle for elderly people with disabilities and children	coordinate educational support to children / PWD	Organise transport, invite the community, host awareness	Number of a campaigns conducted	R 50 000	4	New Indicator	New Indicator	4	1	1	1	1	Institutional (Open to all ward)	Community Services	Attendance register and Programme of the day
	COM19	COMMA			Conduct GBV awareness campaign	awareness campaign to be community / educational programmes	Organise transport, invite the community, host awareness	Number of Awareness Campaigns conducted	R 50 000	4	New Indicator	New Indicator	4	1	1	1	1	Institutional (Open to all ward)	Community Services	Attendance register and Programme of the day
OUTCOME 2 – DIFFERENTIATED APPROACH TO MUNICIPAL PLANNING AND SUPPORT																				
NATIONAL KPA – GOOD GOVERNANCE, COMMUNITY DEVELOPMENT, RURAL DEVELOPMENT AND WASTE MANAGEMENT SYSTEMS																				
Pillar 1 – RISING PEOPLE FIRST, PILLAR 2 – RISING PEOPLE FIRST, PILLAR 3 – GOOD GOVERNANCE																				
SOCIAL SERVICES: SENIOR CITIZENS																				
	COM20	COMMA			To strengthen governance structures and develop protocols for all processes and participate in all IGR to share knowledge best practices and promote integrated development	Reports compiled and submitted to the community committees	Compilation of reports and submission to committees	Number of reports submitted to the community and Corporate Services Portfolio Committee	R 0	12	12	0	12	3	3	3	3	Institutional	Community Services	Copies of reports and minutes of community committees
	COM21	COMMA			To promote sports, arts and recreation throughout the Richmond Local Municipality	Local Golden Games for seniors	Coordination of local golden games for senior citizens	Date of hosting local games	R 0	30-Sep-24	30-Sep-23	0	30-Sep-24	30-Sep-24	N/A	N/A	N/A	Institutional (Open to all ward)	Community Services	Attendance Register, & records of photos
	COM22	COMMA				Promotion of a healthy lifestyle through conducting of District Golden Games for senior citizens	Provision of catering and transportation of participants to district golden games for senior citizens	Date of attending District golden games	R 0	30-Sep-24	30-Sep-23	0	30-Sep-24	30-Sep-24	N/A	N/A	N/A	Institutional (Open to all ward)	Community Services	Attendance register, report and pictures
SOCIAL SERVICES: SPORTS AND RECREATION																				
	COM23	COMMA			To promote sports, arts and recreation throughout the Richmond Local Municipality	Developed sports in Richmond	Development of local youth in sports	Solve Games transportation of players and catering	R 286 296,00	31-Dec-24	30-Sep-23	0	31-Dec-24	N/A	31-Dec-24	N/A	N/A	Institutional (Open to all ward)	Community Services	Attendance register, report and pictures
SOCIAL SERVICES																				
	COM24	COMMA			To promote sports, arts and recreation throughout the Richmond Local Municipality	Conduct Arts and Culture awareness programmes	Hosting of Arts and Culture programmes	To organise arts and cultural programmes conducted	R 151 408,00	2	2	0	2	1	1	N/A	N/A	Institutional (Open to all ward)	Community Services	Attendance Register, & records of planning meetings
YOUTH DEVELOPMENT																				
	COM25	COMMA				Utilised Youth through conducting of out of school youth, career expo and bursas to school campaign	To organise training workshops for out of school youth, career expo and bursas to school campaign	Number of educational programmes done	R 70 000	2	2	2	2	N/A	N/A	1	1	Institutional (Open to all ward)	Community Services	Attendance register (opening records)
	COM26	COMMA			To unlock opportunities for poor youth through assistance and funding	To organise youth educational programmes	A platform created for young adults to showcase their talent through hosting the Annual Arts Festival	To organise art festival by organising planning meetings and inviting all stakeholders	R 0	31-Dec-24	30-Dec-23	0	31-Dec-24	N/A	31-Dec-24	N/A	N/A	Institutional (Open to all ward)	Community Services	Register of projects and financial report to HOD
	COM27	COMMA				A structured Youth Month Programme organised	To organise and coordinate all activities and events to commemorate youth month	Date of conducting event	R 6 000	30-Jun-25	30-Jun-24	0	30-Jun-25	N/A	N/A	N/A	30-Jun-25	Institutional (Open to all ward)	Community Services	Attendance register (opening records)
INTERNAL AUDIT, RISK AND PERFORMANCE MANAGEMENT																				
	IARP 01	BTO			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 risk management and governance	Updating and Submission of Risk Implementation update report	Number of quarterly risk register updated and submitted to the Risk Unit	R 0	4	4	0	4	1	1	1	1	Institutional	Corporate Services	Updated Quarterly Risk Register
	IARP 02	BTO			Quarterly Performance Reports on the implementation of the Risk Management Framework, Anti-Fraud and Anti-Corruption Strategy submitted to the Risk Unit	Monitoring of organisational performance and compliance quarterly SDBIF reports	Updating and Submission of quarterly SDBIF report	Number of quarterly performance reports submitted to PMS Unit	R 0	4	4	0	4	1	1	1	1	Institutional	Corporate Services	Quarterly PMS SDBIF Report signed by HOD

RICHMOND LOCAL MUNICIPALITY 2024/2025 SDBIP REVISED																				
KPA	IDP Ref	Dept. Code	Objective	Strategy Focus Area	Project/ Programme/ Measurable Output	Activity	Key Performance Indicator	Budget	Demand	Baseline	Backlog	Performance Target (ANNUAL)	Q 1 Target	Q2 Target	Q3 Target	Q4 Target	Ward Information	Responsible Department	PoE	
OUTCOME 9 - DIFFERENTIATED APPROACH TO MUNICIPAL PLANNING AND SUPPORT																				
NATIONAL KPA - MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT																				
S2S PILLAR 5 - BUILDING CAPABLE LOCAL GOVERNMENT																				
CORPORATE SERVICES																				
HUMAN RESOURCE MANAGEMENT																				
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	CORP01	HRM	To foster a culture of good employee management and retention	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	Online submission of the WSP	Date of submission to LGSETA of the WSP (2024 - 2025)	R 0	30-Apr-25	30-Apr-24	0	30-Apr-25	N/A	N/A	N/A	30-Apr-25	Institutional	Corporate Services	WSP Document and acknowledgment letter from LGSETA	
	CORP02	HRM		To conduct needs based training programs and boost municipal capacity	Trained and Developed of staff members	Sourcing of service providers, and coordinating trainings	Number of Trained Staff	R 780 000	20	20	0	20	5	5	5	5	Institutional	Corporate Services	Attendance Register and certificates	
	CORP03	HRM			Educated staff through continuous development and provision of staff bursaries	Sending out of circular to raise awareness of internal Bursary offered by the municipality, processing of applications in line with the bursary policy	Number of approved bursary applications	R 576 948	5	5	0	5	N/A	N/A	N/A	5	Institutional	Corporate Services	Approved Bursary Application forms	
	CORP04	HRM			Reports compiled and submitted to portfolio committees	Compilation of reports and submission to committees	Number of reports submitted to the Community, Social and Corporate Services Portfolio Committee	R 0	12	12	0	12	3	3	3	3	Institutional	Corporate Services	Copies of reports submitted to committees	
	CORP05	HRM	Assessment of status quo, develop and implement remedial measures.	Staff climate survey conducted throughout the municipality	Reviewing of received survey forms with inputs	Number of surveys done	R 0	1 survey completed	1 survey completed	0	1 survey completed	N/A	N/A	N/A	1 survey completed	Institutional	Corporate Services	Completed forms and implementation plans		
	CORP06	HRM		Employee Wellness programme conducted in the municipality	Sourcing of service providers to raise awareness and assessments through workshops and campaigns linked with the national calendar	Number of Employee wellness programmes conducted	R 64 000	2	1	1	2	1	N/A	1	N/A	Institutional	Corporate Services	Invites to stakeholders, attendance Register of staff and stakeholders and photographs of the programme		
	CORP07	HRM		Compliant Employment Equity report submitted to Department of Labour	Employment Equity report submitted to Department of Labour (EEA2 and EEA4)	Number of reports submitted to Department of Labour	R 0	1	1	0	1	N/A	N/A	1	N/A	Institutional	Corporate Services	Acknowledgement Letter from Department of Labour		
	CORP08	HRM		Compliance with the 2% legislation of people with disability of total number of staff representation	Advertise posts prioritising employment equity groups to be achieved, screen the applications and recruit.	Number of Staff with disability appointed	R 0	1	0	5	1	N/A	N/A	N/A	1	Institutional	Corporate Services	Copy of appointment Letters		
	CORP09	HRM	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	Formulation of Human Resources Management Plan linked to the municipal IDP	Date of adoption of HR management plan by Council	R 0	30-Jun-25	30-Jun-24	0	30-Jun-25	N/A	N/A	N/A	30-Jun-25	Institutional	Corporate Services	Copy of final Human Resources Management Plan and Council Resolution adopting Plan		
	CORP10	HRM		Organisational policies are developed / reviewed and approved by council	Review of policies and aligning them with legislations and collective agreements	Percentage of reviewed policies	R 0	100%	100%	0	100% Reviewed Policies	N/A	N/A	N/A	100%	Institutional	Corporate Services	Council Resolution adopting reviewed policies		
	CORP11	HRM		Communication of updated policies and procedures to all employees	Human Resources to conduct workshop	Number of workshops conducted	R 0	1	1	0	1 workshop	1 workshop	N/A	N/A	N/A	Institutional	Corporate Services	Attendance Registers		
OUTCOME 9 - DIFFERENTIATED APPROACH TO MUNICIPAL PLANNING AND SUPPORT																				
NATIONAL KPA - GOOD GOVERNANCE, COMMUNITY PARTICIPATION AND WARD COMMITTEE SYSTEMS																				
S2S PILLAR 1 - PUTTING PEOPLE FIRST & PILLAR 3 - GOOD GOVERNANCE																				
ADMINISTRATION																				
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	CORP12	ADM	To maintain good employer employee relations and improving institutional and organizational capacity	Establish governance structures and develop protocols for all processes and participate in all IGR to share knowledge best practices and promote integrated development	Continuous monitoring of agreements between SALGBC and Local Labour Forum	Compilation of the LIF Agenda, sending invites and booking of venue	Number of meetings held to monitor agreements between SALGBC and Local Labour Forum	R 0	4	4	0	4	1	1	1	1	Institutional	Corporate Services	Agenda and attendance register	
	CORP13	ADM			Reports compiled and submitted to portfolio committees	Compilation of reports and submission to committees	Number of reports submitted to the Community, Social and Corporate Services Portfolio Committee	R 0	12	12	0	12	3	3	3	3	Institutional	Corporate Services	Copies of reports submitted to committees	
	CORP13	ADM	To strengthen governance and IGR Structures		Full Council to convene at least 4 times per year	Compilation of the Council Agenda, sending invites and booking of venue	Number of quarterly Full Council meetings held	R 0	4	4	0	4	1	1	1	1	1	Institutional	Corporate Services	Agenda, attendance register and minutes
	CORP14	ADM			Executive Committee to convene at least 4 times per year	Compilation of the EXCO Agenda, sending invites and booking of venue	Number of quarterly Executive Committee (EXCO) meetings held	R 0	4	4	0	4	1	1	1	1	Institutional	Corporate Services	Agenda, attendance register and minutes	
	CORP15	ADM			Council Portfolio Committees to convene once monthly and 12 times per year	Compilation of the Agenda, sending invites and booking of venue	Number of Council portfolio committee meetings held	R 0	16 (8 per portfolio committee)	16 (8 per portfolio committee)	0	16 (8 per portfolio committee)	4 (2 per portfolio committee)	4 (2 per portfolio committee)	4 (2 per portfolio committee)	4 (2 per portfolio committee)	Institutional	Corporate Services	Agenda, attendance register and minutes	
	CORP16	ADM			The Performance and Audit Committee to convene at least 4 times a year as per section 166(4)(b)	Compilation of the PAC Agenda, sending invites and booking of venue	Number of Performance and Audit Committee meetings held	R 96 744	4	4	0	4 Meetings	1	1	1	1	1	Institutional	Corporate Services	Agenda, attendance register and minutes
	CORP17	ADM			Risk Committee to convene on a Quarterly basis to review the Risk Register	Compiling of agenda for the meeting	Number of Risk Committee meetings held		4	4	0	4 Meetings	1	1	1	1	1	Institutional	Corporate Services	Agenda, attendance register and minutes
	CORP18	ADM			MPAC to convene at least 4 times per year.	Compilation of the MPAC Agenda, sending invites and booking of venue	Number of MPAC Meetings held	R 0	4	4	0	4 Meetings	1	1	1	1	1	Institutional	Corporate Services	Agenda, attendance register and minutes
INTERNAL AUDIT, RISK AND PERFORMANCE MANAGEMENT																				
IARP 01	BTO	To provide reasonable assurance on the adequacy and the effectiveness of internal controls, risks and performance management	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	Updating and Submission of risk implementation update report	Number of quarterly risk register report updated and submitted to the Risk Unit	R 0	4	4	0	4	1	1	1	1	Institutional	Corporate Services	Updated Quarterly Risk Register		
IARP 02	BTO		Quarterly Performance Reports on achieved and not achieved targets submitted to PMS Unit	Monitoring of organisational performance through quarterly SDBIP reports	Updating and Submission of quarterly SDBIP report	Number of quarterly Performance Reports Submitted to PMS Unit	R 0	4	4	0	4	1	1	1	1	1	Institutional	Corporate Services	Quarterly PMS SDBIP Report signed by HOD	

CHAPTER 4:

**ORGANISATIONAL
DEVELOPMENT
PERFORMANCE
(PERFORMANCE
REPORT PART II)**

COMPONENT A: INTRODUCTION TO MUNICIPAL WORKFORCE

■ 4.1 EMPLOYEE TOTALS, TURNOVER & VACANCIES

The table below shows the employee totals and vacancies in the 2024/2025 financial year. The Municipality has a high staff turnover rate.

Department	2024/2025			
	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						

■ 4.2 POLICIES

The Municipality reviewed and adopted the following human resources, risk and information technology policies for 2024/2025:

No.	Name of the Policy	Date adopted by Council
1.	Acting Allowance Policy	28 June 2024
2.	Gender Equality Policy	28 June 2024
3.	Health And Safety Policy	28 June 2024
4.	HIV/AIDS Policy	28 June 2024
5.	Training and Development Policy	28 June 2024
6.	Leave Policy	28 June 2024
7.	Recruitment Policy	28 June 2024

No.	Name of the Policy	Date adopted by Council
8.	Staff Bursary Scheme Policy	28 June 2024
9.	Usage Of Telephone Policy	28 June 2024
10.	Overtime Policy	28 June 2024
12.	Membership Of Medical Schemes and Registration Policy	28 June 2024
13.	Standby Allowance Policy	28 June 2024
14.	Task Job Evaluation Policy	28 June 2024
15.	Uniform Protective Clothing Policy	28 June 2024
16.	Communication Device Policy	28 June 2024
17.	Computer Equipment Policy	28 June 2024
18.	Employee Wellness Policy	28 June 2024
19.	Job Creation Policy	28 June 2024
20.	Labour Relations Policy	28 June 2024
21.	Sexual Harassment Policy	28 June 2024
22.	Travel Allowance Policy	28 June 2024
23.	Smoking In the Workplace Policy	28 June 2024
24.	PMS Framework/Policy	28 June 2024
25.	Risk Management Framework and Policy	28 June 2024
26.	ICT Strategy Policy	28 June 2024

No.	Name of the Policy	Date adopted by Council
27.	Information Systems and Security Policy	28 June 2024
28.	ICT Governance Policy	28 June 2024
29.	ICT Backup Policy	28 June 2024
30.	ICT Change Management Policy	28 June 2024
31.	Firewall and Antivirus Policy	28 June 2024
32.	Patch Management Policy	28 June 2024
33.	IT Disaster Recovery Policy	28 June 2024
34.	IT Business Continuity Policy	28 June 2024

■ 4.3 INJURIES, SICKNESS & SUSPENSIONS

The Municipality did not record any injury for the 2024/2025 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 Organisational 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.**

- **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 & 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 2024/2025 was utilized to conduct the following trainings for employees and Councillors.

- **Municipal Finance Management Programme for eleven (11) employees**

The Municipality also provides internal bursaries to employees for skills development and in the 2024/2025 Financial year seven (14) bursaries were awarded to employees to further their studies.

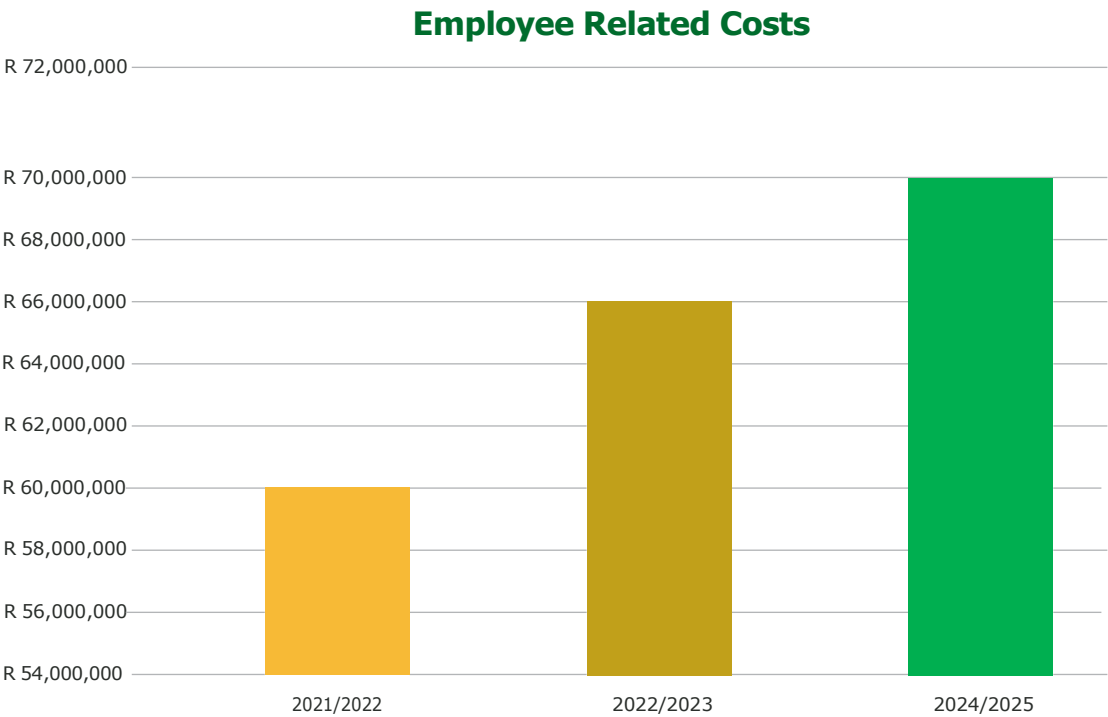


COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

■ 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
2024/2025	R69 694 476





CHAPTER 5:

FINANCIAL PERFORMANCE

COMPONENT D:

MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

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.

■ 5.1 STATEMENTS ON FINANCIAL PERFORMANCE

Richmond Municipality generated a surplus of R 7.6 million compared with the budgeted surplus of R 4 million for the year under review, as depicted in the table below.

Description	2023/24	Current Year 2024/25		
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Audited
<u>Financial Performance</u>				
Property rates	28,871	28,889	28,889	29,400
Service charges	1,023	1,079	1,079	987
Investment revenue	2,939	3,602	6,541	2,873
Transfers recognised – operational	99,859	106,214	108,075	106,715
Other own revenue	15,298	10,981	5,636	9,593
Total Revenue (excluding capital transfers and contributions)	147,990	150,765	150,220	149,568

Description	2023/24	Current Year 2024/25		
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Audited
Employee costs	69,694	73,130	78,721	79,357
Remuneration of Councillors	6,549	7,219	6,719	6,522
Depreciation & asset impairment	16,478	20,456	20,456	15,473
Finance charges	851	421	1,110	752
Inventory consumed and bulk purchases	4,694	3,704	4,487	3,678
Transfers and subsidies	–	–	–	–
Other expenditure	71,882	68,052	64,408	60,064
Total Expenditure	170,149	172,982	175,901	165,847
Surplus/(Deficit)	(22,159)	(22,217)	(25,681)	(16,280)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	22,222	22,125	23,225	23,056
Actuarial (gains)/ losses	200	–	–	807
Surplus/(Deficit) after capital transfers & contributions	264	(92)	(2,456)	7,583
Share of surplus/ (deficit) of associate	0	0	0	0
Surplus/(Deficit) for the year	264	(92)	(2,456)	7,583

■ 5.2 GRANTS

The Municipality received all budgeted grant funding during the 2024/25 financial year, and no grants were withheld. It is further noted that, during the special adjustment budget, a correction was affected to the original budget to increase the LGSETA allocation. An amount of R430 000 was received in the 2025 financial year.

Therefore, the correction was made to ensure that the LGSETA's budgeting was in accordance with the budgeting guidelines of the National and Provincial Treasury

Description	2023/24	Current Year 2024/25			
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Audited	Variance %
<u>Operating Transfers and Grants</u>					
National Government:	97,111	102,354	102,354	102,354	0%
Local Government Equitable Share	92,919	97,995	97,995	97,995	0%
Expanded Public Works Programme Integrated Grant	1,125	1,410	1,410	1,410	0%
Local Government Financial Management Grant	1,950	1,900	1,900	1,900	0%
Municipal Infrastructure Grant	1,117	1,049	1,049	1,049	0%
Provincial Government:					
Informal Economy Infrastructure- LED	359	1,000	1,000	–	100%
Library Grant	3,200	3,860	3,860	3,860	0%
LGSETA	66	–	1,598	429	73%
Rehabilitation of Nelson Street SMME Units	500	1,200	2,300	2,300	0%
Total Operating Transfers and Grants	101,236	108,414	111,112	108,943	2%
<u>Capital Transfers and Grants</u>					
National					

Description	2022/23	Current Year 2023/24			
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Audited	Variance %
<u>Provincial Government:</u>	–	2,000	2,000	2,000	–
High-over	–	2,000	2,000	2,000	0%
Total Capital Transfers and Grants	29,214	21,925	21,925	21,925	0%
TOTAL RECEIPTS OF TRANSFERS & GRANTS	130,450	130,339	133,037	130,868	2%

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 8.6 million on the repairs and maintenance operating budgeted expenditure during the 2024/25 financial year. The 8.6 million spent represents 5% of the total actual operating expenditure of R 166 million.

Vote Description	2023/24	Current Year 2024/25		
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Actual
Repairs and Maintenance Expenditure	10,970	10,138	10,138	8,670
Total Operating Expenditure	170,149	172,982	175,901	165,847
Repairs and Maintenance as a % of Total Operating Expenditure	6%	6%	6%	5%

■ 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

To conduct a holistic financial analysis of a municipality, all financial aspects of the institution must be considered. This is most effectively achieved by financial ratios, which are calculated using both current and historical information from the municipality’s Statement of Financial Position and Statement of Financial Performance.

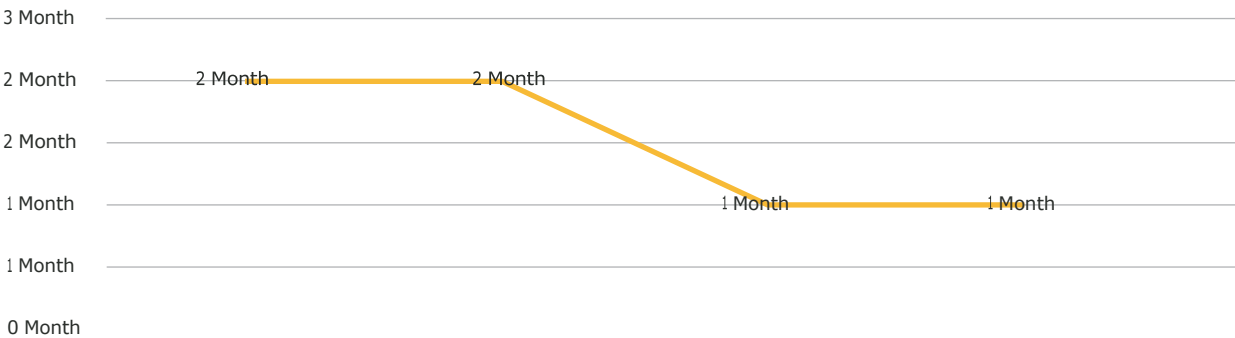
Liquidity Management

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 2024/25.

Year	Ratio
2021	2 Month
2022	2 Months
2023	1 Months
2024	1 Month
2025	1 month

Cash / Cost Coverage Ratio



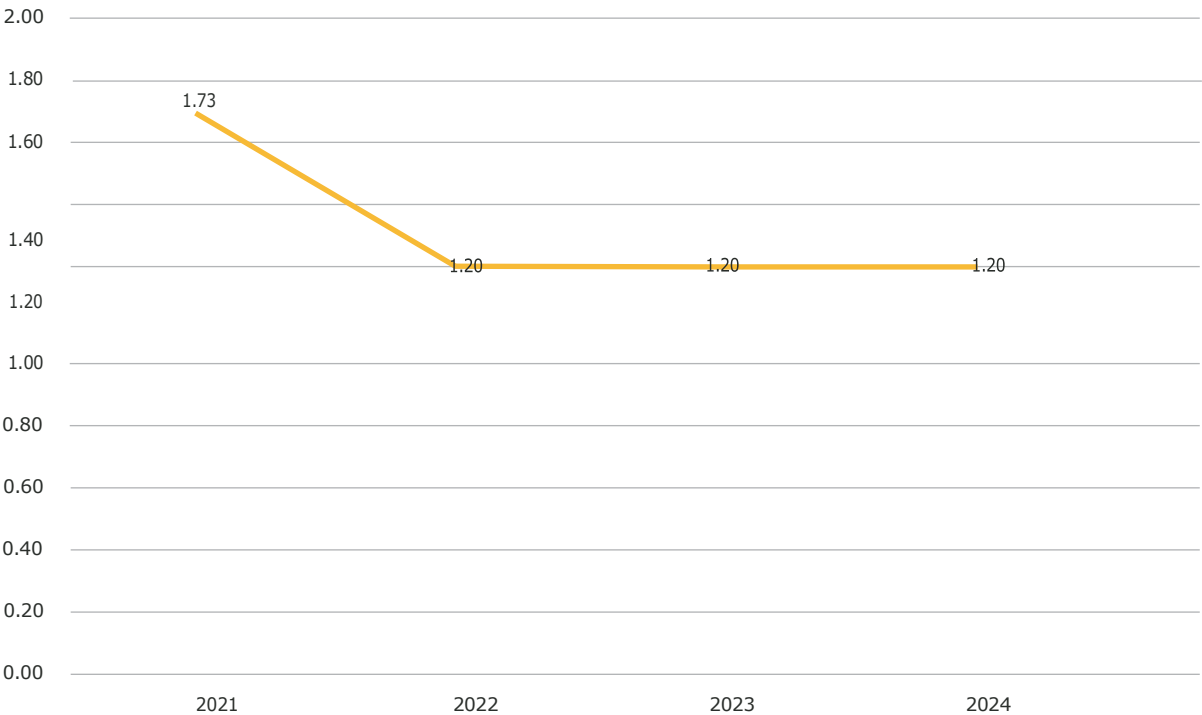


Current Ratio

The **current ratio** represents the ability of the Municipality’s current assets to service its current liabilities. The ratio shows moderate fluctuations over the five years. An improvement is observed from 2021 (1,28) to 2022 (1,39) and a decline in 2023 (1,20) and 2024 (1,19) There was an improvement in 2021/2022 financial year as the ratios 1.39. In 2025, the ratio improves significantly to 1,44.

Year	Ratio
2021	1.28
2022	1.39
2023	1.20
2024	1.19
2025	1.44

Current Ratio





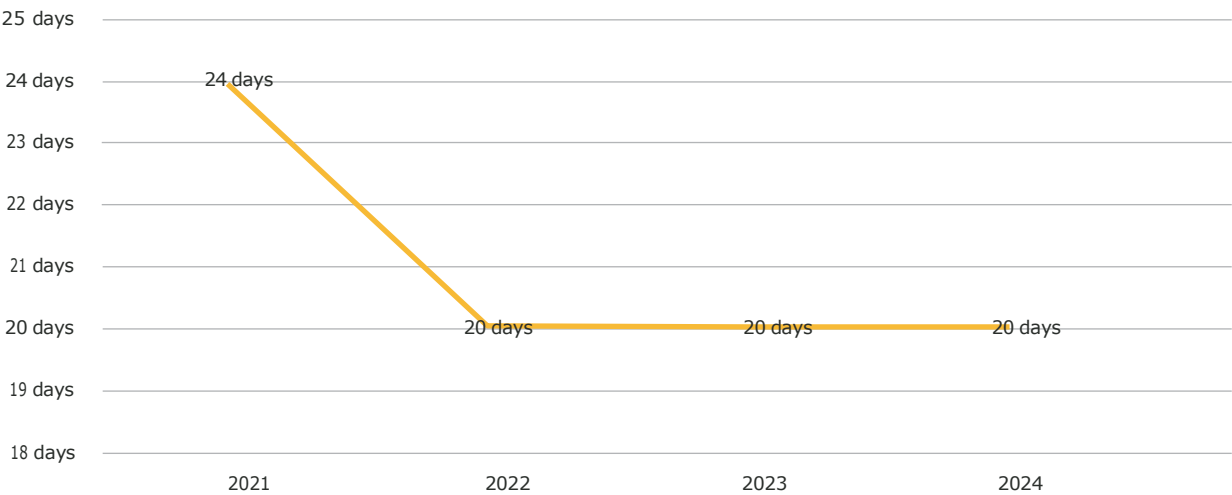
Expenditure Management

Creditors Payment Period (Trade Creditors)

This ratio measures the average number of days the municipality takes to settle amounts owed to creditors for goods and services received on credit. Since the 2022 financial year, the ratio has remained below 30 days, which is in compliance with the 30-day payment requirement prescribed by the Municipal Finance Management Act (MFMA). The municipality maintained this performance during the 2025 financial year. This improvement can largely be attributed to the implementation of two payment runs per month, which has enhanced the municipality’s ability to settle creditor obligations timeously.

Year	Ratio
2021	79 days
2022	28 days
2023	15 days
2024	20 days
2025	25 days

Creditors Payment Period

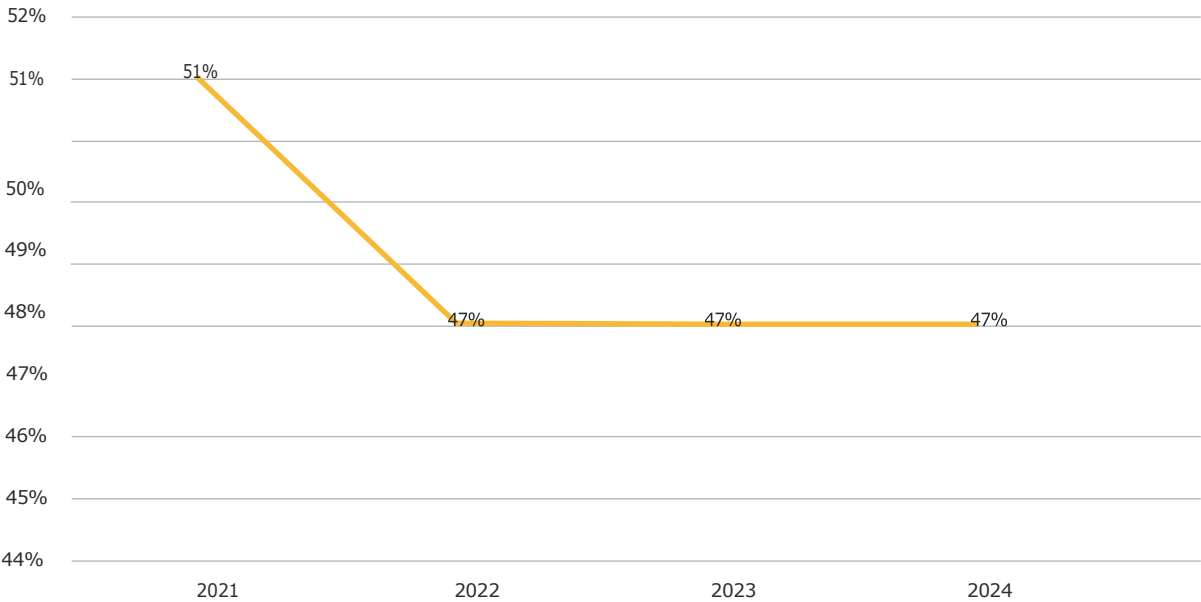


Remuneration (Employee Related Costs and Councillors’ Remuneration) as % of Total Operating Expenditure

Employee-related costs as a percentage of operating expenditure amounted to 47% for the 2024/2025 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%
2025	54%

Remuneration as % of Total Operating Expenditure



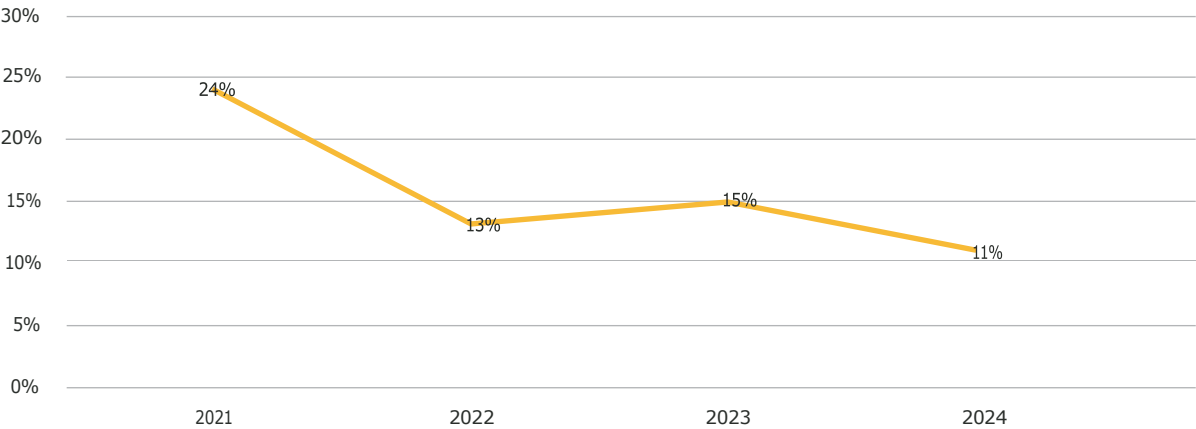
Asset Management/Utilisation

Capital Expenditure to Total Expenditure

This ratio indicates the percentage of capital expenditure in total expenditure (capital and operating expenditure). From the 2021/2022 financial year, the percentage has been within the norm of 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	12%
2025	12%

Capital Expenditure to Total Expenditure



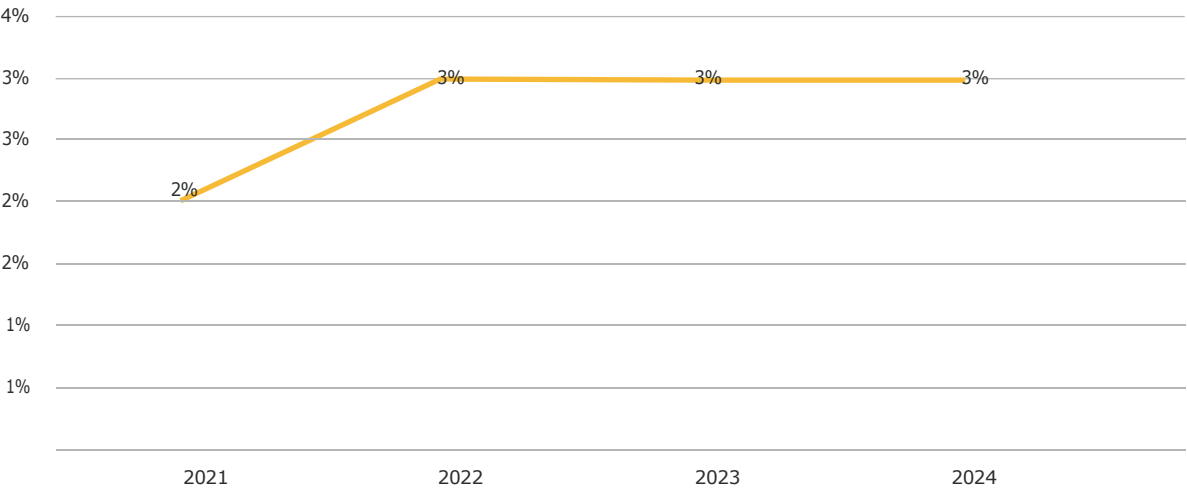


Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)

Repairs and maintenance This ratio measures the extent to which the municipality invests in the upkeep of its existing assets relative to the carrying value of property, plant and equipment and investment property. The ratio remained low at 2% in both the 2021 and 2022 financial years, indicating limited spending on repairs and maintenance. An upward trend is evident from 2023, with the ratio increasing to 4%, followed by further increases to 6% in 2024 and a slight decline to 5% in 2025. This is well below the unattainable 8% norm 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 performs the majority of its repairs and maintenance activities using internal staff. As a result, the costs associated with internally performed repairs and maintenance are not fully reflected in this ratio, which may understate the municipality’s actual investment in asset upkeep. This further complicates adequate measurement of this ratio.

Year	Ratio
2021	2%
2022	2%
2023	4%
2024	6%
2025	5%

Repairs and Maintenance as a % of PPPE an PI Carrying Value





0%

Debtors Management

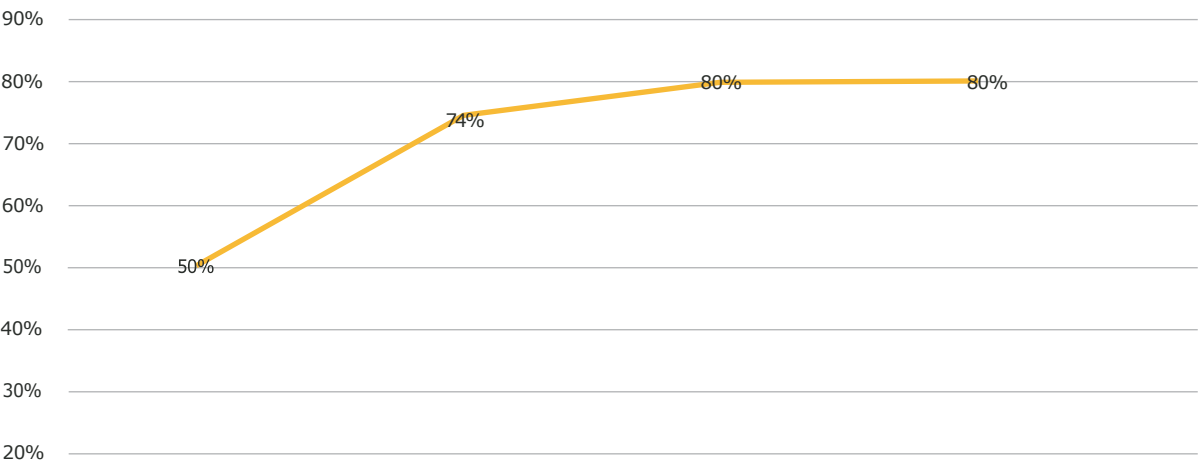
Collection Rate

The debtors’ collection The debtors’ collection rate measures the municipality’s effectiveness in collecting billed revenue. In 2021, the collection rate was relatively low at 50%, indicating weak revenue collection performance. A substantial improvement was recorded in 2022, when the collection rate increased significantly to 94%, reflecting a marked enhancement in revenue collection efficiency. Although the rate declined to 73% in 2023, it remained stronger than the 2021 level. The collection rate improved again in 2024 and 2025, increasing to 82% and 90% respectively.

The collection rate is well below the norm of 95% over the past 5 years, with a new debt collector and the debt repayment incentives within the Credit Control Policy of the municipality, the municipality is adamant that it will eventually achieve the norm.

Year	Ratio
2021	50%
2022	94%
2023	73%
2024	82%
2025	90%

Collection Rate



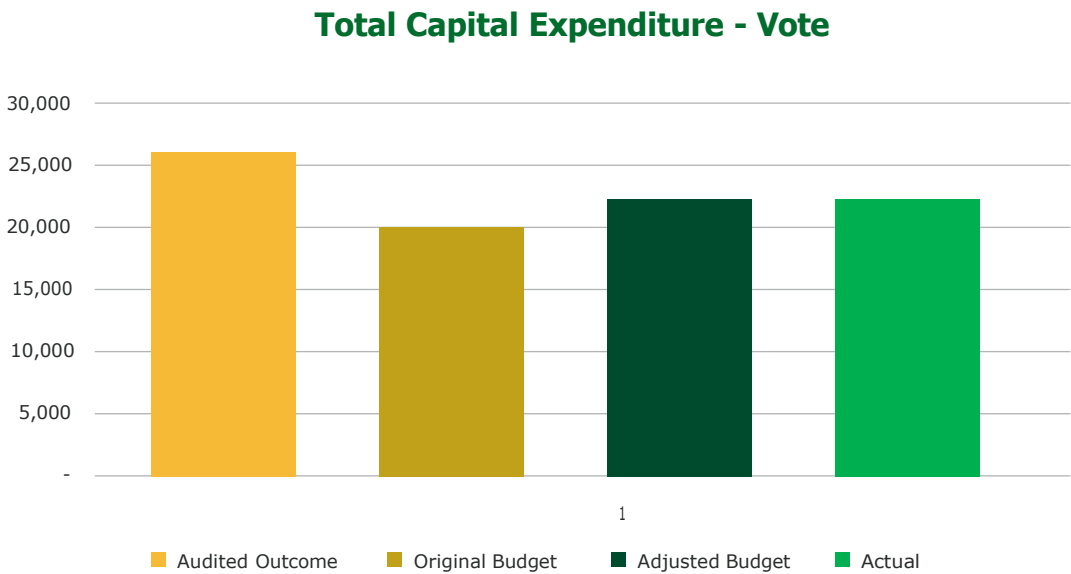


COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

■ 5.5 CAPITAL EXPENDITURE

As shown in the table As shown in the table and depicted in the graph below the capital expenditure of the original capital budget of R 24 million was increased to R 44,7 million in the final adjusted budget. The actual capital expenditure was only R 22,5 million.

Vote Description	2023/24	Current Year 2024/25		
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Actual
Total Capital Expenditure - Vote	21 937	24 090	44 731	22 492



5.6 SOURCES OF FINANCE

The following table shows the Municipality's capital funding budget for 2024/25. The municipality further decreased the budget for capital expenditure using internal funds.

Vote Description	2023/24	Current Year 2024/25		
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Actual
Funded by:				
National Government	18 097	19 925	19 925	17 817
Provincial Government	476	2 288	3 388	2 253
Transfers recognised - capital	18 573	22 214	23 314	20 071
Borrowing	-	-	-	-
Internally generated funds	3 364	1 876	21 417	2 421
Total Capital Funding	21 937	24 090	44 731	22 492

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 25 525 557.23	Practical Completed
2	Rehabilitation of Siythuthuka/Magoda Main Road Phase 2 - 1.5 km	R 6 478 910.40	Practical Completed

3	Rehabilitation of Nelson Street SMME Units	R 2 397 530.97	Completed
4	Upgrade of Finance server	R 708 465.00	Completed
5	Council Furniture	R 458 508.61	Completed

■ 5.8 BASIC SERVICES & INFRASTRUCTURE BACKLOGS

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

COMPONENT C: CASH FLOW MANAGEMENT & 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 regularly.

The net cash inflows from operating activities generated a positive cash inflow of R 29.4 million. The net cash outflows in investing activities resulted in a cash outflow of R 20,4 million. The net cash from financing activities generated a cash outflow of R 280,000. Overall, the Municipality had a cash outflow of R 8.8 million and ended the financial year with cash and cash equivalents of the amount of R 20.6 million.

Description	2023/24	Current Year 2024/25		
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates	28 254	26 549	24 204	37 508
Service charges	2,436	969	969	3,268
Other revenue	–	11,443	11,768	–
Transfers and Subsidies - Operational	130,414	131,646	133,387	131,494
Interest	2,939	3,602	3,519	2,873
Dividends	-	-	-	-
Payments				
Suppliers and employees	(148,523)	(164,474)	(167,831)	(140,723)
Finance charges	–	(421)	(1,110)	–
Transfers and Grants	–	–	–	–
NET CASH FROM/ (USED) OPERATING ACTIVITIES	15,520	9,314	4,906	29,421
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds from the disposal of PPE	360	0	0	1 423
Decrease (increase) in non-current receivables	0	0	0	0
Decrease (increase) in non-current investments	0	0	0	0
Payments				
Capital assets	(22 471)	(24 309)	(26 647)	(21 805)
NET CASH FROM/ (USED) INVESTING ACTIVITIES	(22,111)	(24,309)	(26,647)	(20,382)

CASH FLOW 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				
Finance lease payments	(280)	0	0	(280)
NET CASH FROM/ (USED) FINANCING ACTIVITIES	(280)	–	–	(280)
NET INCREASE/ (DECREASE) IN CASH HELD	(6,871)	(14,995)	(21,741)	8,759
Cash/cash equivalents at the year:	18,742	21,594	11,871	11,871
Cash/cash equivalents at the year-end:	11,871	6,599	(9,870)	20,630

■ 5.10 BORROWINGS & INVESTMENTS

External Borrowings

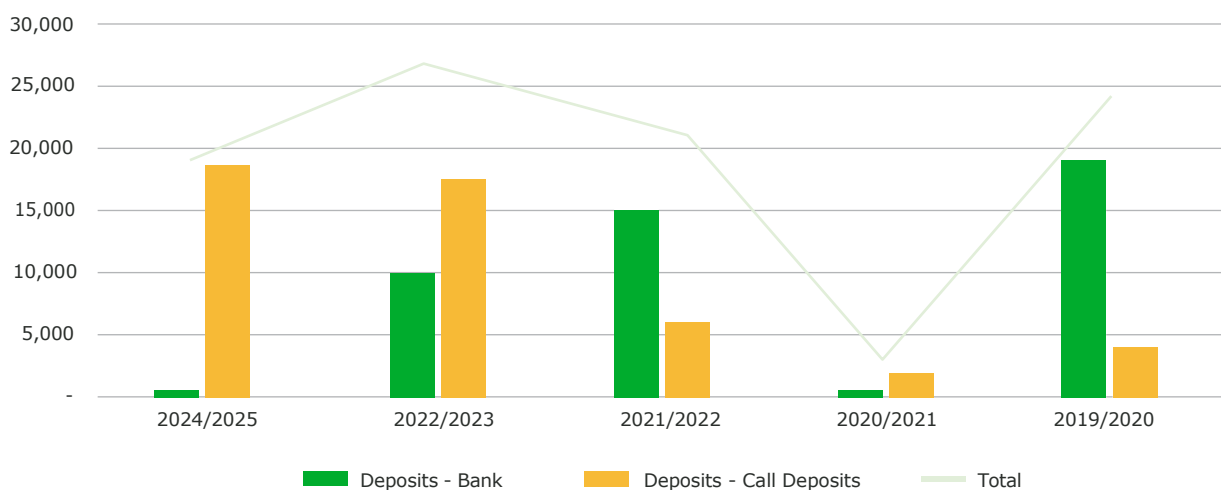
The Municipality had no external borrowings over the past four years.

Investments

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

Municipal Investments					
Investment Type	2024/2025	2023/2024	2022/2023	2021/2022	2020/2021
	Actual Results (R'000)	Actual Results (R'000)	Actual Results (R'000)	Actual Results (R'000)	Actual Results (R'000)
<u>Bank</u>	2 602	498	490	9 701	15 082
Deposits - Call Deposits	18 028	11 373	18 252	17 201	5 968
Total	20 630	11 871	18 742	26 902	21 050

Municipal Investments



■ 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 cost savings for the year ending 2024/2025 financial year.

Cost Containment In-Year Report Measures						
Measures	Budget	Q1	Q2	Q3	Q4	Savings
	R	R	R	R	R	R
Use of consultants	3,252,933.50	1,481,987.13	412,110.00	389,972.08	906,100.39	62,763.90
Vehicles used by political office bearers	1,966,571.00	32,819.10	370,905.46	459,263.89	1,071,221.12	32,361
Travel and subsistence	755,120.00	64,187.49	108,033.07	185,022.45	372,380.11	25,496.88
Domestic accommodation	1,273,131.00	284,916.57	236,227.57	266,789.85	118,686.45	366,510.56
Sponsorships, events and catering	2,929,420.00	417,805.37	1,713,039.21	120,020.00	37,211.79	641,343.63
Communication	1,474,485.00	288,830.31	471,688.78	104,458.34	290,727.51	318,780.06
Other related expenditure	3,895,813.00	348,918.20	760,456.45	1,070,419.70	1,529,113.08	186,905.57
Total	15,547,473.50	2,919,464.17	4,072,460.54	2,895,946.69	4,025,440.79	1,634,161.31

COMPONENT D: OTHER FINANCIAL MATTERS

■ 5.13 SUPPLY CHAIN MANAGEMENT

The SCM Policy was reviewed during the 2024/2025 financial year. Certain amendments to the SCM Policy were tabled before the Council 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 Recognised Accounting Practice) by 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 2024/2025 Annual Financial Statements.

Intergovernmental grants

The Municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and the 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 2024/2025 financial year.

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

Debtors

The total amount outstanding as at 30 June 2025 was R 44,981 million.

The RLM collected 90% of the outstanding debtors as at 30 June 2025. 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 4.4% tariff increase in the property rates for the 2024/25 budget year by 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 4.4 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 ratable 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 sustainably 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 4.4 per cent increase in the waste removal tariff for domestic and commercial users is proposed from 1 July 2025. Currently, indigent residential consumers are subsidised 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 2024/2025 financial year. The table below shows the improvement in the audit opinions over the past five (5) years.

FINANCIAL YEAR	TYPE OF AUDIT OPINION
2020/2021	Unqualified with other matters
2021/2022	Unqualified with other matters
2022/2023	Unqualified with other matters
2023/2024	Clean Audit Opinion
2024/2025	Clean Audit Opinion

STATUTORY ANNUAL REPORT PROCESS

PRESCRIBED DATES	ACTIONS	MFMA/ (MSA)	RESPONSIBILITY OF
31 August	Submit the Municipality’s AFS to the Auditor-General	S126(1)(a)	Municipal Manager
31 October and quarterly thereafter	Auditor-General submits to Parliament and the provincial legislature the names of municipalities that have failed or continue to fail to submit AFS.	S133(2)	Auditor-General
Within three months of receiving AFS (30 November or 31 December)	Audit report returned to Municipal Manager	S126(3)	Auditor-General

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

Not Applicable as the municipality received a clean audit opinion from the AG

■ 6.3 AUDITOR GENERAL'S REPORT (CURRENT YEAR)

Attached.



GLOSSARY

Annual Report	In relation to a Municipality means an annual report contemplated in section 121 of the Municipal Finance Management Act.
Balance Scorecard	It is a conceptual framework enabling an organisation to clarify 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 whom 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 policymakers. 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 used 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 Indicators (KPI)	Key Performance Indicators will be determined with respect to each development priority and objective. These indicators are subject to public 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 about 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, it 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 Systems Act	Means the Local Government: Municipal Systems Act, 2000 (Act No.32 of 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 was 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 the Measurable objectives (Outputs), Performance Measures (KPI), 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 July to 30 September. 1 October to 31 December 1 January to 31 March 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, 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 & COMMITTEE ATTENDANCE – TO BE UPDATED

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 Ngcogo	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 M MKHIZE	MKP						
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

APPENDIX B:

COUNCIL COMMITTEES AND PURPOSES

Section 79 (1)(a) of the Municipal Structures Act states that "A municipal council may establish one or more committees necessary for the effective and efficient performance of any of its functions or exercise of any of its powers.

The following oversight committees report directly to Council:

1. Municipal Public Accounts Committee (MPAC)

Chairperson: Cllr V Maphumulo

Cllr S T G Mkhize

Cllr S Latha

Cllr Z Zondi

Cllr L Ngubo

2. Performance and Audit Committee (PAC)

Chairperson: P L Buthelezi

N T Msane (Zulu)

N Ticka – Ragunanan

M J Litile

Section 80 (1) of the Municipal Structures Act states that "If a municipal council has an executive committee or executive mayor, it may appoint in terms of the section 79, committees of councilors to assist the executive committee or executive mayor.

The following portfolio committee's report to the executive committee:

1. Economic Development, Planning and Infrastructure Committee

Chairperson: Cllr M K Ngcongco (Member of the Executive Committee)

Cllr S T G Mkhize

Cllr T Vezi

Cllr Z Mkhize

2. Community/ Social and Corporate Services Committee

Chairperson: Cllr B T Mbanjwa (Member of the Executive Committee)

Cllr B Mahlangeni

Cllr S Ngubo

Cllr Z Zondi

3. Finance Committee

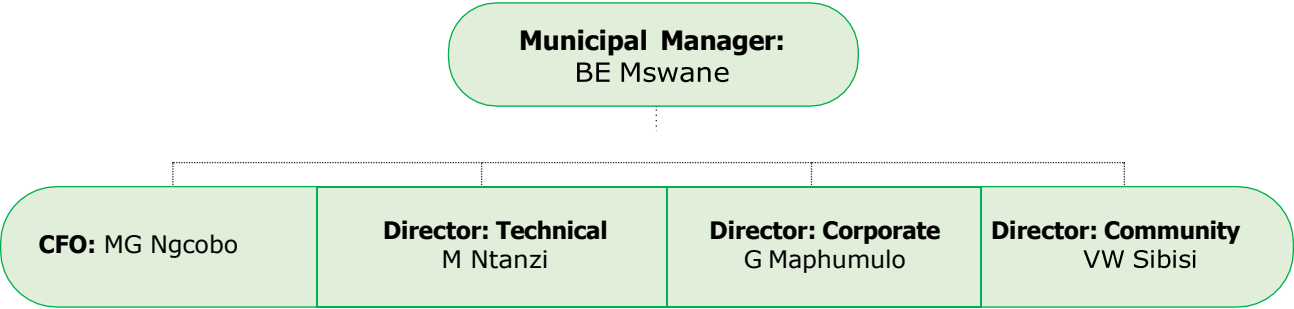
Chairperson: Cllr M K Ngcongco

Cllr B S L Kunene

Cllr B T Mbanjwa

APPENDIX C:

THIRD TIER ADMINISTRATIVE STRUCTURE



The director is section 56 Manager reporting directly to the Municipal Manager, who is the Accounting Manager. 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 Ntanz	Director: Technical Services	Yes
G Maphumulo	Director: Corporate Services	Yes
VW Sibisi	Director: Community Services	Yes

APPENDIX D:

MUNICIPAL POWERS AND FUNCTIONS

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 the uMgungundlovu District Municipality
Local amenities	Richmond Municipality
Local sports facilities	Richmond Municipality

FUNCTIONS	AUTHORITY RESPONSIBLE
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
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	Ratepayers & 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	Sithole	Ntethelelo	Male	Youth & Sport
Ward 02	Mncwabe	S'thembiso	Male	Agriculture & Disaster
Ward 02	Mbhele	Cindy	Female	Disability

WARD NO.	SURNAME	NAME/S	GENDER	SECTOR REPRESENTED
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	Mtungwa	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 NO.	SURNAME	NAME/S	GENDER	SECTOR REPRESENTED
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 NO.	SURNAME	NAME/S	GENDER	SECTOR REPRESENTED
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

APPENDIX F:

RECOMMENDATION OF THE MUNICIPAL AUDIT COMMITTEE

PURPOSE OF THE REPORT

The purpose of this report is to provide Council with an overview of the activities of the Performance and Audit Committee ("the Committee") for the 2024/2025 financial year, to report on the outcomes of the external audit process, and to provide assurance to Council on the adequacy and effectiveness of governance, risk management, internal controls, financial management, performance management and compliance within Richmond Local Municipality.

This report is submitted in line with section 166 of the Municipal Finance Management Act, 56 of 2003 (MFMA), the Municipal Systems Act, and the approved Audit Committee Terms of Reference.

LEGISLATIVE AND GOVERNANCE FRAMEWORK

The Performance and Audit Committee is an independent advisory committee established in terms of section 166 of the MFMA. The Committee assists and advises Council, the Municipal Manager and management in fulfilling their oversight responsibilities relating to:

- Financial reporting and annual financial statements;
- Performance management and reporting;
- Risk management;
- Internal controls;
- Internal and external audit;
- Compliance with applicable legislation; and
- Governance processes.

The Committee operates in accordance with its approved Audit Committee Charter / Terms of Reference, which defines its mandate, authority, roles and responsibilities.

COMPOSITION AND MEETINGS OF THE AUDIT COMMITTEE

3.1 Composition

During the 2024/2025 financial year, the Performance and Audit Committee comprised of four (4) independent members appointed by Council in accordance with section 166(5) of the MFMA. No Councillors or officials served as members of the Committee.

3.2 Meetings

The Committee met regularly during the financial year, including ordinary and special meetings, and was quorate in all meetings held. Meetings were attended by senior management, including the Municipal Manager, Chief Financial Officer, Internal Audit, Risk Management, Performance Management, representatives from KwaZulu-Natal CoGTA and the Auditor-General of South Africa, as required.

Initials and Surname	Position	Ordinary meeting	Special meeting
PL Buthelezi	Chair	3/4	1/1
N Ragunanan	Member	3/4	1/1
MJ Litile	Member	3/4	1/1
T Zulu	Member	3/4	1/1

The Committee is satisfied that it functioned effectively and discharged its responsibilities during the period under review.

SUMMARY OF KEY OVERSIGHT ACTIVITIES

During the 2024/2025 financial year, the Committee undertook the following key oversight activities:

- Reviewed quarterly budget and treasury reports, including section 71 reports, cost containment reports, supply chain management reports and withdrawals from municipal bank accounts;
- Reviewed quarterly performance management reports and provided oversight on the credibility and reliability of reported performance information;
- Reviewed and approved the Internal Audit Charter, Internal Audit Strategy, Three-Year Rolling Plan and annual Internal Audit Plan;
- Monitored the implementation of internal and external audit recommendations;
- Reviewed the municipal risk management framework, risk assessment outcomes and quarterly risk implementation reports;
- Considered governance-related policies and frameworks, including the Combined Assurance Framework;
- Reviewed and approved the Annual Financial Statements preparation plan; and
- Engaged with the Auditor-General on audit strategy, audit progress and audit outcomes.

As the committee, we are delighted and commend management for their hard work because there were no adjustments made to the annual financial statements presented to the office of the Auditor-General on the 31st of August 2025.

a) Performance Management

The PAC reviewed the quarterly performance management reports as well as internal audit reports on performance. As the committee, we also had discussions with management. We have noted a great improvement in the reporting of performance management.

We also scrutinized the annual performance report for the year ended 30 June 2025 prior to it being presented to the office of the Auditor-General. We commend the management on acting and implementing the recommendations from the reviews, as this resulted in no adjustments being made to the report presented for audit.

b) Performance Assessments

The municipality has not done any performance assessments for senior management. Discussions have been held with management to address this.

Conclusion

As the committee, we are proud of the progress the municipality has made and the achievement of the clean audit for the 2024/2025 financial year. As excited as we are, we believe the greatest task is still ahead, as maintaining the clean audit and improving the lives of Richmond citizens is now the goal.

We urge the management and the Richmond leadership to stick to their best practices, and we will continue to play the role of oversight as entrusted to us by the Richmond Council.



APPENDIX G:

DECLARATION OF INTEREST

NAME OF COUNCILLOR	FULL TIME/ PART TIME	PORTFOLIO COMMITTEE	WARD CLLR/ PR	DISCLOSURE OF FINANCIAL INTEREST
CLLR MK Ngcogo	Fulltime	Economic Development / Planning and Infrastructure	W-5	Y
CLLR BT Mbanjwa	Fulltime	Community / Social and Corporate Services	PR	Y
CLLR KE Mkize	Fulltime	EXCO	W-4	Y
CLLR L Ngubo	Fulltime	Economic Development / Planning and Infrastructure	W-7	Y
CLLR STG Mkhize	Part time	Economic Development / Planning and Infrastructure	W-1	Y
CLLR V Maphumulo	Part time	MPAC	W-3	Y
CLLR S Latha	Part time	MPAC	W-6	Y
CLLR Z Mkhize	Part time	Economic Development / Planning and Infrastructure	PR	Y
CLLR FT Zondi	Part time	Community / Social and Corporate Services	PR	Y
CLLR BSL Kunene	Part time	EXCO	PR	Y
CLLR B Mahlangeni	Part time	Community / Social and Corporate Services	PR	Y
CLLR SS Ngubo	Part time	Community / Social and Corporate Services	PR	Y
CLLR TP Vezi	Part time	Economic Development / Planning and Infrastructure	PR	Y



2024/25

ANNUAL PERFORMANCE REPORT

www.richmond.gov.za.co.za

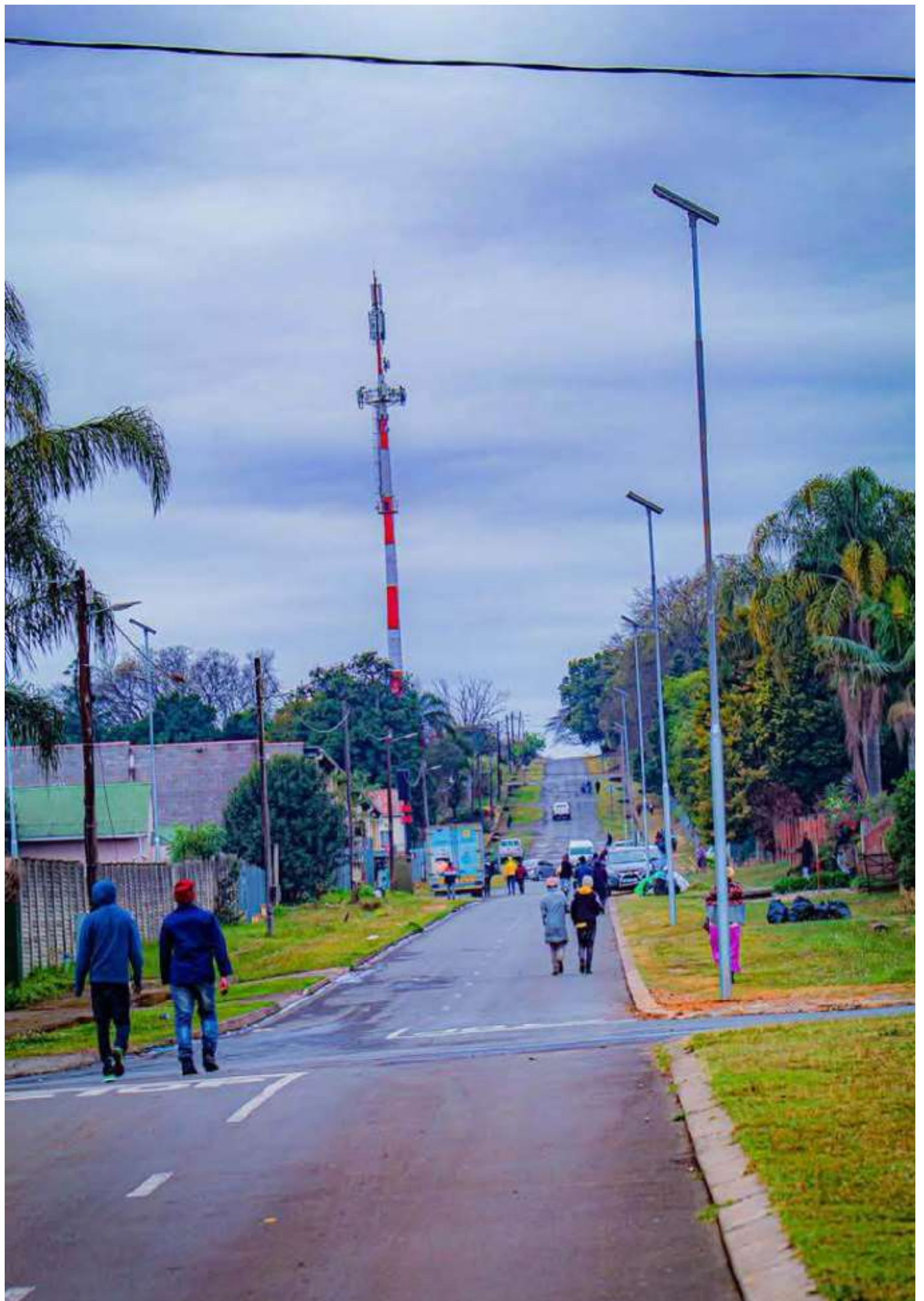


ANNUAL FINANCIAL STATEMENTS

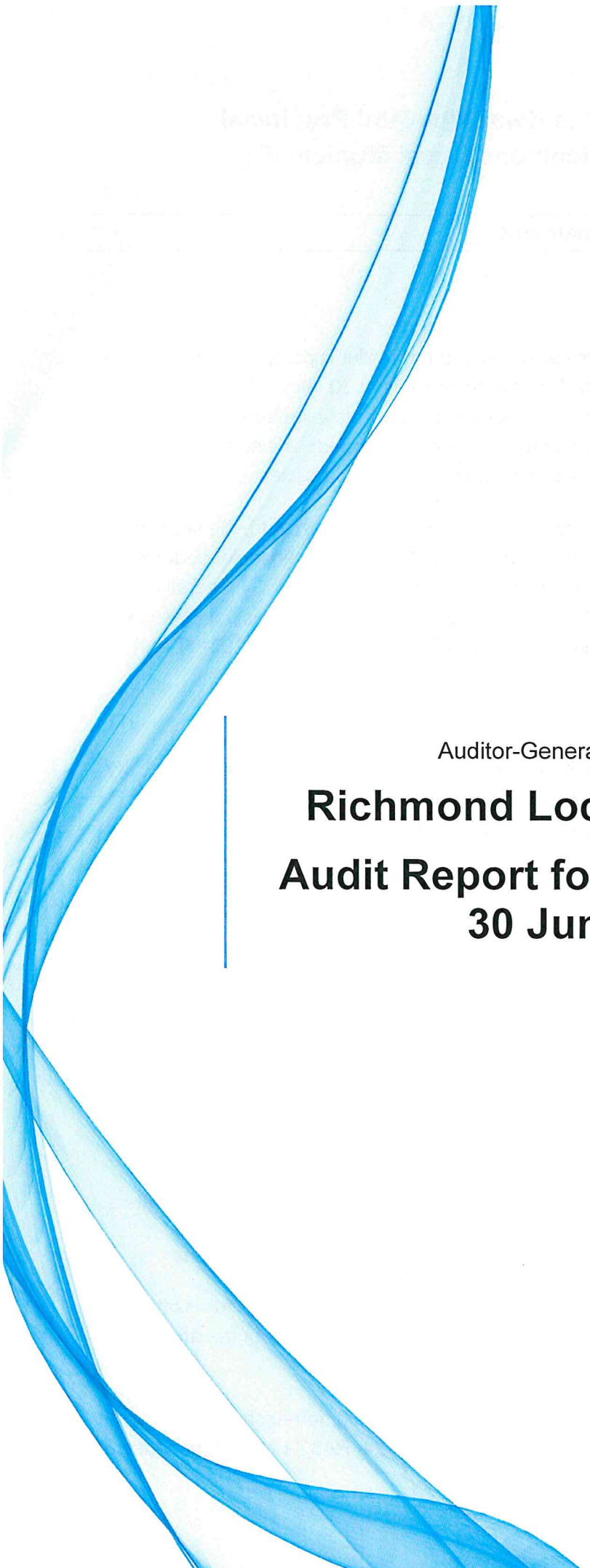
FOR THE YEAR
ENDED 30 JUNE
2025

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Auditor-General of South Africa

Richmond Local Municipality
Audit Report for the year ended
30 June 2025



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

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 2025, 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 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (Dora).

Basis for 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 were impaired by a total of R6,02 million (2023-24: R5,29 million) because 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 were impaired by a total of R45,76 million (2023-24: R43,41 million) because of the annual review of the recoverability of the debt.

Restatement of corresponding figures

9. As disclosed in note 45 to the annual financial statements, the corresponding figures for 30 June 2024 were restated because of errors in the financial statements of the municipality as, and for the year ended, 30 June 2025.

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 my 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 2025. I selected those indicators that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.
- MIG PROJECTS: Upgrading of roads and stormwater (Khetho Mjintini)
 - KPI: Number of kilometres of stormwater completed
 - KPI: Number of kilometres tarred surface
 - MIG PROJECTS: Upgrading of Greater Indaleni Passages: Upgrading of Slahla Access Road to Blacktop Surface in Ward 2
 - KPI: Number of kilometres tarred surface
 - Project: Rehabilitation of Nelson Street Stall
 - KPI: Number of stalls rehabilitated
 - 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: Maintenance of overgrown grass and verges
 - KPI: Number of square meters of streets maintained (grass cutting, brush cutting)
- 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 and repairs
 - KPI: Number of square meters 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

<i>Targets achieved: 81%</i> <i>Budget spent: 100%</i>		
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 Connections)	100	0
Mpofane - Nkumane Electrification Project - Ward 5 (100 connections)	100	0

Material misstatements

25. I identified preventable 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 I did not include any material findings in this report.

Report on compliance with legislation

26. 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.

27. 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.

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

Other information in the annual report

30. 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.
31. 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.
32. 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.
33. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

28 November 2025



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii),

Legislation	Sections or regulations
	38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2023	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)



ANNUAL PERFORMANCE REPORT

www.richmond.gov.za

2024/2025

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 2024/25 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 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 2024/25 Financial Year

In the 2024/25 financial year, Richmond Local Municipality set a total of 167 targets for the year. At the end of the financial year 151 targets were achieved compared to 13 targets that were not achieved. This therefore placed the municipality at 92% overall performance at the end of the financial year. The performance for the prior financial year 2023/24 the municipality achieved an overall performance of 88%, which the municipality improved in the year ending 2024/25.

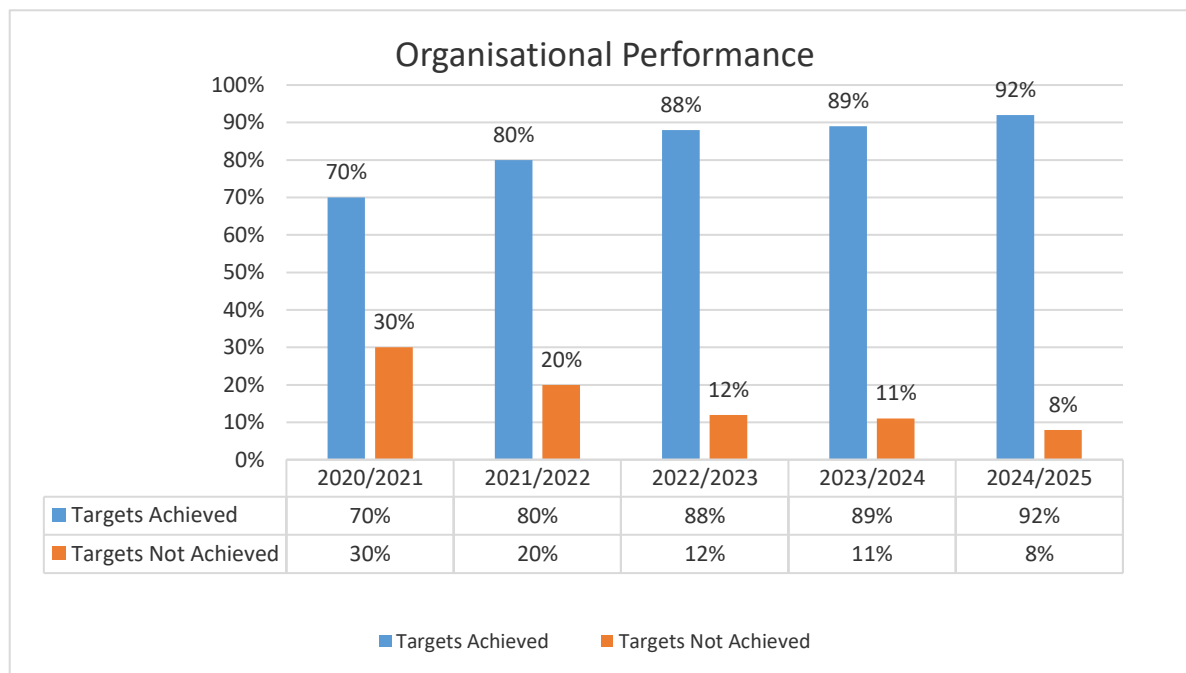
The table below demonstrates a summary scorecard of the annual performance by the in the financial year 2024/25:

KEY PERFORMANCE AREA	TOTAL PLANNED TARGETS	TOTAL ACTUAL ACHIEVED TARGETS	TOTAL NOT ACHIEVED TARGETS	PERCENTAGE (%) ACHIEVED PER KPA
Municipal Transformation and Institutional Development	33	31	2	94%
Basic Service Delivery	19	15	4	79%
Local Economic Development	20	20	0	100%
Financial Viability	4	1	3	25%
Good Governance and Public Participation	60	57	3	95%
Cross Cutting	31	30	1	97%
TOTAL	167	154	13	92%

The performance in relation to the 2024/2025-year end performance results is further depicted in a graph below which also compares current performance with prior years.

- 92% targets have met or exceed the year-end target
- 8% targets have not fully met the year-end target

Graph 1



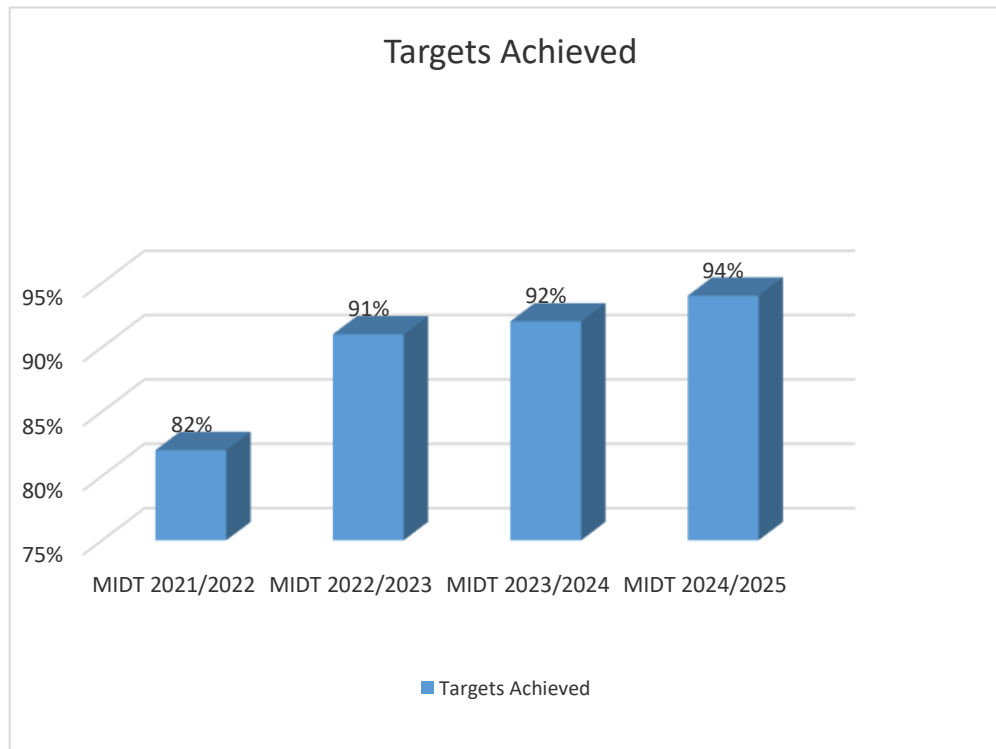
Summary performance results for all priority measures included in the municipal scorecard are as follows.

3.1 Municipal Transformation and Institutional Development

(a) Performance Highlights for 2024/2025

In this KPA the Municipality had a total number of 33 targets planned for the year, 31 of those targets were fully achieved translating to 94% of the total targets achieved and for this KPA there was a rise from the previous year which stood at 92% at year-end.

Graph 2



(b) Challenges

The municipality did not achieve full compliance under the Municipal Transformation and Institutional Development KPA due to delays in the publicising of statutory and compliance documents. These delays were primarily caused by the late finalisation of adverts and the subsequent late submission of requests to the Supply Chain Management (SCM) unit for processing. This resulted in missed deadlines for publication as prescribed by legislation and internal performance frameworks.

(c) Measures Taken to improve Performance

To prevent recurrence, the municipality will develop and implement a comprehensive compliance checklist by 30 September 2025. The checklist will outline all required compliance documents, responsible officials, and statutory publication dates.

3.2 Municipal Financial Viability and Management

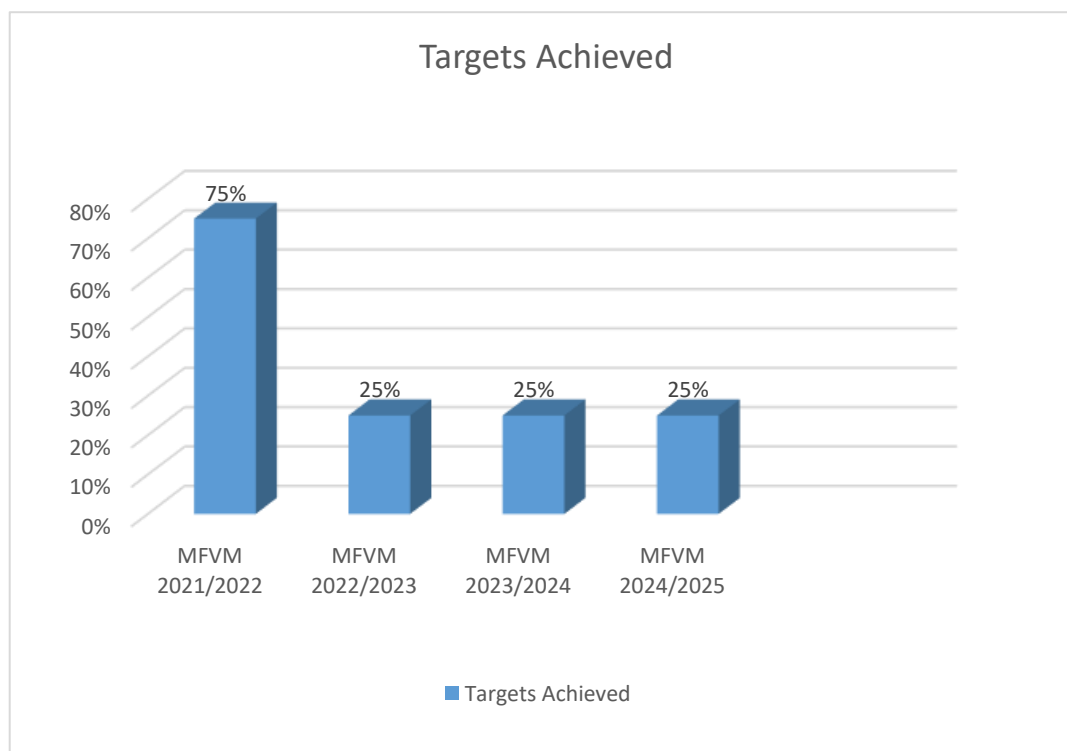
(a) Performance Highlights for 2024/2025

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 2024/2025 financial year. Despite this, notable progress was recorded in key financial indicators:

- **Revenue Collection:** The municipality achieved a 90% collection rate, an improvement from 82% in the previous year. This moves the municipality closer to the 95% norm.
- **Cash Coverage Ratio:** The ratio remained above one month, which is within the acceptable norm of 1–3 months. The municipality continues to work towards achieving a three-month coverage ratio to strengthen financial stability while sustaining service delivery.

In addition, financial governance practices improved. Compliance with key legislative requirements was enhanced, evidenced by the timely finalisation and submission of the Annual Report, Mid-term Budget Adjustment Report and Monthly Section 71 Reports. These improvements reflect progress in financial discipline and oversight, despite limited achievement of planned performance targets.

Graph 3



(b) Challenges

The municipality reflected a stagnant performance when comparing the 2024/2025 financial year against the 2024/2025 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

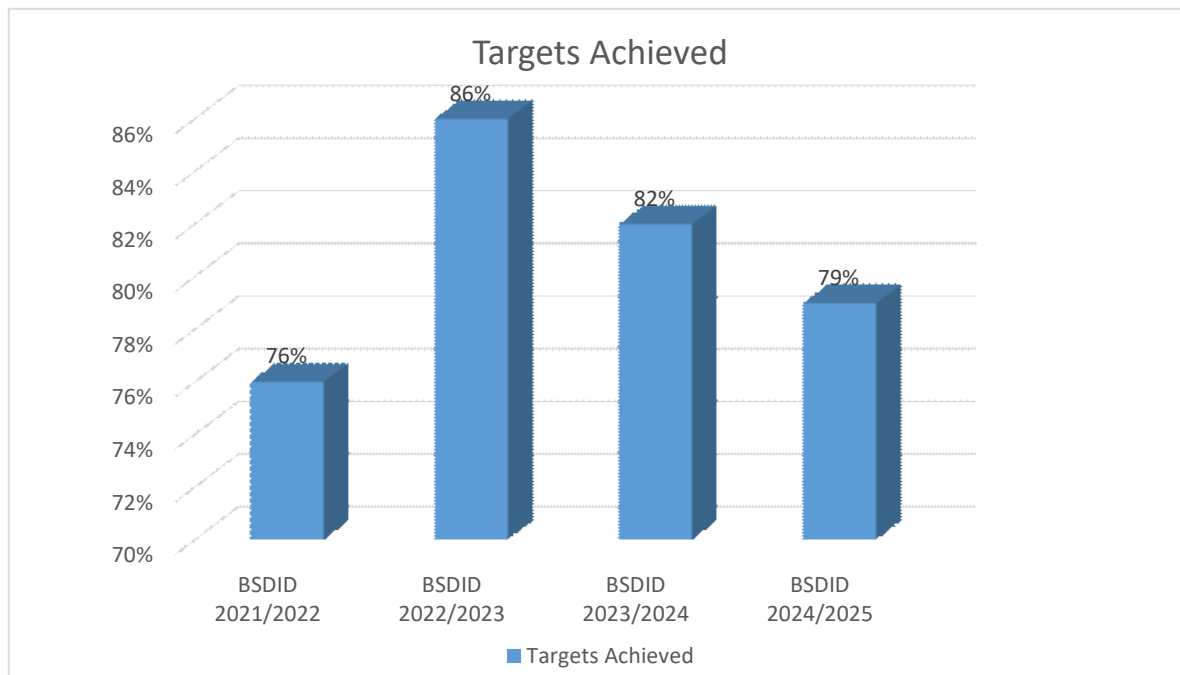
The municipality continues to enforce its creditors' payment policies to ensure compliance with the MFMA stipulated 30-day payment period. The municipality will enhance revenue collection strategies by conducting a thorough review of the current debt management practices and introducing more effective 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.

3.3 Basic Service Delivery and Infrastructure Development

(a) Performance Highlights for 2024/2025

The Basic Service Delivery and Infrastructure Development performance is made up of Technical Services and Housing Unit annual performance. The overall score for the KPA is 79% for 2024/2025 versus 82% for the previous year.

Graph 4



(b) Challenges

For this financial year the municipality was unable to complete all 4 planned electrification projects. This was due to Eskom requiring additional technical requirements, which expanded the original scope of work and consequently escalated the overall project costs. As a result, available municipal funding was insufficient to finalise all connections, and construction progress remained partial by year-end.

(c) Measures Taken to improve Performance

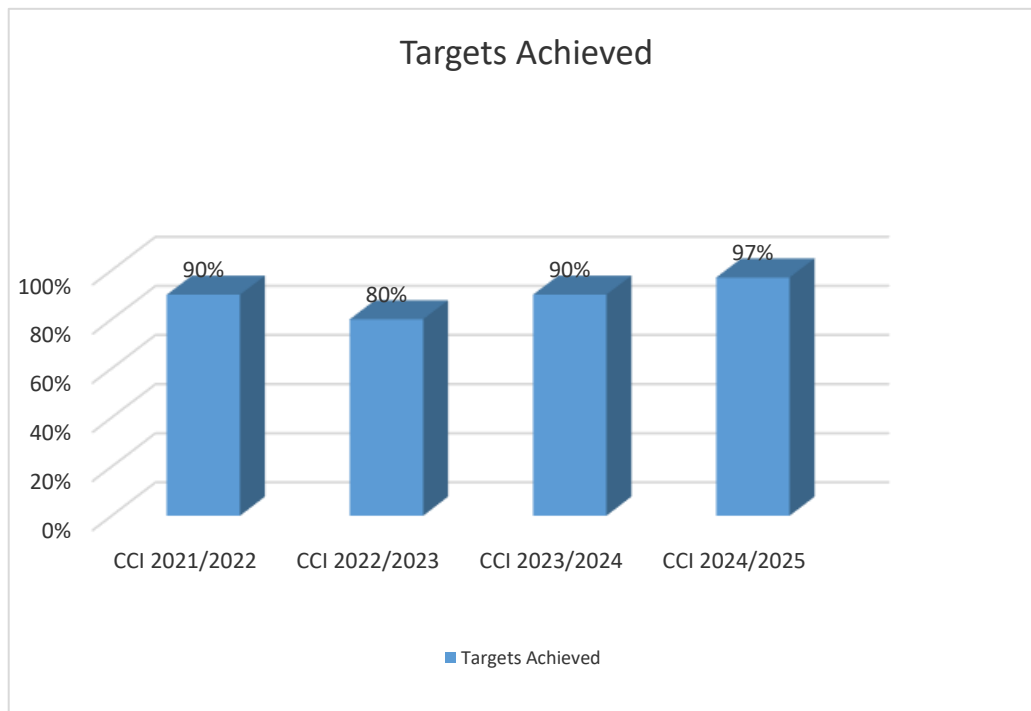
The Municipality has formally submitted an application to the Department of Mineral Resources and Energy (DMRE) for financial support to cover the revised scope of works. In parallel, the municipality will continue to engage Eskom to fast-track implementation once funds are secured, and a strengthened project monitoring mechanism will be introduced to track progress and ensure accountability across all stakeholders.

3.4 Cross-Cutting Interventions

(a) Performance Highlights.

In this KPA the Municipality had a total number of 31 targets planned for the year, 30 of those targets were fully achieved. This translates to 97% of the total targets achieved and for this KPA there was a significant rise from the previous year which stood at 90% at year-end.

Graph 5



(a) Challenges

For this KPA the Municipality had a total number of 31 targets planned for the year, 30 of those targets were fully achieved, 1 planned target from the library services was not achieved and it was for book exchanges. Book exchanges were canceled by the department of sports, arts and culture due to building works at the book depot.

(c) Measures Taken to improve Performance

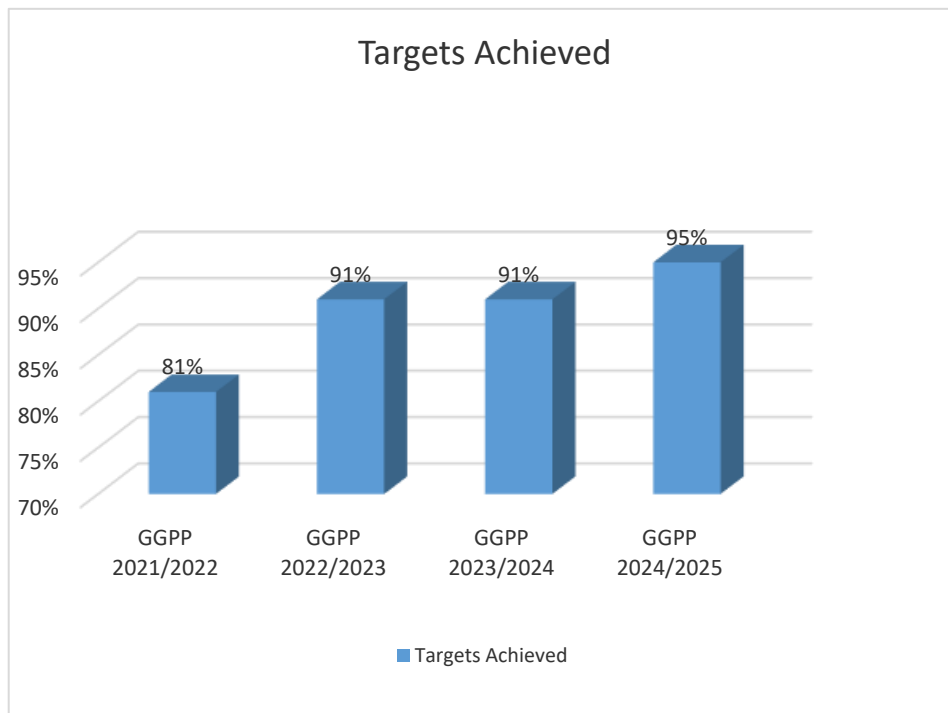
To address the challenges preventing the KPA from achieving 100%, the department of sports, arts and culture has advised that once all building works have been completed, book exchanges will be resumed.

3.5 Good Governance and Public Participation

(a) Performance Highlights for 2024/2025

The Municipality for this KPA had a total number of 57 planned targets and were achieved translating to 95% 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 municipality did not achieve 100% performance in this KPA due to a combination of factors. The Internal Audit planning documents were not finalised and approved within the planned timelines, furthermore, the municipality faced budgetary constraints that prevented the hosting of the Local Golden Games selections, resulting in non-implementation of this planned community programme.

(c) Measures Taken to improve Performance

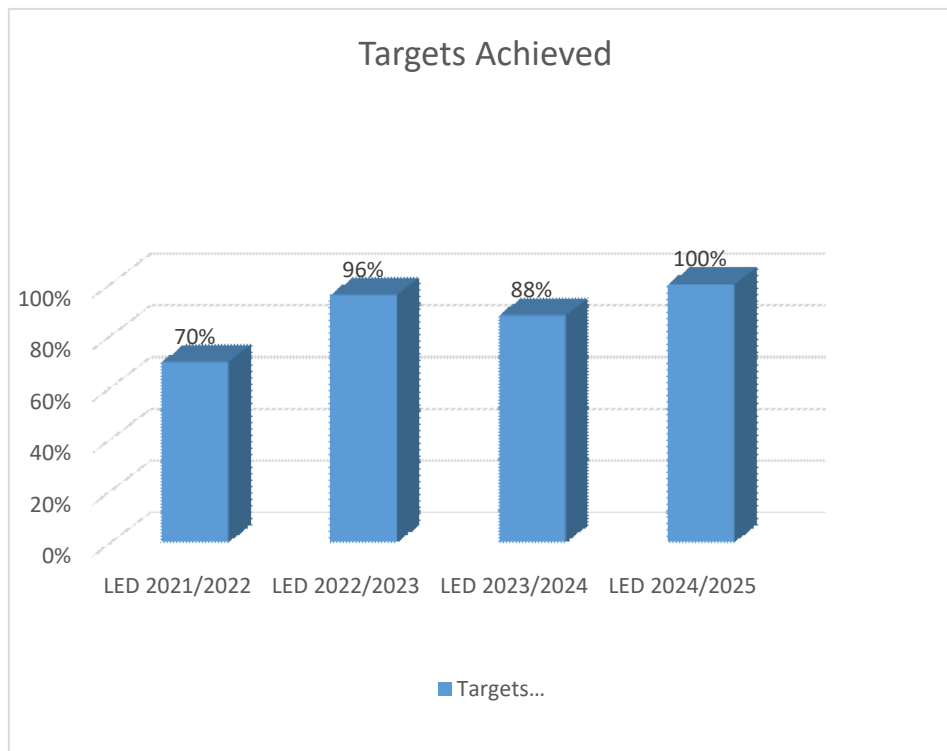
To address these challenges, the municipality will strengthen its internal planning and approval processes to ensure that all critical Internal Audit documents are reviewed, finalised, and approved within the planned timeframes. In addition, proactive budgeting measures will be adopted to prioritise key community programmes, and the municipality will actively explore partnerships with relevant stakeholders (e.g., provincial departments) to mitigate financial constraints in hosting future events.

3.6 Local Economic Development

(a) Performance Highlights

For this KPA the municipality has 20 planned targets and was able to achieve all 20 planned targets translating to an overall achievement of 100% a significant rise from 88% in the previous year.

Graph 7



(b) Challenges

There were no challenges for this KPA for the municipality as it managed to achieve all the targets set for the financial year.

(c) Measures Taken to improve Performance

There are no corrective measures needed for this KPA.

4. 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.

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

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2023/2024		Current Financial Year 2024/2025		Assessment of Service Providers Performance			Measures taken to improve performance
									G	S	P	
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			Project still in progress
RLM-10/2024/2025	Ngelizwe Trading CC	23-Nov-23	Contractor for Upgrading of Stormwater and roads in ward 7 Khetho to Mjintini		NIL	NIL	100%	22%	X			Project still in progress
RLM-11/2024/2025	Africoast JBFE Project Managers PTY LTD	08-Jan-25	Consultant for Upgrading of Slahla Access Road to Blacktop Surface in Ward 2	R3 526 256,66	NIL	NIL	100%	100%	X			Practically complete
RLM-11/2024/2025	Ngelizwe Trading CC	08-Jan-25	Contractor for Upgrading of Slahla Access Road to Blacktop Surface in Ward 2		NIL	NIL	100%	100%	X			Practically complete
14/2020/2021	Zeal Engineering Consultants PTY LTD	28-Mar-23	Slahla-Sigcakini Electrification Project	R24 480 000,00	100	0	100	0	X			Progress to date stands at 60% construction.

14/2020/2022	Gibb (Pty) Ltd	28-Mar-23	Mthunzini-Lindelani Electrification Project	R24 480 000,00	100	0	100	0	X			Project still in progress
14/2020/2023	Asande Projects (Pty) Ltd	28-Mar-23	Mcsteel - Masonite Electrification Project	R24 480 000,00	100	0	100	0	X			Progress to date stands at 50% construction.
14/2020/2024	Muteo Consulting	28-Mar-23	mpofane - Nkumane Electrification Project	R24 480 000,00	100	0	100	0	X			Project still in progress
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

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 2024/2025 financial year as follows:

PERIOD	DATE
Quarter 1	27 August 2024
Quarter 2	24 October 2024
Quarter 3	25 February 2025
Quarter 4	27 May 2025

Municipal Manager's Quality Certification

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

- The 2024/2025 Annual Performance Report

For the year ended 30 June 2025 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



BE MSWANE
MUNICIPAL MANAGER

BIO-MONITORING AND MINORITY ANNUAL REPORTS FINANCIAL REPORT 2024/2025																	
NATIONAL KEY PERFORMANCE AREA	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STRATEGY FOCUS AREA	Project / Programme/ Measurable Output	KEY PERFORMANCE INDICATOR	REVISED KEY PERFORMANCE INDICATOR	COMPARISON WITH REVISD KEY			STATUS (As NOT Achieved)	RESPONSIBLE UNIT	WARD INFORMATION	FINANCIAL IMPLICATION	REASON FOR VARIANCE	CORRECTIVE MEASURES	PORTFOLIO OF EVIDENCE
								SLIP TARGET	ORIGINAL SLIP TARGET	REVISD SLIP TARGET							
TION AND INSTITUTIONAL DEVELOPMENT	To update and implement the workforce skill plan in line with the national and municipal agreements	Work plans will plan on delivery of 2024 and development needs to COSA	1	Update and implement the workforce skill plan in line with the national and municipal agreements	Date of submission to COSA of a report (2024-2025)	Date of submission to COSA of a report (2024-2025)	Number of trained staff	30-Apr-24	30-Apr-24	30-Apr-25	Active	Corporate Services	Initial formal	R 0	N/A	N/A	WIP Document and submitted to COSA
								20	20	20	55						
								75	75	75	5						
								5	5	5	5						
	To foster a culture of good employee relations	Number of reports submitted to the relevant committees	2	4	To conduct research based on employee feedback and develop training programs and initiatives to improve employee retention and productivity	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	30-Apr-24	30-Apr-24	30-Apr-25	Active	Corporate Services	Initial formal	R 0	N/A	Copies of reports submitted to committees
									12	12	12	12					
									1	1	1	1					
									1	1	1	1					
	To foster a culture of good employee relations	Number of reports submitted to the relevant committees	2	4	To conduct research based on employee feedback and develop training programs and initiatives to improve employee retention and productivity	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	30-Apr-24	30-Apr-24	30-Apr-25	Active	Corporate Services	Initial formal	R 0	N/A	Copies of reports submitted to committees
									12	12	12	12					
									1	1	1	1					
									1	1	1	1					
	To foster a culture of good employee relations	Number of reports submitted to the relevant committees	2	4	To conduct research based on employee feedback and develop training programs and initiatives to improve employee retention and productivity	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	30-Apr-24	30-Apr-24	30-Apr-25	Active	Corporate Services	Initial formal	R 0	N/A	Copies of reports submitted to committees
									12	12	12	12					
									1	1	1	1					
									1	1	1	1					
	To foster a culture of good employee relations	Number of reports submitted to the relevant committees	2	4	To conduct research based on employee feedback and develop training programs and initiatives to improve employee retention and productivity	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	30-Apr-24	30-Apr-24	30-Apr-25	Active	Corporate Services	Initial formal	R 0	N/A	Copies of reports submitted to committees
									12	12	12	12					
									1	1	1	1					
1									1	1	1						
To foster a culture of good employee relations	Number of reports submitted to the relevant committees	2	4	To conduct research based on employee feedback and develop training programs and initiatives to improve employee retention and productivity	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	30-Apr-24	30-Apr-24	30-Apr-25	Active	Corporate Services	Initial formal	R 0	N/A	Copies of reports submitted to committees	
								12	12	12	12						
								1	1	1	1						
								1	1	1	1						
To foster a culture of good employee relations	Number of reports submitted to the relevant committees	2	4	To conduct research based on employee feedback and develop training programs and initiatives to improve employee retention and productivity	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	30-Apr-24	30-Apr-24	30-Apr-25	Active	Corporate Services	Initial formal	R 0	N/A	Copies of reports submitted to committees	
								12	12	12	12						
								1	1	1	1						
								1	1	1	1						
To foster a culture of good employee relations	Number of reports submitted to the relevant committees	2	4	To conduct research based on employee feedback and develop training programs and initiatives to improve employee retention and productivity	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	30-Apr-24	30-Apr-24	30-Apr-25	Active	Corporate Services	Initial formal	R 0	N/A	Copies of reports submitted to committees	
								12	12	12	12						
								1	1	1	1						
								1	1	1	1						
To foster a culture of good employee relations	Number of reports submitted to the relevant committees	2	4	To conduct research based on employee feedback and develop training programs and initiatives to improve employee retention and productivity	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	30-Apr-24	30-Apr-24	30-Apr-25	Active	Corporate Services	Initial formal	R 0	N/A	Copies of reports submitted to committees	
								12	12	12	12						
								1	1	1	1						
								1	1	1	1						
To foster a culture of good employee relations	Number of reports submitted to the relevant committees	2	4	To conduct research based on employee feedback and develop training programs and initiatives to improve employee retention and productivity	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	30-Apr-24	30-Apr-24	30-Apr-25	Active	Corporate Services	Initial formal	R 0	N/A	Copies of reports submitted to committees	
								12	12	12	12						
								1	1	1	1						
								1	1	1	1						
To foster a culture of good employee relations	Number of reports submitted to the relevant committees	2	4	To conduct research based on employee feedback and develop training programs and initiatives to improve employee retention and productivity	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	30-Apr-24	30-Apr-24	30-Apr-25	Active	Corporate Services	Initial formal	R 0	N/A	Copies of reports submitted to committees	
								12	12	12	12						
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To foster a culture of good employee relations	Number of reports submitted to the relevant committees	2	4	To conduct research based on employee feedback and develop training programs and initiatives to improve employee retention and productivity	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	30-Apr-24	30-Apr-24	30-Apr-25	Active	Corporate Services	Initial formal	R 0	N/A	Copies of reports submitted to committees	
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To foster a culture of good employee relations	Number of reports submitted to the relevant committees	2	4	To conduct research based on employee feedback and develop training programs and initiatives to improve employee retention and productivity	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	30-Apr-24	30-Apr-24	30-Apr-25	Active	Corporate Services	Initial formal	R 0	N/A	Copies of reports submitted to committees	
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To foster a culture of good employee relations	Number of reports submitted to the relevant committees	2	4	To conduct research based on employee feedback and develop training programs and initiatives to improve employee retention and productivity	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	Number of reports submitted to the relevant committees	30-Apr-24	30-Apr-24	30-Apr-25	Active	Corporate Services	Initial formal	R 0	N/A	Copies of reports submitted to committees	
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MUNICIPAL TRANSFORM																																
NATIONAL KEY PERFORMANCE AREA	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STATUS / FOCUS AREA	PROJECT / REGISTRATION / AGREEMENT / SIGNED	KEY PERFORMANCE INDICATOR	REVISD KEY PERFORMANCE INDICATOR	COMPLETION WITH SIGNED SIGNED		RECEIVED / SIGNED / ACTUAL		DATE OF REPORT / ACTUAL	STATUS / FOCUS AREA	RESPONSIBLE UNIT	RECEIVED / SIGNED / ACTUAL	WARD INFORMATION	FINANCIAL IMPLICATION	CHALLENGE	CORRECTIVE MEASURES	PORTFOLIO OF EVIDENCE												
								RECEIVED / SIGNED	ACTUAL	RECEIVED / SIGNED	ACTUAL																					
To effectively manage the communication systems and ICT infrastructure of the municipality	20	Review and Adoption of Communication Technology Security and Privacy Policy	Annual Review of Communication Technology Security and Privacy Policy Adoption by Council	Date of information submitted to Council	30-Jun-24	28-Jun-24	30-Jun-25	30-Jun-25	27-Jun-25	Achieved	IT	BEO	Initial/Incl	R 452004	N/A	N/A	Council Resolutions															
	21	Review and Adoption of Communication Technology Strategy	Annual Review of Communication Technology Strategy Adoption by Council	Date of information submitted to Council	30-Jun-24	28-Jun-24	30-Jun-25	30-Jun-25	27-Jun-25	Achieved	IT	BEO	Initial/Incl	N/A	N/A	Council Resolutions																
	22	Conduct Information Communications Technology Awareness Campaigns	Annual Information Communications Technology Awareness Campaigns	Number of information communications technology awareness campaigns conducted	1	1	1	1	1	Achieved	IT	BEO	Initial/Incl	N/A	N/A	Attendance Register (per staff)																
	23	Cloud and Online Backup Reports	Quarterly Information Communications Technology Backup and Recovery Reports	Number of backup reports submitted to Council	4	4	4	4	4	Achieved	IT	BEO	Initial/Incl	N/A	N/A	Information Communications Technology Report with Cloud Backup and Recovery Status, Online Backup and Recovery Status, and Backup and Recovery Status																
	24	Monitoring of the network and other management software	Quarterly Network Monitoring and Other Management Software Reports	Number of monitoring reports submitted to Council	4	4	4	4	4	Achieved	IT	BEO	Initial/Incl	N/A	N/A	Information Communications Technology Report with Network Monitoring and Other Management Software Status																
	25	Submission of Draft and Final SDRP by Mayor	Date of submission of Draft SDRP to Mayor	Approval of Draft SDRP by Mayor	30-Jun-24	31-May-24	30-Jun-25	30-Jun-25	01-Jul-25	Not Achieved	PMS / CMAM	CMAM	Initial/Incl	R.O.	N/A	Develop a compliance checklist including date for publication of compliance document by 30 September 2025																
	26	Ensure compliance in all implementing processes	Date of submission of Final SDRP to Mayor	Approval of Final SDRP by Mayor	30-Jun-24	31-May-24	30-Jun-25	30-Jun-25	28-Jun-25	Achieved	PMS / CMAM	CMAM	Initial/Incl	R.O.	N/A	Approval letter from Mayor and Council on 28 June 2025, signed on 01 July 2025																
	27	Public notification about the SDRP 2023/2025	Date of publication of SDRP to Council	Approval of SDRP by Council	30-Jun-24	31-May-24	30-Jun-25	30-Jun-25	01-Jul-25	Not Achieved	PMS / CMAM	CMAM	Initial/Incl	R.O.	N/A	Approval letter from Mayor and Council on 28 June 2025, signed on 01 July 2025																
	28	Submission of the SDRP to Council	Date of submission of SDRP to Council	Approval of SDRP by Council	30-Jun-24	31-May-24	30-Jun-25	30-Jun-25	01-Jul-25	Not Achieved	PMS / CMAM	CMAM	Initial/Incl	R.O.	N/A	Approval letter from Mayor and Council on 28 June 2025, signed on 01 July 2025																
	29	Establish new governance structures and develop a communication plan	Quarterly SDRP Reports submitted to Council	Number of quarterly SDRP reports submitted to Council	4	4	4	4	4	Achieved	PMS / CMAM	CMAM	Initial/Incl	R.O.	N/A	Approval letter from Mayor and Council on 28 June 2025, signed on 01 July 2025																
To ensure and public participation and awareness	30	Sign off on SDRP Reports	Quarterly SDRP Reports submitted to Council	Number of quarterly SDRP reports submitted to Council	4	4	4	4	4	Achieved	PMS / CMAM	CMAM	Initial/Incl	R.O.	N/A	Approval letter from Mayor and Council on 28 June 2025, signed on 01 July 2025																
	31	Published Annual Report to Council	Date of submission of Annual Report to Council	Approval of Annual Report by Council	30-Jun-24	31-May-24	30-Jun-25	30-Jun-25	01-Jul-25	Not Achieved	PMS / CMAM	CMAM	Initial/Incl	R 115284	N/A	N/A	Approval letter from Mayor and Council on 28 June 2025, signed on 01 July 2025															
	32	Adoption of the Annual Report by Council	Date of adoption of the Annual Report by Council	Approval of Annual Report by Council	30-Jun-24	31-May-24	30-Jun-25	30-Jun-25	01-Jul-25	Not Achieved	PMS / CMAM	CMAM	Initial/Incl	R.O.	N/A	Approval letter from Mayor and Council on 28 June 2025, signed on 01 July 2025																
	33	Public notification about the Oversight Report	Date of publication of the Oversight Report	Approval of Oversight Report by Council	30-Jun-24	31-May-24	30-Jun-25	30-Jun-25	01-Jul-25	Not Achieved	PMS / CMAM	CMAM	Initial/Incl	R.O.	N/A	Approval letter from Mayor and Council on 28 June 2025, signed on 01 July 2025																
	34	Adoption of the Oversight Report by Council	Date of adoption of the Oversight Report by Council	Approval of Oversight Report by Council	30-Jun-24	31-May-24	30-Jun-25	30-Jun-25	01-Jul-25	Not Achieved	PMS / CMAM	CMAM	Initial/Incl	R 193 457 277.30	N/A	N/A	Approval letter from Mayor and Council on 28 June 2025, signed on 01 July 2025															
NATIONAL KEY PERFORMANCE AREA	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STATUS / FOCUS AREA	PROJECT / REGISTRATION / AGREEMENT / SIGNED	KEY PERFORMANCE INDICATOR	REVISD KEY PERFORMANCE INDICATOR	COMPLETION WITH SIGNED SIGNED		RECEIVED / SIGNED / ACTUAL		DATE OF REPORT / ACTUAL	STATUS / FOCUS AREA	RESPONSIBLE UNIT	RECEIVED / SIGNED / ACTUAL	WARD INFORMATION	FINANCIAL IMPLICATION	CHALLENGE	CORRECTIVE MEASURES	PORTFOLIO OF EVIDENCE												
								RECEIVED / SIGNED	ACTUAL	RECEIVED / SIGNED	ACTUAL																					
								Indicate whether the objective was removed during adjustment of SDRP																								
To provide sustainable human settlements	To provide sustainable human settlements	To provide sustainable human settlements	34	Address housing and social	Contracted	Number of houses constructed	NIL	320	3%	8 houses to be implemented	NIL	25M	2.11M	Housing	CMAM	Word 4	R 193 457 277.30	Indicate whether the objective was removed during adjustment of SDRP	Inspection report of the Mayor													
To ensure and public participation and awareness	To ensure and public participation and awareness	To ensure and public participation and awareness	35	Project / RegISTRATION / AGREEMENT / SIGNED	Contracted	Number of houses constructed	NIL	0.6M	0.62M	New indicator	NIL	25M	2.11M	Housing	CMAM	Word 4	R 193 457 277.30	Indicate whether the objective was removed during adjustment of SDRP	Inspection report of the Mayor													
To ensure and public participation and awareness	To ensure and public participation and awareness	To ensure and public participation and awareness	36	Project / RegISTRATION / AGREEMENT / SIGNED	Contracted	Number of houses constructed	NIL	0.6M	0.62M	New indicator	NIL	25M	2.11M	Housing	CMAM	Word 4	R 193 457 277.30	Indicate whether the objective was removed during adjustment of SDRP	Inspection report of the Mayor													

Basic Service Delivery and Infrastructure Development												
STANDARDS & PERFORMANCE AREAS	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STANDBY FOCUS AREA	Project / Requirement / Assessment / Output	KEY PERFORMANCE INDICATOR	REVIEWED KEY PERFORMANCE INDICATOR	COMPLETION RATE / SURVIVAL RATE	PERCENTAGE ACHIEVEMENT	ORIGINAL TARGET	REVISED TARGET	PERCENTAGE ACHIEVEMENT
54	Ensure effective and efficient coordination, communication, both within and with external stakeholders.	Ensure effective and efficient coordination, communication, both within and with external stakeholders.	54	Public engagement through Mayor or AI program	Mayor or AI program	Number of household visits conducted	Number of household visits conducted	200/200	100%	200	200	100%
55	Improve accountability through transparency in the Municipality's financial and non-financial information.	Improve accountability through transparency in the Municipality's financial and non-financial information.	55	Visible municipal transparency with a public budget	Municipal transparency with a public budget	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	100%
56	Effective and operational internal audit unit	Effective and operational internal audit unit	56	Approval of planning internal audit documents	Approval of planning internal audit documents	Date of initiation of the internal audit investigation and completion of the audit report	Date of initiation of the internal audit investigation and completion of the audit report	30-Jun-24	27-Jun-24	30-Jun-24	30-Jun-24	100%
57	Confidence in the internal audit unit	Confidence in the internal audit unit	57	Confidence in the internal audit unit	Confidence in the internal audit unit	Date of report to be annual subscription	Date of report to be annual subscription	31-May-24	31-May-24	31-May-24	31-May-24	100%
58	Stakeholder engagement	Stakeholder engagement	58	AI/CSG/AMCO conference for professional development	AI/CSG/AMCO conference for professional development	Number of stakeholders in conference	Number of stakeholders in conference	2	2	2	2	100%
59	Stakeholder engagement	Stakeholder engagement	59	Considered in the engagement	Considered in the engagement	Number of meetings attended	Number of meetings attended	4	4	4	4	100%
60	Attendance at training programs	Attendance at training programs	60	Attendance at training programs	Attendance at training programs	Number of trainings attended	Number of trainings attended	4	4	4	4	100%
37	To provide access to the community for the provision of water supply	To provide access to the community for the provision of water supply	37	Water supply	Water supply	Number of households (ward 1) with access	Number of households (ward 1) with access	100	100	100	100	100%
38	To provide access to the community for the provision of water supply	To provide access to the community for the provision of water supply	38	Water supply	Water supply	Number of completed connections	Number of completed connections	100	100	100	100	100%
39	To ensure the safety of the community from the provision of water supply	To ensure the safety of the community from the provision of water supply	39	Water supply	Water supply	Number of completed connections	Number of completed connections	100	100	100	100	100%
40	To ensure the safety of the community from the provision of water supply	To ensure the safety of the community from the provision of water supply	40	Water supply	Water supply	Number of completed connections	Number of completed connections	100	100	100	100	100%
41	To ensure the safety of the community from the provision of water supply	To ensure the safety of the community from the provision of water supply	41	Water supply	Water supply	Number of completed connections	Number of completed connections	100	100	100	100	100%
42	To ensure the safety of the community from the provision of water supply	To ensure the safety of the community from the provision of water supply	42	Water supply	Water supply	Number of completed connections	Number of completed connections	100	100	100	100	100%
43	To ensure the safety of the community from the provision of water supply	To ensure the safety of the community from the provision of water supply	43	Water supply	Water supply	Number of completed connections	Number of completed connections	100	100	100	100	100%
44	To ensure the safety of the community from the provision of water supply	To ensure the safety of the community from the provision of water supply	44	Water supply	Water supply	Number of completed connections	Number of completed connections	100	100	100	100	100%
45	To ensure the safety of the community from the provision of water supply	To ensure the safety of the community from the provision of water supply	45	Water supply	Water supply	Number of completed connections	Number of completed connections	100	100	100	100	100%
46	To ensure the safety of the community from the provision of water supply	To ensure the safety of the community from the provision of water supply	46	Water supply	Water supply	Number of completed connections	Number of completed connections	100	100	100	100	100%
47	To ensure the safety of the community from the provision of water supply	To ensure the safety of the community from the provision of water supply	47	Water supply	Water supply	Number of completed connections	Number of completed connections	100	100	100	100	100%
48	To ensure the safety of the community from the provision of water supply	To ensure the safety of the community from the provision of water supply	48	Water supply	Water supply	Number of completed connections	Number of completed connections	100	100	100	100	100%
49	To ensure the safety of the community from the provision of water supply	To ensure the safety of the community from the provision of water supply	49	Water supply	Water supply	Number of completed connections	Number of completed connections	100	100	100	100	100%
50	To ensure the safety of the community from the provision of water supply	To ensure the safety of the community from the provision of water supply	50	Water supply	Water supply	Number of completed connections	Number of completed connections	100	100	100	100	100%
51	To provide safe and reliable water supply services	To provide safe and reliable water supply services	51	Water supply	Water supply	Number of completed connections	Number of completed connections	100	100	100	100	100%
52	To provide safe and reliable water supply services	To provide safe and reliable water supply services	52	Water supply	Water supply	Number of completed connections	Number of completed connections	100	100	100	100	100%

Basic Service Delivery and Infrastructure Development												
STANDARDS & PERFORMANCE AREAS	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STANDBY FOCUS AREA	Project / Regional / Municipal / Provincial / National / Other	KEY PERFORMANCE INDICATOR	REVISOR KEY PERFORMANCE INDICATOR	COMPLETION DATE	PERCENTAGE OF COMPLETION	ORIGINAL TARGET	REVISED TARGET	PERCENTAGE OF COMPLETION
51	To provide safe and reliable waste management services	To ensure the availability of waste management services	51	Waste Management	Waste Management	Number of households with access to waste management services	Number of households with access to waste management services	2024-05-31	100%	1000	1000	100%
52	To provide safe and reliable water supply services	To ensure the availability of water supply services	52	Water Supply	Water Supply	Number of households with access to water supply services	Number of households with access to water supply services	2024-05-31	100%	1000	1000	100%
53	To provide safe and reliable electricity supply services	To ensure the availability of electricity supply services	53	Electricity Supply	Electricity Supply	Number of households with access to electricity supply services	Number of households with access to electricity supply services	2024-05-31	100%	1000	1000	100%
54	To provide safe and reliable road infrastructure	To ensure the availability of road infrastructure	54	Road Infrastructure	Road Infrastructure	Number of households with access to road infrastructure	Number of households with access to road infrastructure	2024-05-31	100%	1000	1000	100%
55	To provide safe and reliable housing services	To ensure the availability of housing services	55	Housing	Housing	Number of households with access to housing services	Number of households with access to housing services	2024-05-31	100%	1000	1000	100%
56	To provide safe and reliable health services	To ensure the availability of health services	56	Health	Health	Number of households with access to health services	Number of households with access to health services	2024-05-31	100%	1000	1000	100%
57	To provide safe and reliable education services	To ensure the availability of education services	57	Education	Education	Number of households with access to education services	Number of households with access to education services	2024-05-31	100%	1000	1000	100%
58	To provide safe and reliable social services	To ensure the availability of social services	58	Social Services	Social Services	Number of households with access to social services	Number of households with access to social services	2024-05-31	100%	1000	1000	100%
59	To provide safe and reliable environmental services	To ensure the availability of environmental services	59	Environmental Services	Environmental Services	Number of households with access to environmental services	Number of households with access to environmental services	2024-05-31	100%	1000	1000	100%
60	To provide safe and reliable disaster management services	To ensure the availability of disaster management services	60	Disaster Management	Disaster Management	Number of households with access to disaster management services	Number of households with access to disaster management services	2024-05-31	100%	1000	1000	100%

To provide assurance on the adequacy and the integrity of the internal controls, performance management	61	Provide assurance on the adequacy and the integrity of the internal controls, performance management	Review type of the planned audit plan for 2024	Percentage of audit plan for 2024	100%	60%	60%	60%	70%	Yes / No	Internal Audit / OAM	OAM	Initial	R.O	Planning documents were approved as planned or planned in quarter one.	Planning documents to be approved in quarter one.	Internal Audit reports
	62	Provide high level advice to improve the internal control, risk management	Percentage of recommendations implemented	Percentage of recommendations implemented	New indicator	New indicator	90%	90%	90%	Activated	Internal Audit / OAM	OAM	Initial	R.O	N/A	N/A	Updated internal audit log
	63	Report submitted to the management of the internal audit facility	Number of reports submitted to PAC	Number of reports submitted to PAC	New indicator	New indicator	2	2	2	Activated	Internal Audit / OAM	OAM	Initial	R.O	N/A	N/A	Report submitted to management of the meeting
	64	Capable team	Performance review completed	Number of performance review completed	New indicator	New indicator	2	2	2	Activated	Internal Audit / OAM	OAM	Initial	R.O	N/A	N/A	Sign performance review report
To improve public participation and awareness	65	Annual Review of the Risk Management Framework and Anti-Fraud/ Anti-Corruption Strategy for 2024	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-24	30-Jun-24	30-Jun-25	30-Jun-25	27-Jun-25	Activated	R&A Unit / OAM	OAM	Initial	R.O	N/A	N/A	Resolution adopted the annual review of the Risk Management Framework
	66	Quarterly Progress Report on Risk Management Framework and Anti-Fraud/ Anti-Corruption Strategy submitted to the Risk Committee	Number of reports submitted to Risk Committee	Number of reports 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	Activated	R&A Unit / OAM	OAM	Initial	R.O	N/A	N/A	Quarterly progress report submitted to the Risk Committee meeting
	67	Risk workshops covered 80% of the	Number of workshops to be held	Number of workshops to be held	1 Workshop	1 Workshop	1 Workshop	1 Workshop	1 Workshop	Activated	R&A Unit / OAM	OAM	Initial	R.O	N/A	N/A	Minutes of the meetings on well as on other risk registers
	68	Participation in QIP and budget of local residents	Number of reports on the QIP and budget of local residents in decision making process	Number of reports on the QIP and budget of local residents in decision making process	4 reports	4 reports	4 reports	4 reports	4 reports	Activated	Public Participation	OAM	Initial	R.O	N/A	N/A	Sign public participation reports
To improve public participation and awareness	69	Community feedback mechanism established within the community	Percentage of community feedback mechanism supported	Percentage of community feedback mechanism supported	100%	100%	100%	100%	NIL	Activated	Public Participation	OAM	Initial	R.O	Indicator not entered during adjustment of QIP		
	70	Community feedback mechanism established within the community	Number of community feedback mechanism supported	Number of community feedback mechanism supported	4 Meetings	4 Meetings	4 Meetings	4 Meetings	4 Meetings	Activated	Public Participation	OAM	Initial	R.O	N/A	N/A	Agenda and attendance register
	71	Review on compliance to all legislative, regulatory and administrative requirements to provide public awareness	Number of legislative, regulatory and administrative requirements to provide public awareness	Number of legislative, regulatory and administrative requirements to provide public awareness	12 Meetings	12 Meetings	12 Meetings	12 Meetings	12 Meetings	Activated	Public Participation	OAM	Initial	R.O	N/A	N/A	Agenda, attendance register and minutes
	72	Review on compliance to all legislative, regulatory and administrative requirements to provide public awareness	Percentage of legislative, regulatory and administrative requirements to provide public awareness	Percentage of legislative, regulatory and administrative requirements to provide public awareness	100%	100%	100%	100%	100%	Activated	Public Participation	OAM	Initial	R.O	N/A	N/A	Copy of decision reports
To strengthen governance and QIP framework	73	Workshop plan for the year committee	Number of reports on the implementation of WOPs	Number of reports on the implementation of WOPs	4 reports	4 reports	4 reports	4 reports	4 reports	Activated	Public Participation	OAM	Initial	R.O	N/A	N/A	Copy of reports for work operational plan
	74	Processing of Service Delivery Community Issues	Percentage of community issues processed	Percentage of community issues processed	100%	100%	100%	100%	100%	Activated	Public Participation	OAM	Initial	R.O	N/A	N/A	Copy of decision reports
	75	Review of work committee the out of pocket expense	Percentage of work committee members paid out of pocket expenses	Percentage of work committee members paid out of pocket expenses	100%	100%	100%	100%	100%	Activated	Public Participation	OAM	Initial	R 875 112	N/A	N/A	Proof of payments for out of pocket expenses
	76	Compliance with Section 55(2)(b) of the MRA	Number of reports submitted to the Finance Portfolio Committee	Number of reports submitted to the Finance Portfolio Committee	New indicator	New indicator	NIL	3	3	Activated	BFO	BFO	Initial	R.O	N/A	N/A	Copies of reports submitted to committee
To strengthen governance and QIP framework	77	Establish governance structure and processes for public participation	Number of reports submitted to the Economic Infrastructure Portfolio Committee	Number of reports submitted to the Economic Infrastructure Portfolio Committee	New indicator	New indicator	NIL	3	3	Activated	Technical Services	Technical Services	Initial	R.O	N/A	N/A	Copies of reports submitted to committee
	78	Report compiled and submitted to portfolio committee	Number of reports submitted to the Corporate Service Portfolio Committee	Number of reports submitted to the Corporate Service Portfolio Committee	New indicator	New indicator	NIL	3	3	Activated	Community Services	Community Services	Initial	R.O	N/A	N/A	Copies of reports submitted to committee
	79	Report compiled and submitted to portfolio committee	Number of reports submitted to the Corporate Service Portfolio Committee	Number of reports submitted to the Corporate Service Portfolio Committee	New indicator	New indicator	NIL	3	3	Activated	Corporate Services	Corporate Services	Initial	R.O	N/A	N/A	Copies of reports submitted to committee
	80	Compliance with Section 55(2)(b) of the MRA	Percentage of Councillor paid within 30 days of invoice	Percentage of Councillor paid within 30 days of invoice	100%	100%	100%	100%	100%	Activated	BFO	BFO	Initial	R 66 412 04	N/A	N/A	Creditors Age Analysis
To strengthen governance and QIP framework	81	Implement systems and processes to ensure compliance with the QIP framework	Number of months recorded with the quarter	Number of months recorded with the quarter	12	12	12	12	12	Activated	BFO	BFO	Initial	R 467 848	N/A	N/A	Monthly recordation of the compliance with the QIP framework (Signed off by Manager)
	82	Financial Reports to SFAIS SA	Number of quarterly reports submitted to SFAIS SA	Number of quarterly reports submitted to SFAIS SA	4	4	4	4	4	Activated	BFO	BFO	Initial	R.O	N/A	N/A	Statistical report
	83	Approved budget for 31 August	Number of quarterly reports submitted to SFAIS SA	Number of quarterly reports submitted to SFAIS SA	31-Aug-23	31-Aug-24	31-Aug-24	31-Aug-24	31-Aug-24	Activated	BFO	BFO	Initial	R.O	N/A	N/A	Copies of quarterly reports submitted to SFAIS SA

	To improve sound financial management and transparency in the use of public funds and resources	84	Approved Quarterly Budgets in all Wards	Date of approving draft budget	31-Mar-24	28-Mar-24	31-Mar-25	31-Mar-25	24-Mar-25	Approved	BFO	BEO	Initia. Local	R.O.	N/A	Council Resolution- Approved draft budget
		85	Approved New Regulatory Frameworks in compliance to MFA	Date of approving final budget	31-May-24	31-May-24	31-May-25	31-May-25	30-May-25	Approved	BFO	BEO	Initia. Local	R.O.	N/A	Council Resolution- Approved final budget
		86	Approved Mid-year assessment report in compliance with MFA	Date of approval of Mid year performance assessment report	31-Jan-24	30-Jan-24	31-Jan-25	31-Jan-25	30-Jan-25	Approved	BFO	BEO	Initia. Local	R.O.	N/A	Council Resolution- Approved Mid year assessment
	Review financial plans and ensure compliance with applicable legislation	87	Approved Adjustments to budget in compliance with the MFA	Date of approval of adjustment budget	28-Feb-24	28-Feb-24	28-Feb-25	28-Feb-25	24-Feb-25	Approved	BFO	BEO	Initia. Local	R.O.	N/A	Council Resolution- Approved Adjustment Budget
		88	All monthly returns submitted to Provincial Treasury	Number of monthly returns submitted to Provincial Treasury	12	12	12	12	12	Approved	BFO	BEO	Initia. Local	R.O.	N/A	Proof of submission - Quarterly returns from Provincial Treasury
		89	All quarterly returns submitted to Provincial Treasury	Number of quarterly returns submitted to Provincial Treasury	4	4	4	4	4	Approved	BFO	BEO	Initia. Local	R.O.	N/A	Proof of submission - Quarterly returns from Provincial Treasury
		90	Annual Financial statement submitted to AGA	Date of submission of AF to Auditor General	31-Aug-23	31-Aug-23	31-Aug-24	31-Aug-24	31-Aug-24	Approved	BFO	BEO	Initia. Local	R.O.	N/A	Acknowledgement of Receipt by AGA
		91	Implementation of Procurement Framework	Number of days to place an order below R50,000	12 days	12	12 days	12 days	12 days	Approved	BFO	BEO	Initia. Local	R.O.	N/A	Request for Report
		92	Improved SCM Procurement Framework from the date SCM receives applications to date of the tender award	Number of days to place an order below R50,000 but over R50,000 and below R200,000	21 days	21	21 days	21 days	21 days	Approved	BFO	BEO	Initia. Local	R.O.	N/A	SCM monthly performance reports
	To select SCM providers that will be reliable, cost effective and competitive and will deliver quality services	93	Improved SCM Procurement Framework from the date SCM receives applications to date of the tender award	Number of days to place an order below R200,000 but over R200,000 and below R500,000	21 days	21 days	21 days	21 days	21 days	Approved	BFO	BEO	Initia. Local	R.O.	N/A	SCM monthly performance reports
		94	Improved SCM Procurement Framework from the date SCM receives applications to date of the tender award	Number of days between tender evaluation and completion of the evaluation committee	14 days	14 days	14 days	14 days	14 days	Approved	BFO	BEO	Initia. Local	R.O.	N/A	SCM monthly performance reports
		95	Approved Procurement Plans	Date of approved procurement plan by Council	30-Jun-24	30-Jun-24	30-Jun-25	30-Jun-25	27-Jun-25	Approved	BFO	BEO	Initia. Local	R.O.	N/A	Council Resolution and copy of approved procurement plan
		96	Implement system and controls to ensure financial and operational performance	Number of quarterly reports	4	4	4	4	4	Approved	BFO	BEO	Initia. Local	R.O.	N/A	Quarterly Report
		97	Strengthening of Municipal Financial Management System	Number of quarterly financial reports	4	4	4	4	4	Approved	BFO	BEO	Initia. Local	R.O.	N/A	GAPE Computerised Audit and Management Reports
		98	Gender equality is a priority for the Municipality	Date of holding local games	30-Sep-23	28-Sep-23	30-Sep-24	30-Sep-24	0	Not Approved	Community Service	COOMM 287 V (Open to all wards)	Initia. Local (Open to all wards)	R.O.	The municipality participated in the District elections and the provincial elections. There are no elections were done through ward elections	
		99	Initiation of a healthy lifestyle programme for service users	Date of attending District games	30-Sep-23	14-Sep-23	30-Sep-24	31-Dec-24	08-Nov-24	Approved	Community Service	COOMM 287 V (Open to all wards)	Initia. Local (Open to all wards)	R 43 540.00	N/A	A reference register, report and pictures
		100	Development of local youth forum	Date of attending SAAGA games	30-Sep-23	05-Nov-23	30-Sep-24	31-Dec-24	05-Dec-24	Approved	Community Service	COOMM 287 V (Open to all wards)	Initia. Local (Open to all wards)	R 38 250.00	N/A	A reference register, report and pictures
		101	Cooperate with the Department of Education to develop a programme	Number of Arts and Culture programmes conducted	2	2	2	2	2	Approved	Community Service	COOMM 287 V (Open to all wards)	Initia. Local (Open to all wards)	R 53 920.00	N/A	A reference register, report and pictures
		102	Implement a youth council to develop a programme	Number of educational programmes done	2	2	2	2	2	Approved	Community Service	COOMM 287 V (Open to all wards)	Initia. Local (Open to all wards)	R 15 720	N/A	A reference register, planning records
	To erect a playground for poor youth through donations and funding	103	A program created by young girls to showcase their talents during the Annual Arts Festival	Date of holding Annual Arts Festival	31-Dec-23	17-Dec-23	31-Dec-24	31-Dec-24	26-Sep-24	Approved	Community Service	COOMM 287 V (Open to all wards)	Initia. Local (Open to all wards)	R 33 924	N/A	Register of participated artists, report and photo
		104	A financial youth forum to develop a programme	Date of conducting event	30-Jun-24	0	30-Jun-25	30-Jun-25	03-May-25	Approved	Community Service	COOMM 287 V (Open to all wards)	Initia. Local (Open to all wards)	R 47 652	N/A	A reference register, planning records
		105	Monitoring progress in the implementation of resolutions	Number of Council meeting resolutions implemented	12	12	12	12	12	Approved	Corporate Services	Corporate Services	Initia. Local	R.O.	N/A	Copy of resolution register
		106	Continuous monitoring of the implementation of the SAAGA and Local Labour Forum	Number of meetings held to monitor the implementation of SAAGA and Local Labour Forum	4	4	4	4	4	Approved	Corporate Services	Corporate Services	Initia. Local	R.O.	N/A	Agendas, attendance register
		107	RM Council to convene all local 4 wards per ward	Number of quarterly full Council meetings held	4	4	4	4	4	Approved	Corporate Services	Corporate Services	Initia. Local	R.O.	N/A	Agendas, attendance register

CROSS CUTTING ISSUES

CROSS CUTTING ISSUES																		
NATIONAL DEPT	CROSS OBJECTIVE	STRATEGY / FOCUS AREA	KEY PERFORMANCE INDICATOR	REVIEWED PERFORMANCE INDICATOR	COMPLETION WITHIN REVIEWED YEAR	ACTUAL ACHIEVEMENT	ORIGINAL YEAR TARGET	CURRENT REVIEWED YEAR TARGET	ACTUAL ACHIEVEMENT	STATUS (ACHIEVED / NOT ACHIEVED)	RESPONSIBLE DEPARTMENT	WARD WARDWOMAN	FINANCIAL IMPLICATION	CHALLENGES	CORRECTIVE MEASURES	PORTFOLIO OF EVIDENCE		
To ensure compliance with municipal by-laws	126	Improve compliance with Town Planning Scheme and Building Regulations	Improve compliance with Building Regulations	Number of contravention notices issued	Number of contravention notices issued	40	63	60	60	ACHIEVED	Development and Planning	CM4M	R 0	N/A	N/A	Register of issued contravention notices issued.		
	127	To ensure compliance with municipal by-laws	Compliance with Town Planning Scheme and Building Regulations	Percentage of compliance approved building plans and completed bulwags	Percentage of compliance approved building plans and completed bulwags	100%	100%	100%	100%	ACHIEVED	Development and Planning	CM4M	R 0	N/A	N/A	Copy of signed compliance certificate issued.		
	128	Prevention of illegal building activities	Prevention of illegal building activities	Number of physical site visits conducted	Number of physical site visits conducted	60	119	60	60	ACHIEVED	Development and Planning	CM4M	R 0	N/A	N/A	Signed Quarterly Reports		
	129	Prevention of illegal building activities	Prevention of illegal building activities	Number of physical site visits conducted	Number of physical site visits conducted	60	79	60	60	ACHIEVED	Development and Planning	CM4M	R 0	N/A	N/A			
	130	To ensure compliance with municipal by-laws	Compliance with Spatial Planning and Use (SPU) Act	Percentage of SPUA applications processed	Percentage of SPUA applications processed	100%	100%	100%	100%	ACHIEVED	Development and Planning	CM4M	R 0	N/A	N/A	Copy of register, application and approval of use of land.		
	131	To ensure compliance with municipal by-laws	Annual Review of the Development Framework	Date of reviewing the Management Policy and Plan	Date of reviewing the Management Policy and Plan	31-Dec-23	28-Nov-23	30-Jun-25	30-Jun-25	27-Jun-25	ACHIEVED	Development and Planning	CM4M	R 0	N/A	N/A	Council resolution endorsing framework	
	132	Review of the Management Policy and Plan	Review of the Management Policy and Plan	Number of awareness campaigns conducted in each ward	Number of awareness campaigns conducted in each ward	7	7	7	7	7	ACHIEVED	Disaster Management	Community Services	R 20.04	N/A	N/A	Attendance Register, proof of participation and photographs of participants / materials	
	133	To implement disaster management programmes	Disaster Management	Number of library programmes conducted in the communities	Number of library programmes conducted in the communities	12	12	12	12	12	ACHIEVED	Disaster Management	Community Services	R 0	N/A	N/A	Copy of signed incident report indicating time taken to respond to disaster incidents	
	134	To implement disaster management programmes	Disaster Management	Number of meetings convened	Number of meetings convened	4	4	4	4	4	ACHIEVED	Disaster Management	Community Services	R 0	N/A	N/A	Agenda, attendance register and minutes	
	135	To ensure compliance with municipal by-laws	Enforcing 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	R 0	N/A	N/A	Library Register / Library Manager / Library Services	
	136	To promote the use of local resources and infrastructure	Number of book exchange programmes	Number of book exchange programmes	Number of book exchange programmes	12	12	12	12	0	Not Achieved	Library Services	Community Services	R 0	Book exchanges were undertaken by the library service. Book exchanges will resume once the library book exchange is operational.	N/A	Book exchanges will resume once the library book exchange is operational.	Quarterly book exchange report submitted to the Councillor
	137	To ensure compliance with municipal by-laws	Disaster Management	Number of awareness campaigns conducted in the communities	Number of awareness campaigns conducted in the communities	4	4	4	4	4	ACHIEVED	Disaster Management	Community Services	R 0	N/A	N/A	Expansion report Agency / the SMC Community Services of the SMC	
To ensure compliance with municipal by-laws	138	To enhance and improve safety of our roads	Disaster Management	Number of roadblocks conducted	Number of roadblocks conducted	40	40	40	40	ACHIEVED	Community Services	COAM SERV	R 0	N/A	N/A	Quarterly Roadblocks Report submitted to the Councillor		
	139	To enhance and improve safety of our roads	Disaster Management	Number of roadblocks conducted	Number of roadblocks conducted	12	12	12	8	ACHIEVED	Community Services	COAM SERV	R 0	N/A	N/A	Attendance Register of who conducted roadblocks and photographs of roadblocks		
	140	To enhance and improve safety of our roads	Disaster Management	Number of roadblocks conducted	Number of roadblocks conducted	4	4	4	4	ACHIEVED	Community Services	COAM SERV	R 13.200	N/A	N/A	Agenda, minutes and attendance register		
	141	To ensure compliance with municipal by-laws	Disaster Management	Number of roadblocks conducted	Number of roadblocks conducted	4	4	4	4	ACHIEVED	Community Services	COAM SERV	R 0	N/A	N/A	Agenda, minutes and attendance register		
	142	To ensure compliance with municipal by-laws	Disaster Management	Number of roadblocks conducted	Number of roadblocks conducted	4	4	4	4	ACHIEVED	Community Services	COAM SERV	R 0	N/A	N/A	Agenda, minutes and attendance register		
	143	To ensure compliance with municipal by-laws	Disaster Management	Number of roadblocks conducted	Number of roadblocks conducted	7	7	7	7	ACHIEVED	Community Services	COAM SERV	R 0	N/A	N/A	Agenda, minutes and attendance register		
	144	To ensure compliance with municipal by-laws	Disaster Management	Number of roadblocks conducted	Number of roadblocks conducted	31-Dec-23	31-Dec-23	31-Dec-24	31-Dec-24	10-Dec-24	ACHIEVED	Community Services	COAM SERV	R 20.04	N/A	N/A	Copy of letter inviting for transport and infrastructure register	
	145	To ensure compliance with municipal by-laws	Disaster Management	Number of roadblocks conducted	Number of roadblocks conducted	4	4	4	4	4	ACHIEVED	Community Services	COAM SERV	R 0	N/A	N/A	Agenda, minutes and attendance register	
	146	To ensure compliance with municipal by-laws	Disaster Management	Number of roadblocks conducted	Number of roadblocks conducted	4	4	4	4	4	ACHIEVED	Community Services	COAM SERV	R 0	N/A	N/A	Agenda, minutes and attendance register	
	147	To ensure compliance with municipal by-laws	Disaster Management	Number of roadblocks conducted	Number of roadblocks conducted	New Indicator	New Indicator	4	4	4	ACHIEVED	Community Services	COAM SERV	R 0	N/A	N/A	Agenda, minutes and attendance register	
	148	To ensure compliance with municipal by-laws	Disaster Management	Number of roadblocks conducted	Number of roadblocks conducted	New Indicator	New Indicator	4	4	4	ACHIEVED	Community Services	COAM SERV	R 0	N/A	N/A	Agenda, minutes and attendance register	
	149	To ensure compliance with municipal by-laws	Disaster Management	Number of roadblocks conducted	Number of roadblocks conducted	New Indicator	New Indicator	4	4	4	ACHIEVED	Community Services	COAM SERV	R 0	N/A	N/A	Agenda, minutes and attendance register	
150	To ensure compliance with municipal by-laws	Disaster Management	Number of roadblocks conducted	Number of roadblocks conducted	New Indicator	New Indicator	4	4	4	ACHIEVED	Community Services	COAM SERV	R 0	N/A	N/A	Agenda, minutes and attendance register		



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for the year ended 30 June 2025

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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. Ngcongco
	Deputy Mayor	Cllr. B. Mbanjwa
	Speaker	Cllr. K.E. Mkize
	Member of the Executive Committee	Cllr. M.K. Ngcongco
	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. Dlamini
	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)	

Richmond Local Municipality

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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
SETA	Sector Education and Training Authority
IT	Information Technology
SCM	Supply Chain Management
SARS	South African Revenue Services

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and 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 2026 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The 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 29 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 29 August 2025:

Accounting Officer
BE Mswane

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	20 629 793	11 870 958
Receivables from exchange transactions	4	2 191 570	1 878 116
Receivables from non-exchange transactions	5	6 598 883	6 551 680
Statutory receivable VAT	6	370 087	2 623 077
		29 790 333	22 923 831
Non-Current Assets			
Heritage assets	7	212 767	212 767
Investment property	8	1 185 899	1 185 899
Intangible assets	9	934 045	797 084
Property, plant and equipment	10	375 334 239	368 756 205
Non-current investment		266	266
		377 667 216	370 952 221
Total Assets		407 457 549	393 876 052
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	11 216 352	10 102 820
Payables from non-exchange transactions	12	1 368 346	1 592 068
Unspent conditional grants and receipts	13	5 841 354	5 071 123
Operating lease liability	14	716 322	672 062
Finance lease obligation	15	-	268 148
Employee benefit obligation	16	777 000	621 000
Provisions	17	876 004	739 862
		20 795 378	19 067 083
Non-Current Liabilities			
Employee benefit obligation	16	11 215 000	10 064 000
Provisions	17	9 265 514	6 146 420
		20 480 514	16 210 420
Total Liabilities		41 275 892	35 277 503
Net Assets		366 181 657	358 598 549
Accumulated surplus		366 181 658	358 598 549
Total Net Assets		366 181 658	358 598 549

* See Note 45

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	18	987 064	1 023 421
Construction contracts revenue	19	-	6 956 521
Rental of facilities and equipment	20	1 256 512	1 098 477
Interest earned - outstanding debtors	21	465 948	429 550
Other income	22	1 239 615	1 110 065
Interest received - investment	23	2 872 934	2 939 260
Total revenue from exchange transactions		6 822 073	13 557 294
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	29 400 118	28 870 518
Property rates - penalties imposed	24	3 145 486	2 925 073
Licences and permits	25	2 805 350	2 377 885
Transfer revenue			
Government grants & subsidies	26	129 770 217	122 081 077
Fines, penalties and forfeits	27	680 207	400 042
Total revenue from non-exchange transactions		165 801 378	156 654 595
Total revenue		172 623 451	170 211 889
Expenditure			
Employee related costs	28	(79 357 411)	(69 694 476)
Remuneration of councillors	29	(6 522 107)	(6 549 465)
Depreciation and amortisation	30	(15 473 046)	(16 477 591)
Finance costs	31	(752 043)	(850 613)
Operating lease rentals	32	(2 905 981)	(2 873 539)
Construction contract cost	34	-	(6 956 241)
Contracted services	33	(32 132 231)	(31 950 890)
Inventory consumed	35	(3 678 322)	(4 694 196)
Operational cost	36	(18 811 488)	(22 589 329)
Total expenditure		(159 632 629)	(162 636 340)
Operating surplus		12 990 822	7 575 549
Gain/(Loss) on disposal of assets		750 983	(123 885)
Gain on remeasurement of landfill provision	39	-	407 378
Actuarial gains/(losses)	16	56 000	(83 000)
Impairment loss	37	(5 222 215)	(5 799 415)
Irrecoverable debts written off	38	(992 495)	(1 713 068)
		(5 407 727)	(7 311 990)
Surplus for the year		7 583 095	263 559

* See Note 45

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	358 114 506	358 114 506
Adjustments		
Prior year adjustments 45	220 484	220 484
Balance at 01 July 2023 as restated*	358 334 990	358 334 990
Changes in net assets		
Surplus for the year	263 559	263 559
Total changes	263 559	263 559
Restated* Balance at 01 July 2024	358 598 563	358 598 563
Changes in net assets		
Surplus for the year	7 583 095	7 583 095
Total changes	7 583 095	7 583 095
Balance at 30 June 2025	366 181 658	366 181 658
Note(s)		

* See Note 45

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Property rates and other receipts from non-exchange transactions		32 508 197	28 254 434
Services charges and other receipts from exchange transactions		3 268 293	2 436 082
Transfers and subsidies and public contributions		131 494 114	130 413 693
Interest received		2 872 934	2 939 260
		170 143 538	164 043 469
Payments			
Employees and councillors		(84 093 880)	(77 133 320)
Suppliers, service providers and other		(56 628 668)	(71 389 997)
		(140 722 548)	(148 523 317)
Net cash flows from operating activities	41	29 420 990	15 520 152
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(21 417 632)	(21 870 957)
Proceeds from sale of property, plant and equipment	10	1 422 974	360 064
Purchase of other intangible assets	9	(387 181)	(600 000)
Net cash flows from investing activities		(20 381 839)	(22 110 893)
Cash flows from financing activities			
Finance lease payments		(268 148)	(246 987)
Finance cost – Finance Leases		(12 181)	(33 299)
Net cash flows from financing activities		(280 329)	(280 286)
Net increase/(decrease) in cash and cash equivalents		8 758 822	(6 871 027)
Cash and cash equivalents at the beginning of the year		11 870 958	18 741 989
Cash and cash equivalents at the end of the year	3	20 629 780	11 870 962

The accounting policies on pages 13 to 48 and the notes on pages 49 to 93 form an integral part of the annual financial statements.

* See Note 45

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variance %
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1 079 000	-	1 079 000	987 064	(91 936)	9%
Sale of goods and rendering of services	3 571 000	(3 069 000)	502 000	503 302	1 302	0%
Rental of facilities and equipment	910 000	99 000	1 009 000	1 256 512	247 512	25%
Interest received - trading	443 000	68 000	511 000	465 948	(45 052)	9%
Other revenue	945 000	266 000	1 211 000	736 310	(474 690)	39%
Interest received - investment	3 602 000	(83 000)	3 519 000	2 872 934	(646 066)	18%
Total revenue from exchange transactions	10 550 000	(2 719 000)	7 831 000	6 822 070	(1 008 930)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	28 889 000	-	28 889 000	29 400 118	511 118	2%
Fines, penalties and forfeits	2 376 000	(2 346 000)	30 000	680 207	650 207	2167%
Licences and permits (non-exchange)	2 736 000	30 000	2 766 000	2 805 350	39 350	1%
Interest	-	2 629 000	2 629 000	3 145 486	516 486	20%
Transfer revenue						
Government grants & subsidies	106 214 000	1 861 000	108 075 000	106 714 591	(1 360 409)	-1%
Total revenue from non-exchange transactions	140 215 000	2 174 000	142 389 000	142 745 752	356 752	
Total revenue	150 765 000	(545 000)	150 220 000	149 567 822	(652 178)	
Expenditure						
Employee related costs	(73 130 000)	(5 591 000)	(78 721 000)	(79 357 411)	(636 411)	-1%
Remuneration of councillors	(7 219 000)	500 000	(6 719 000)	(6 522 107)	196 893	3%
Depreciation and asset impairment	(20 456 000)	-	(20 456 000)	(15 473 046)	4 982 954	24%
Debt impairment / Irrecoverable debts written off	(6 782 000)	(118 000)	(6 900 000)	(6 214 710)	685 290	10%
Finance costs	(421 000)	(689 000)	(1 110 000)	(752 043)	357 957	32%
Contracted services	(35 552 000)	1 196 000	(34 356 000)	(32 132 231)	2 223 769	6%
Inventory consumed	(3 704 000)	(783 000)	(4 487 000)	(3 678 322)	808 678	18%
General expenses	(25 718 000)	2 566 000	(23 152 000)	(21 717 469)	1 434 531	6 %
Total expenditure	(172 982 000)	(2 919 000)	(175 901 000)	(165 847 339)	10 053 661	
Operating deficit	(22 217 000)	(3 464 000)	(25 681 000)	(16 279 517)	9 401 483	
Transfers & Subsidies - Capital	22 125 000	1 100 000	23 225 000	23 055 626	(169 374)	2%
Gains and losses including disposal of assets	-	-	-	806 983	806 983	100%
	22 125 000	1 100 000	23 225 000	23 862 609	637 609	
Surplus for the year	(92 000)	(2 364 000)	(2 456 000)	7 583 092	10 039 092	

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variance %
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(92 000)	(2 364 000)	(2 456 000)	7 583 092	10 039 092	

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Statement of Financial Position

Assets

Current Assets

Receivables from exchange transactions	1 025 000	(536 000)	489 000	2 191 570	1 702 570
Receivables from non-exchange transactions	7 192 000	(185 000)	7 007 000	6 598 883	(408 117)
Statutory receivable VAT	3 379 000	2 373 000	5 752 000	370 087	(5 381 913)
Cash and cash equivalents	25 626 000	(10 875 000)	14 751 000	20 629 793	5 878 793
	37 222 000	(9 223 000)	27 999 000	29 790 333	1 791 333

Non-Current Assets

Investment property	1 186 000	-	1 186 000	1 185 899	(101)
Property, plant and equipment	374 961 000	17 252 000	392 213 000	375 334 239	(16 878 761)
Intangible assets	1 160 000	455 000	1 615 000	934 045	(680 955)
Heritage assets	393 000	(180 000)	213 000	212 767	(233)
Non-current investment	-	-	-	266	266
	377 700 000	17 527 000	395 227 000	377 667 216	(17 559 784)

Total Assets	414 922 000	8 304 000	423 226 000	407 457 549	(15 768 451)
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Liabilities

Current Liabilities

Finance lease obligation	452 000	488 000	940 000	-	(940 000)
Operating lease liability	-	-	-	716 322	716 322
Payables from exchange transactions	13 796 000	(1 585 000)	12 211 000	11 216 352	(994 648)
Payables from non-exchange transactions	-	-	-	1 368 346	1 368 346
Consumer deposits	-	13 000	13 000	-	(13 000)
Employee benefit obligation	-	3 066 000	3 066 000	777 000	(2 289 000)
Unspent conditional grants and receipts	4 527 000	2 215 000	6 742 000	5 841 354	(900 646)
Provisions	514 000	847 000	1 361 000	876 004	(484 996)
	19 289 000	5 044 000	24 333 000	20 795 378	(3 537 622)

Non-Current Liabilities

Financial liabilities - Borrowings	691 000	17 611 000	18 302 000	-	(18 302 000)
Provisions	15 972 000	238 000	16 210 000	9 265 514	(6 944 486)
Employee benefit obligation	6 767 000	406 000	7 173 000	11 215 000	4 042 000
	23 430 000	18 255 000	41 685 000	20 480 514	(21 204 486)

Total Liabilities	42 719 000	23 299 000	66 018 000	41 275 892	(24 742 108)
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Net Assets	372 203 000	(14 995 000)	357 208 000	366 181 657	8 973 657
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Net Assets

Accumulated surplus	372 203 000	(14 995 000)	357 208 000	366 181 658	8 973 658
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Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Cash Flow Statement

Cash flows from operating activities

Receipts

Property rates	26 549 000	(2 345 000)	24 204 000	32 508 197	8 304 197	
Service charges	969 000	-	969 000	3 268 293	2 299 293	
Government - Operating & Capital Grants	131 646 000	1 741 000	133 387 000	131 494 114	(1 892 886)	
Other income	11 443 000	325 000	11 768 000	-	(11 768 000)	
Interest income	3 602 000	(83 000)	3 519 000	2 872 934	(646 066)	
	174 209 000	(362 000)	173 847 000	170 143 538	(3 703 462)	

Payments

Employee costs and Suppliers	(164 474 000)	(3 357 000)	(167 831 000)	(140 722 542)	27 108 458	
Finance costs	(421 000)	(689 000)	(1 110 000)	-	1 110 000	
	(164 895 000)	(4 046 000)	(168 941 000)	(140 722 542)	28 218 458	

Net cash flows from operating activities	9 314 000	(4 408 000)	4 906 000	29 420 996	24 514 996	
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Cash flows from investing activities

Purchase of property, plant and equipment	(24 309 000)	(2 338 000)	(26 647 000)	(21 417 632)	5 229 368	
Proceeds from sale of property, plant and equipment	-	-	-	1 422 913	1 422 913	
Purchase of other intangible assets	-	-	-	(387 181)	(387 181)	

Net cash flows from investing activities	(24 309 000)	(2 338 000)	(26 647 000)	(20 381 900)	6 265 100	
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Cash flows from financing activities

Repayment of other financial liabilities	-	-	-	(268 148)	(268 148)	
Finance cost – Finance Leases	-	-	-	(12 181)	(12 181)	

Net cash flows from financing activities	-	-	-	(280 329)	(280 329)	
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Net increase/(decrease) in cash and cash equivalents	(14 995 000)	(6 746 000)	(21 741 000)	8 758 767	30 499 767	
Cash and cash equivalents at the beginning of the year	21 594 000	(9 723 000)	11 871 000	11 870 958	(42)	

Cash and cash equivalents at the end of the year	6 599 000	(16 469 000)	(9 870 000)	20 629 725	30 499 725	
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Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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

Rental of facilities and equipment: The improved revenue performance is attributed to an escalation in the rental charges, effected following the successful conclusion of long-term lease negotiations with Fairvest.

Other income: The variance is due to the municipality receiving a lower amount from insurance claims related to damaged or lost municipal assets than initially anticipated.

Interest on investments: The shortfall in investment income is due to the municipality not receiving additional grant fallocations for the MIG and the Library Grant, as was initially anticipated during the budgeting phase.

Property rates - Interest and penalties imposed : The favourable variance arises from the non-implementation of a debt relief incentive scheme in the current financial year, which in previous years resulted in reduced penalties and interest charges on overdue accounts.

Fines, penalties and forfeits: The improved variance is as a result of traffic fines raised and the recycling of unallocated deposit to revenue due to prescription period.

Finance cost: The savings on finances costs are due to delays in the finalisation of a finance lease agreement relating to the acquisition of municipal vehicles. As a result ininterest bearing liabilities were not incurred as anticipated.

Depreciation and asset impairment: The variance can be attributed to over-budgeting for this item to circumvent unauthorised expenditure in non-cash items.

Debt impairment / Irrecoverable debts written off: The favourable variance is attributed to improved revenue collections efforts, particularly towards year end. The municipality achieved a collection rate of 90%, reducing the requirement for debt impairment provisions.

Inventory consumed: The cost savings are a result of stringent cost containment mesures implemented by the municipality while still ensuring that critical service delivery obligations were prioritised.

Gains on disposal of assets: The positive variance is due to profit realised on the disposal of municipal asset through a public auction held shortly before 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

Employee related costs: The municipality has aligned the amount incurred for skills and development levy to employee related cost however, the actual budget amount remained under operational cost, this has caused a variance in the employee related cost line item . The total budget for the SDL is R 741 090.

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

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

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

1.1 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.

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. 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.

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.

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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:

<u>Class of transactions</u>	<u>Level of materiality</u>
Revenue	R 1 700 788.78
Expenditure	R 1 626 363.39
Non-current Assets	R 1 854 761.30
Current assets	R 1 094 788.87
Current liabilities	R 919 626.25
Non-current liabilities	R 810 521.00

The materiality calculation is based on the last year's audited financial statements as at June 2024 for all classes of transactions and balances.

Based on professional judgement, the overall quantitative value of materiality for the 2024/25 financial year is set at R 1,5 million.

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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 the lower 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.

Richmond Local Municipality

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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 17 - 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 16.

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.

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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.

Richmond Local Municipality

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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	Indefinite
Buildings - Building improvements	Straight-line	10 - 30 years
Community -Community facilities & Recreational 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.

Richmond Local Municipality

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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.

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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.

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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.

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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 unutilised 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

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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 municipality 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 municipality 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

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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.

Richmond Local Municipality

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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.

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Significant Accounting Policies

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.

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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.

Richmond Local Municipality

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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.

Richmond Local Municipality

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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.

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Significant Accounting Policies

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.

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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.

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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.

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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.

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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

Richmond Local Municipality

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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.

Richmond Local Municipality

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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-measures 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.

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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.

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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 43.

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

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Significant Accounting Policies

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:

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Significant Accounting Policies

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.

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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.

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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.

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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.

Prescribed unallocated deposits

The municipality recognise revenue in respect of prescribed unallocated deposits when the unallocated deposits no longer meets the definition of a liability or satisfies the criteria for recognition as a liability or when they are deemed to have prescribed in terms of the Prescription Act, Act 68 of 1969.

Revenue arising from prescribed unallocated deposit is measured at the carrying amount of the unallocated deposit that has prescribed.

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

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

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

1.25 Accounting by principals and agents

Identification

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Significant Accounting Policies

1.25 Accounting by principals and agents (continued)

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether 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 it 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:

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Significant Accounting Policies

1.27 Segment information (continued)

- 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.

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 49- 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 50 - 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.

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Significant Accounting Policies

1.30 Irregular expenditure (continued)

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.

1.31 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.

1.32 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.

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Significant Accounting Policies

1.33 Budget information

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

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

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

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

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

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

1.34 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 contracts 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.

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2025 or later periods:

GRAP 2023 Improvements to the Standards of GRAP 2023

GRAP 1 (amended): Presentation of Financial Statements (Going Concern)

GRAP 103 (as revised): Heritage Assets

GRAP 104 (as revised): Financial Instruments

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balance	2 601 604	498 122
Short-term deposits	18 028 189	11 372 836
	20 629 793	11 870 958

Richmond Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
Call Account:- First National Bank - Account number 61356002695	172	21	101 252	172	21	101 252
Housing Operating Account:- First National Bank - Account number 62134473280	609 976	947 461	829 041	609 976	947 461	829 041
First National Bank - Account number 62810019217	2 776 837	2 587 607	2 399 511	2 776 837	2 587 607	2 399 511
First National Bank - Account number 53565322104	2 601 305	497 822	489 355	2 601 305	497 822	489 355
Patheni Housing Account:- First National Bank -Account number 62117170407	-	177 176	174 130	-	177 176	174 130
Siyathuthuka Phase II Account:- First National Bank-Account number 62176174383	-	334 229	327 956	-	334 229	327 956
Zwelethu Housing Account:- First National Bank - Account 62155682844	-	394 036	387 183	-	394 036	387 183
Small Town Account:- First National Bank - Account 62833571385	1 992	1 856	-	1 992	1 856	-
ABSA -Account number 00268791155	10 946 512	-	-	10 946 512	-	-
First National Bank - Library Account number 62833569900	14 878	1 910	965	14 878	1 910	965
First National Bank - Account number - 63003024063	898 240	1 201	418 266	898 240	1 201	418 266
First National Bank - Richmond Branch - Account number - 63003663506	17 516	16 322	50 527	17 516	16 322	50 527
First National Bank - High-overAccount number - 3024683319	2 146 796	214 152	2 768 733	2 146 796	214 152	2 768 733
Nedbank account - 03/7165013946	-	6 343 950	10 794 773	-	6 343 950	10 794 773
Fist National Bank - Informal Economy Infr - Account number 63138299341	359 064	-	-	359 064	-	-
First National Bank - Nelson Street Account number - 63107196932	256 201	352 907	-	256 201	352 907	-
Total	20 629 489	11 870 650	18 741 692	20 629 489	11 870 650	18 741 692

Restricted cash balances

Conditional Grants	5 841 354	5 071 123
Unspent operational and capital grants		

Amounts comprise of various operational and capital grants subject to conditions as set out in the Division of Revenue Act and other grant agreements and may only be utilised for the purposes stipulated therein. Unspent amounts must be returned to the respective funder unless approval for retention is obtained

Richmond Local Municipality

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Figures in Rand	2025	2024
4. Receivables from exchange transactions		
Refuse	4 200 426	3 814 521
Property rentals	2 169 804	2 317 294
Deposits	786 755	59 947
Prepaid expenses	307 282	372 695
VAT Input accrual	745 692	608 553
Provision for impairment	(6 018 389)	(5 294 894)
	2 191 570	1 878 116
Gross balances:		
Refuse	4 200 426	3 814 521
Property rentals	2 169 804	2 317 294
Deposits	786 755	59 947
Prepaid expenses	307 282	372 695
VAT Input accrual	745 692	608 553
	8 209 959	7 173 010
Less: Provision for impairment		
Refuse	(3 968 428)	(3 575 163)
Property rentals	(2 049 961)	(1 719 731)
	(6 018 389)	(5 294 894)
Refuse	231 998	239 357
Property rentals	119 843	597 564
Deposits	786 755	59 947
Prepaid expenses	307 282	372 695
VAT Input accrual	745 692	608 553
Net receivables from exchange transactions	2 191 570	1 878 116

Receivables from exchange transactions

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 2025 and 2024 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 collateral for liabilities or contingent liabilities.

Ageing of receivables from exchange transactions

As at 30 June 2025	Current		Past Due		
Refuse	0 - 30 days	31-60 days	61 - 90 Days	+ 90 Days	Total
Gross Balances	265 322	90 145	86 540	3 758 418	4 200 425
Subtotal	265 322	90 145	86 540	3 758 418	4 200 425
Less: Allowance for impairment	(250 667)	(85 166)	(81 760)	(3 550 832)	(3 968 425)
	14 655	4 979	4 780	207 586	232 000
Property rentals	0 - 30 days	31-60 days	61 - 90 Days	+ 90 Days	Total
Gross Balances	249 734	44 438	67 361	1 808 271	2 169 804
Subtotal	249 734	44 438	67 361	1 808 271	2 169 804
Less: Allowance for impairment	(235 940)	(41 984)	(63 640)	(1 708 397)	(2 049 961)
	13 794	2 454	3 721	99 874	119 843

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand 2025 2024

4. Receivables from exchange transactions (continued)

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

Property rentals	0 - 30 days	31-60 days	61 - 90 Days	+ 90 Days	Total
Gross Balances	719 469	29 584	30 009	1 538 234	2 317 296
Subtotal	719 469	29 584	30 009	1 538 234	2 317 296
Less: Allowance for impairment	(222 166)	(27 727)	(28 127)	(1 441 711)	(1 719 731)
	497 303	1 857	1 882	96 523	597 565

As at 30 June 2025

Refuse	Residential	Commercial	Government	Other	Total
0 - 30 Days	121 041	57 449	17 435	69 395	265 320
31-60 Days	40 671	20 374	1 968	27 132	90 145
61-90 Days	38 316	18 909	2 651	26 664	86 540
+ 90 Days	1 433 356	380 247	979 378	965 439	3 758 420
Subtotal	1 633 384	476 979	1 001 432	1 088 630	4 200 425
Less: Allowance for impairment	(1 543 174)	(450 633)	(946 116)	(1 028 502)	(3 968 425)
	90 210	26 346	55 316	60 128	232 000

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)	78 667	156 671
31 - 60 days	13 253	12 546
61 - 90 days	5 280	2 436
Over 90 days	401	479

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)	436 388	354 766
31 - 60 days	121 331	111 822
61 - 90 days	148 621	111 789
Over 90 days	5 566 288	4 898 878

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.

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
4. Receivables from exchange transactions (continued)		
Reconciliation of provision for impairment of receivables from exchange transactions		
Opening balance	5 294 894	4 558 667
Provision for impairment	723 493	736 227
	6 018 387	5 294 894

5. Receivables from non-exchange transactions

Rates	47 460 051	45 331 472
Fines	2 456 458	2 319 076
Sundry debtors	2 261 936	2 270 446
Accrued income	181 941	40 433
Provision for impairment	(45 761 503)	(43 409 747)
	6 598 883	6 551 680

Receivables from non-exchange transactions

Rates	47 460 051	45 331 471
Fines	2 456 458	2 319 076
Sundry debtors	2 261 936	2 270 446
Accrued income	181 941	40 433
	52 360 386	49 961 426

Less: Provision for impairment

Rates	(44 838 721)	(42 486 964)
Fines	(922 782)	(922 782)
	(45 761 503)	(43 409 746)

Net Balance

Rates	2 621 330	2 844 507
Fines	1 533 675	1 396 293
Sundry debtors	2 261 936	2 270 448
Accrued income	181 941	40 432
	6 598 882	6 551 680

Ageing of receivables from non-exchange transactions

As at 30 June 2025	Current		Past Due		
Assessment Rates	0 -30 Days	31- 60 Days	61 - 90 Days	+ 90 Days	Total
Gross Balance	1 662 690	822 630	817 150	44 157 579	47 460 049
Subtotal	1 662 690	822 630	817 150	44 157 579	47 460 049
Less: Provision for impairment	(1 570 856)	(777 194)	(772 017)	(41 718 652)	(44 838 719)
	91 834	45 436	45 133	2 438 927	2 621 330

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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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	-	158 690	181 942
Subtotal	-	23 252	-	158 690	181 942
	-	23 252	-	158 690	181 942

Traffic Fines	0 -30 Days	31- 60 Days	61 - 90 Days	+ 90 Days	Total
Gross Balance	27 100	15 000	32 500	2 381 858	2 456 458
Subtotal	27 100	15 000	32 500	2 381 858	2 456 458
Less: Provision for impairment	-	-	-	(922 782)	(922 782)
	27 100	15 000	32 500	1 459 076	1 533 676

Sundry Debtors	0 -30 Days	31- 60 Days	61 - 90 Days	+ 90 Days	Total
Gross Balance	-	-	-	2 261 936	2 261 936
Subtotal	-	-	-	2 261 936	2 261 936
	-	-	-	2 261 936	2 261 936

As at 30 June 2024

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

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
Less: Provision for impairment	-	-	-	-	-
	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	-	1 359 798	2 270 445
Subtotal	568 238	342 409	-	1 359 798	2 270 445
	568 238	342 409	-	1 359 798	2 270 445

Richmond Local Municipality

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5. Receivables from non-exchange transactions (continued)

Summary of assessment rates debtors customer classification:

As at 30 June 2025	Residential	Commercial	Government	Other	Total
0 - 30 Days	750 795	370 074	93 430	448 390	1 662 689
31- 60 Days	371 152	185 929	17 955	247 592	822 628
61- 90 Days	361 790	178 553	25 031	251 774	817 148
+ 90 Day	15 325 610	3 975 999	14 166 733	10 689 236	44 157 578
Gross Balance	16 809 347	4 710 555	14 303 149	11 636 992	47 460 043
	16 809 347	4 710 555	14 303 149	11 636 992	47 460 043

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 Days	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

Receivables from non-exchange transactions impairment

Receivables 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.

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(42 486 962)	(38 577 657)
Provision for impairment	(2 351 758)	(3 909 305)
	(44 838 720)	(42 486 962)

Richmond Local Municipality

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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.

Richmond Local Municipality

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5. Receivables from non-exchange transactions (continued)		
Statutory receivables past due but not impaired		
Property rates		
Analysis of the age of statutory receivables that are past due as at the end of the reporting period but not impaired		
Current (0 -30 days)	271 033	302 374
31 - 60 days	81 008	94 091
61 - 90 days	28 037	17 111
Over 90 days	2 490	4 028
Analysis of statutory receivables that are determined to be impaired as at the end of the reporting period		
Current (0 -30 days)	1 391 657	1 394 449
31 - 60 days	741 621	838 608
61 - 90 days	789 113	785 116
Over 90 days	44 155 088	41 895 690
Reconciliation of provision for impairment for statutory receivables		
Opening balance	43 409 746	39 552 424
Provision for impairment	2 351 757	3 909 306
Unused amounts reversed	-	(51 984)
	45 761 503	43 409 746

6. Statutory receivables VAT

VAT receivables from SARS	370 087	2 623 077
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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.

Richmond Local Municipality

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7. Heritage assets

	2025			2024		
	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 - 2025

	Opening balance	Total
Heritage assets	212 767	212 767

Reconciliation of heritage assets - 2024

	Opening balance	Total
Heritage assets	212 767	212 767

8. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1 185 899	-	1 185 899	1 185 899	-	1 185 899

Richmond Local Municipality

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8. Investment property (continued)

Reconciliation of investment property - 2025

	Opening balance	Total
Investment property	1 185 899	1 185 899

Reconciliation of investment property - 2024

	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	453 668	420 063
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The municipality entered into a lease agreement with Fairvest Property Holdings Ltd (lessee) for the use of land identified as ERF 824, which has since been developed into a commercial shopping centre. In terms of this agreement, the municipality generates rental income as part of its investment property portfolio. This arrangement reflects the municipality's strategy of leveraging its immovable property assets to generate sustainable revenue streams that support service delivery and financial sustainability. The lease agreement is structured to provide long-term financial benefits, with Fairvest assuming responsibility for the development and operational management of the shopping centre, while the municipality continues to benefit from stable and recurring rental income.

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.

Richmond Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand

9. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	3 179 037	(2 244 992)	934 045	2 791 856	(1 994 772)	797 084

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software, other	797 084	387 181	(250 220)	934 045

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	353 145	600 000	(156 061)	797 084

Richmond Local Municipality

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10. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	67 380 835	-	67 380 835	67 380 835	-	67 380 835
Landfill asset - Solid waste**	7 238 488	(4 724 262)	2 514 226	4 723 114	(4 723 114)	-
Leased assets	742 617	(605 030)	137 587	742 617	(495 078)	247 539
Plant and machinery	4 448 322	(2 586 124)	1 862 198	6 003 572	(3 887 160)	2 116 412
Furniture and fixtures	3 085 134	(1 819 585)	1 265 549	2 689 109	(1 855 195)	833 914
Motor vehicles	7 060 077	(4 473 519)	2 586 558	13 043 615	(9 218 334)	3 825 281
Office equipment	8 587 052	(5 035 835)	3 551 217	7 921 217	(4 600 834)	3 320 383
Infrastructure	366 952 431	(177 236 912)	189 715 519	366 952 432	(166 460 584)	200 491 848
Community	93 495 061	(38 885 680)	54 609 381	91 151 333	(36 092 712)	55 058 621
Buildings	39 312 990	(20 334 547)	18 978 443	39 312 990	(18 890 355)	20 422 635
Work in progress	34 274 277	(1 541 551)	32 732 726	16 600 288	(1 541 551)	15 058 737
Total	632 577 284	(257 243 045)	375 334 239	616 521 122	(247 764 917)	368 756 205

Note**

In line with IGRAP 2, par 5(c), the changes in the measurement of the provision for decommissioning and restoration of the landfill site has resulted in an addition to the cost of the asset. The municipality has considered whether this is an indication that the new carrying amount of the asset may not be fully recoverable and concluded that at year end the carrying amount of the asset would be recovered through use over the remaining useful life of the landfill site.

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	IGRAP 2, par 5(c) Adjustment	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Land	67 380 835	-	-	-	-	-	-	-	67 380 835
Leased Office Equipment	247 539	-	-	-	-	-	(109 952)	-	137 587
Plant and machinery	2 116 412	243 143	-	(85 761)	-	-	(411 596)	-	1 862 198
Furniture and fixtures	833 914	658 753	-	(21 235)	-	-	(203 527)	(2 356)	1 265 549
Motor vehicles	3 825 281	-	-	(536 125)	-	-	(702 598)	-	2 586 558
Office equipment	3 320 383	1 184 829	-	(28 870)	-	-	(856 889)	(68 236)	3 551 217
Infrastructure	200 491 848	-	-	-	-	-	(9 880 828)	(895 501)	189 715 519
Community	55 058 621	-	-	-	-	2 343 728	(2 326 550)	(466 418)	54 609 381
Buildings	20 422 635	-	-	-	-	-	(729 738)	(714 454)	18 978 443
Work in progress	15 058 737	20 017 716	-	-	(2 343 727)	-	-	-	32 732 726
Landfill asset - Solid waste	-	-	2 515 374	-	-	-	(1 148)	-	2 514 226
	368 756 205	22 104 441	2 515 374	(671 991)	(2 343 727)	2 343 728	(15 222 826)	(2 146 965)	375 334 239

Richmond Local Municipality

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Figures in Rand

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 assets	495 078	-	-	-	-	(247 539)	-	247 539
Plant and machinery	1 864 769	992 109	-	-	-	(495 723)	(244 743)	2 116 412
Furniture and fixtures	865 399	145 393	-	-	-	(164 717)	(12 161)	833 914
Motor vehicles	4 566 592	734 170	(483 287)	-	-	(820 343)	(171 851)	3 825 281
Office equipment	3 299 515	908 985	-	-	-	(848 640)	(39 477)	3 320 383
Infrastructure	199 314 110	-	(662)	12 518 773	-	(10 432 605)	(907 768)	200 491 848
Community	49 650 057	-	-	8 122 149	-	(2 476 535)	(237 050)	55 058 621
Buildings	21 610 323	-	-	-	-	(835 428)	(352 260)	20 422 635
Work in progress	17 142 832	18 556 827	-	-	(20 640 922)	-	-	15 058 737
	366 189 510	21 337 484	(483 949)	20 640 922	(20 640 922)	(16 321 530)	(1 965 310)	368 756 205

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 2025, 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 2025, 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.

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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10. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress - 2025

	Included within Infrastructure	Included within Community	Included within Community assets	Total
Opening balance	6 559 364	2 205 114	6 294 301	15 058 779
Additions/capital expenditure	17 802 084	-	2 215 631	20 017 715
Transferred to completed items	-	-	(2 343 728)	(2 343 728)
	24 361 448	2 205 114	6 166 204	32 732 766

Reconciliation of Work-in-Progress - 2024

	Included within Infrastructure	Included within buildings	Included within Community assets	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

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	2 551 421	3 853 384
Maintenance of equipment	3 502 659	3 808 936
Maintenance of unspecified assets	2 616 220	3 307 333
	8 670 300	10 969 653

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. Payables from exchange transactions

Trade payables	270 269	265 682
Retentions	4 701 564	4 014 755
Accrued leave pay	3 461 423	3 177 378
Accrued bonus	2 162 045	2 023 452
Deposits received	13 800	13 000
Output Vat Accrual	701 620	641 887
Output VAT provision - Debt impairment	(94 369)	(33 334)
	11 216 352	10 102 820

12. Payables from non-exchange transactions

Payments received in advance	1 366 946	1 406 971
Unallocated receipts	1 400	185 097
	1 368 346	1 592 068

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand	2025	2024
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13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Human Settlement Grant	3 386 814	4 440 512
High-over Game Reserve	2 095 540	211 922
Nelson Street SMME Rehabilitation	-	352 689
LGSETA Grant	-	66 000
Informal Economy Infrastructure	359 000	-
	5 841 354	5 071 123

14. Operating lease asset (liability)

Current liabilities	716 322	672 062
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Richmond Local Municipality entered into two operating lease agreements with Ingonyama Trust Board for the use of land portions in Smozomeni (1.97 ha) and Magoda Hall (0.72 ha) over a period of 40 years. Lease payments under these agreements are recognized as an expense on a straight-line basis over the lease term. Lease payments include fixed annual escalations, which are accounted for as part of the lease smoothing calculation.

15. Finance lease obligation

Minimum lease payments due

- within one year	-	280 280
	-	280 280
less: future finance charges	-	(12 133)
Present value of minimum lease payments	-	268 147

Present value of minimum lease payments due

- within one year	-	268 147
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The municipality leased multiple photocopying machine in July 2022 for a period of 3 years which expired 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.

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand	2025	2024
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16. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Post-retirement medical obligation	(8 332 000)	(7 436 000)
Long service awards	(3 660 000)	(3 249 000)
	(11 992 000)	(10 685 000)
Non-current liabilities	(11 215 000)	(10 064 000)
Current liabilities	(777 000)	(621 000)
	(11 992 000)	(10 685 000)

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 2025 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	7 436 000	6 582 000
Net expense recognised in the statement of financial performance	896 000	854 000
	8 332 000	7 436 000
Net expense recognised in the statement of financial performance		
Current service cost	398 000	342 000
Subsidy (benefit) payments	(263 000)	(238 000)
Interest cost	902 000	812 000
Actuarial (gains) losses	(141 000)	(62 000)
	896 000	854 000

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(141 000)	(62 000)
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Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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16. 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	11,40 %	12,34 %
Health care cost inflation rate	7,10 %	7,81 %
Net effective discount rate	4,00 %	4,20 %
Maximum subsidy inflation rate	4,70 %	5,48 %
Actual return on reimbursement rights	6,40 %	6,50 %

Key Demographic Assumptions

Assumption	Value
Average retirement age	62
Mortality during employment	SA 85-90
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	2025	2024	2023	2022	2021
Defined benefit obligation	(8 332 000)	(7 436 000)	(6 582 000)	(6 990 811)	(6 269 000)

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024			
16. 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 2025 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	3 249 000	2 875 000			
Net expense recognised in the statement of financial performance	411 000	374 000			
	3 660 000	3 249 000			
Net expense recognised in the statement of financial performance					
Current service cost	333 000	295 000			
Subsidy (benefit) payments	(358 000)	(376 000)			
Interest cost	351 000	310 000			
Actuarial (gains) losses	85 000	145 000			
	411 000	374 000			
Calculation of actuarial gains and losses					
Actuarial (gains) losses – Obligation	85 000	145 000			
Net Defined Benefit Liability History					
	2025	2024	2023	2022	2021
Accrued liability	(3 660 000)	(3 249 000)	(2 875 000)	(2 834 354)	(2 326 000)
Assumption			30 June 2025	30 June 2024	
Discount rate			10,00 %	11,43 %	
CPI			4,00 %	5,53 %	
General earnings inflation rate			5,00 %	6,53 %	
Net Discount Rate			4,80 %	4,60 %	
			- %	- %	

Key Demographic Assumptions

Assumption	Value
Average retirement age	62
Mortality during employment	SA 85-90

Richmond Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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17. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Interest cost	Change in provision of obligation	Total
Environmental rehabilitation	6 886 282	739 862	2 515 374	10 141 518

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
Non-current liabilities			9 265 514	6 146 420
Current liabilities			876 004	739 862
			10 141 518	6 886 282

Environmental rehabilitation provision

In terms of the licencing of the landfill refuse site, the municipality will incur rehabilitation costs of R10 141 518 as at 30 June 2025 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.

18. Service charges

Refuse removal	987 064	1 023 421
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Refuse removal charges are levied for services rendered in the following areas:

Ward 1: Residential and business properties

Ward 2 (partial): Residential properties

Ward 4 (partial): Residential properties

Charges are based on the council-approved municipal tariffs applicable to each financial year and are levied for the removal of both domestic and commercial refuse.

19. Construction contracts revenue

Construction contracts revenue	-	6 956 521
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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 financial year was raised based the completion of the physical work of the contract.

20. Rental of facilities and equipment

Facilities and equipment

Rental of facilities	1 256 512	1 098 477
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The municipality generates revenue from the leasing of various properties and facilities. These include, but are not limited to, shop rentals, Small Medium and Micro Enterprise (SMME) units, office space, land and hall hire. Such rental income forms part of the municipality's ongoing revenue streams and contributes towards supporting its operational and service delivery objectives.

Richmond Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
21. Interest earned - Outstanding debtors		
Interest on service charges	465 948	429 550
22. Other income		
Insurance Refund	-	283 397
Sundry income	705 418	408 471
Town planning and building fees	145 487	99 299
Tender documents	107 481	84 490
Cementery fees	140 856	126 406
Photocopy charges & printing	5 255	2 488
SETA Refunds	135 118	105 514
	1 239 615	1 110 065
23. Interest received - investment		
Interest revenue		
Bank	162 608	495 163
Interest received - other	2 710 326	2 444 097
	2 872 934	2 939 260

During the financial year, the municipality earned interest income from both its primary bank account and short-term investment accounts.

Interest earned on the municipality's primary bank account amounted to R162,608. This represents interest received on the daily balances maintained in the operational account. In addition, interest earned on call accounts and short-term investment deposits amounted to R2,710,326. This interest income is regenerated on municipal funds invested in line with the municipality's cash management and investment policy, which is designed to optimise returns on surplus cash while ensuring liquidity and safeguarding public funds.

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

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24. Property rates

Rates recognised

Business and Commercial Rates	5 202 985	4 974 792
Public Service Property (PSP) Rates	13 791 614	13 154 396
Agricultural Rates	5 840 581	5 537 953
Residential developed rates	4 043 519	4 026 132
Vacant Land Rates	521 419	1 177 245
	29 400 118	28 870 518
Property rates - penalties imposed	3 145 486	2 925 073
	32 545 604	31 795 591

Valuations

Residential	619 962 500	619 012 500
Commercial	282 788 000	283 768 000
Agricultural	2 570 149 000	2 570 149 000
Municipal	134 452 000	133 472 000
Place of worship	15 179 000	15 179 000
Protected Area	22 049 000	22 049 000
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	45 065 500	44 795 500
Rural Communal	64 613 000	64 613 000
	4 788 997 500	4 787 777 500

25. Licences and permits (non-exchange)

Trading	1 120 201	919 812
Road and Transport	1 685 149	1 458 073
	2 805 350	2 377 885

Richmond Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
26. Government grants & subsidies		
Operating grants		
Equitable share	97 995 000	92 919 000
Finance Management Grant	1 900 000	1 950 000
Human Settlement Grant	483 371	-
Expanded Public Works Programme	1 410 000	1 125 000
Library Grant	3 859 992	3 200 000
Nelson Street SMME Rehabilitation	-	147 311
LGSETA Grant	495 165	-
Municipal Infrastructure Grant	571 067	518 098
	106 714 595	99 859 409
Capital grants		
Municipal Infrastructure Grant	20 402 933	21 812 902
Small Town Grant	-	408 766
Nelson Street SMME Rehabilitation	2 652 689	-
	23 055 622	22 221 668
	129 770 217	122 081 077

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	31 775 217	29 162 077
Unconditional grants received	97 995 000	92 919 000
	129 770 217	122 081 077

Equitable share

Current-year receipts	97 995 000	92 919 000
Conditions met - transferred to revenue	(97 995 000)	(92 919 000)
	-	-

The purpose of the grant is to supplement the municipality's revenue to enable it to provide basic services and perform its functions as mandated by the Constitution. The equitable share is an unconditional grant and is intended to ensure that municipalities are able to sustain service delivery to communities, particularly for free basic services to indigent households. The grant was utilised in accordance with the requirements of the Division of Revenue Act

Human Settlement

Balance unspent at beginning of year	4 440 512	4 117 820
Interested capitalized	266 957	322 692
Conditions met - transferred to revenue	(483 371)	-
Grant repaid	(837 284)	-
	3 386 814	4 440 512

The purpose of the grant is to support municipalities in the delivery of housing projects in line with the national human settlements programme. The grant funds may be utilised for the construction of housing units, related bulk services, and other initiatives that enhance sustainable human settlements. An amount of R 3 386 814 remained unspent at year-end. The municipality has requested approval from the transferring department to retain and apply the unspent balance towards housing-related projects. The grant is accounted for as a conditional grant in accordance with the requirements of the Division of Revenue Act.

Library Grant

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
26. Government grants & subsidies (continued)		
Current-year receipts	3 860 000	3 200 000
Conditions met - transferred to revenue	(3 860 000)	(3 200 000)
	-	-

The purpose of the grant is to support the transformation and upgrading of community library services by funding the improvement of infrastructure, provision of ICT resources, staff capacity development, and the promotion of access to information and a culture of reading, particularly in previously disadvantaged communities. The grant was spent in accordance with the applicable framework and conditions prescribed in the Division of Revenue Act.

Expanded Public Works Programme Grant

Current-year receipts	1 410 000	1 125 000
Conditions met - transferred to revenue	(1 410 000)	(1 125 000)
	-	-

The purpose of the grant is to incentivise municipalities to expand work creation efforts through the use of labour-intensive delivery methods in identified focus areas, in line with the Expanded Public Works Programme Guidelines. The grant was fully implemented during the year, and the conditions of the grant were met in full in accordance with the Division of Revenue Act.

Integrated National Electrification Programme Grant

Current-year receipts	-	8 000 000
Conditions met - construction contract revenue	-	(8 000 000)
	-	-

The purpose of the grant is to provide capital subsidies to municipalities to address the electrification backlog of permanently occupied residential dwellings. The municipality is implementing the projects as the primary contractor on behalf of the Department of Mineral Resources and Energy (DMRE) and Eskom.

Financial Management Grant

Current-year receipts	1 900 000	1 950 000
Conditions met - transferred to revenue	(1 900 000)	(1 950 000)
	-	-

The purpose of the grant is to promote and support financial management reforms and to build capacity within municipalities for the effective implementation of the MFMA. The Financial Management Grant is a national conditional grant allocated in terms of the Division of Revenue Act. The grant was fully implemented during the year, and the conditions of the grant were met in full.

Municipal Infrastructure Grant

Current-year receipts	20 974 000	22 331 000
Conditions met - transferred to revenue	(20 974 000)	(22 331 000)
	-	-

The purpose of the grant is to provide capital finance for the eradication of basic municipal infrastructure backlogs for poor households, micro-enterprises, and social institutions serving poor communities. The Municipal Infrastructure Grant is a national conditional grant allocated in terms of the Division of Revenue Act. The grant was fully implemented during the year, and the conditions of the grant were met in full.

High-Over Grant

Balance unspent at beginning of year	211 922	2 752 851
Current-year receipts	2 000 000	-

Richmond Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
26. Government grants & subsidies (continued)		
Conditions met - transferred to revenue	(116 382)	(2 540 929)
	2 095 540	211 922

The purpose of the grant to facilitate the the implementation of Highover Wildlife Sanctuary. The municipality received a grant allocation of R2 000 000 from the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs (EDTEA) for the implementation of the High-over Wildlife Sanctuary project. As at 30 June 2025, a total amount of R116 382 had been spent, with an unspent balance of R 2 095 540 remaining at year-end. The unspent portion has been recognised as a conditional grant liability.

Nelson Street SMME Rehabilitation

Balance unspent at beginning of year	352 689	-
Current-year receipts	2 300 000	500 000
Conditions met - transferred to revenue	(2 652 689)	(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 2 300 000 for the rehabilitation of Nelson Street SMME Unit stalls. The grant was 100% implemented and the conditions of the grants were met in full.

LGSETA Grant

Balance unspent at beginning of year	66 000	-
Current-year receipts	429 165	66 000
Conditions met - transferred to revenue	(495 165)	-
	-	66 000

The purpose of the grant is to strengthen skills development within the local government sector through funding initiatives such as bursaries, learnerships, internships, skills programmes, and candidacy schemes. During the financial year ended 30 June 2025, a total amount of R495 165 was spent on accredited skills programmes.

Informal Economy Infrastructure

Current-year receipts	359 000	-
Conditions met - transferred to revenue	-	-
	359 000	-

The purpose of the grant is to support municipalities, NGOs, and training organisations in uplifting local informal businesses, consistent with the KZN Informal Economy Masterplan and related provincial initiatives. These programmes are aimed at strengthening township and rural enterprises, improving competitiveness, creating sustainable jobs, and promoting inclusive economic participation.

During the 2025 financial year, an amount of R359 000 was received as the first tranche of the allocation. The grant is recognised as a conditional grant in accordance with the Division of Revenue Act, and unspent balances at year-end are disclosed as liabilities until formally approved for utilisation.

27. Fines, Penalties and Forfeits

Law Enforcement Fines	870	-
Pound Fees Fines	6 194	8 892
Municipal Traffic Fines	488 050	391 150
Prescribed deposits - unallocated receipts	185 093	-
	680 207	400 042

Richmond Local Municipality

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Figures in Rand	2025	2024
28. Employee related costs		
Basic	49 392 889	45 254 344
Bonus	3 728 019	3 360 819
Medical aid - company contributions	2 698 309	2 414 736
Unemployment Insurance	395 171	377 582
Post-retirement Benefits	725 511	579 241
Post-employment medical aid contributions	902 000	812 000
Allowances	7 644 320	3 963 120
Pension	7 038 019	6 389 360
Other company contributions	676 237	616 150
	73 200 475	63 767 352

Remuneration of Municipal Manager

Annual Remuneration	1 104 050	1 065 788
Car Allowance	180 000	180 000
Leave Payout	34 444	-
Contributions to UIF, Medical and Pension Funds	2 268	2 262
Other Allowance	130 973	127 145
	1 451 735	1 375 195

Remuneration of Chief Finance Officer

Annual Remuneration	906 079	874 665
Car Allowance	156 000	156 000
Leave Payout	84 841	-
Contributions to UIF, Medical and Pension Funds	2 445	2 262
Other Allowance	112 395	108 033
	1 261 760	1 140 960

The Chief Financial Officer's contract ended on 28 February 2025. He was subsequently appointed as Acting Chief Financial Officer from 1 March 2025 until 30 June 2025.

Remuneration of Strategic Manager : Community Services

Annual Remuneration	759 752	874 665
Car Allowance	130 000	156 000
Leave Payout	28 280	-
Contributions to UIF, Medical and Pension Funds	1 890	2 262
Other Allowance	114 993	108 033
	1 034 915	1 140 960

The Strategic Manager: Community Services resigned with effect from 30 April 2025. An acting incumbent was appointed with effect from June 2025.

Remuneration of Strategic Manager : Technical Services

Annual Remuneration	906 079	874 665
Car Allowance	156 000	156 000
Leave Payout	28 280	-
Contributions to UIF, Medical and Pension Funds	2 262	2 262
Other Allowance	111 183	108 033
	1 203 804	1 140 960

Remuneration of Strategic Manager: Corporate Services

Richmond Local Municipality

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Figures in Rand	2025	2024
28. Employee related costs (continued)		
Annual Remuneration	906 079	868 460
Car Allowance	156 000	156 000
Leave Payout	28 280	-
Contributions to UIF, Medical and Pension Funds	2 262	2 262
Other Allowance	112 101	102 327
	1 204 722	1 129 049
29. Remuneration of councillors		
Executive Mayor	1 018 064	984 939
Deputy Executive Mayor	822 731	812 141
Mayoral Committee Members	454 729	450 162
Speaker	856 832	813 402
Councillors	3 369 751	3 488 822
	6 522 107	6 549 466
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.		
30. Depreciation and amortisation		
Property, plant and equipment	15 222 826	16 321 530
Intangible assets	250 220	156 061
	15 473 046	16 477 591
31. Finance costs		
Finance cost	12 181	33 298
Interest charge - Provision for landfill site closure	739 862	817 315
	752 043	850 613
32. Operating lease rentals		
Premises		
Contractual amounts	44 260	44 260
Motor vehicles		
Contractual amounts	2 785 883	2 761 159
Plant and equipment		
Contractual amounts	75 838	68 120
	2 905 981	2 873 539

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
33. Contracted services		
Outsourced Services		
Business and Advisory	468 935	377 455
Catering Services	1 177 524	895 692
Cleaning Services	40 684	-
Hygiene Services	43 125	22 855
Medical Health Services & Support	44 900	100 770
Professional Staff	502 901	348 299
Security Services	13 698 009	13 165 829
Drivers Licence Cards**	271 681	289 377
Consultants and Professional Services		
Business and Advisory**	1 457 198	1 915 830
Legal Cost	1 732 972	1 062 011
Contractors		
Artists and Performers	184 174	-
Building	553 058	83 846
Interior Decorator	9 500	14 700
Maintenance of Buildings and Facilities	2 551 421	3 853 384
Maintenance of Equipment	3 502 659	3 808 936
Maintenance of Unspecified Assets	2 616 220	3 307 333
Pest Control and Fumigation	7 826	18 560
Prepaid Electricity Vendors	1 898 265	1 622 837
Tracing Agents and Debt Collectors	387 082	496 876
Sports and Recreation	-	5 450
Prepaid Water Vendors	984 097	560 850
	32 132 231	31 950 890

The Business Advisory** line item under Consultants and Professional Services was reduced by an amount of R 289 377 in the prior year while line item for Drivers License Cards was increased by the same amount. The adjustment was effected to ensure alignment with the mSCOA requirements.

34. Construction contract cost

Construction contract cost	-	6 956 241
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The municipality received a Schedule 5B grant from the Department of Mineral Resources and Energy (DMRE) to undertake electrification projects. The municipality is implementing these projects as the primary contractor on behalf of the DMRE and Eskom.

In accordance with GRAP 11: Construction Contracts, the municipality has accounted for the transaction as a construction contract. The stage of completion of the contract is measured reliably using both (a) the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, and (b) the physical completion of the contract work.

During the 2024 financial year, a construction contract cost of R6 956 521 was recognised, based on the completion of the physical portion of the contract work performed.

35. Inventory consumed

Consumables	927 530	2 114 039
Materials and supplies	2 750 792	2 580 157
	3 678 322	4 694 196

Richmond Local Municipality

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Figures in Rand	2025	2024
36. Operational cost		
Advertising	812 437	824 721
Auditors remuneration	2 043 600	2 020 527
Bank charges	205 559	189 511
Bursaries (employees)	607 023	398 796
Conferences and seminars	510 349	1 048 547
Signage	82 800	-
Fuel and oil	3 286 453	4 828 637
Groceries for indigent relief	97 500	148 500
Hire	1 990 724	3 181 090
IT expenses	27 495	171 036
Insurance	1 362 363	1 559 225
License and registration	116 651	55 022
Postage and courier	55 992	50 365
Prepaid electricity - indigent relief	543 106	522 775
Printing and stationery	212 563	314 693
Protective clothing	1 032 438	1 158 223
Remuneration of ward committees	1 011 899	1 063 400
Subscriptions and membership fees	832 470	815 879
Telephone and fax	1 100 156	1 127 132
Transport and freight	339 900	320 130
Travel - local	2 035 911	2 309 225
Vehicle tracking	30 168	12 807
Workmans compensation	473 931	469 088
	18 811 488	22 589 329

37. Impairment loss

Impairments

Property, plant and equipment	2 146 965	1 965 310
Trade and other receivables	723 493	736 227
Other receivables from non-exchange revenue	2 351 757	3 909 306
	5 222 215	6 610 843

Reversal of impairments

Other receivables from non-exchange revenue	-	(811 428)
Total impairment losses (recognised) reversed	5 222 215	5 799 415

Property, plant and equipment

A conditional assessment was performed for all property plant and equipment items. Based on the assessment results, assets assessed to have a very poor condition and not in use were impaired to nil value. Conditions considered during this assessment includes amongst others, the functionality of the assets as well as its physical status. Some infrastructure and community assets as well as office buildings have been impaired during the year

38. Irrecoverable debts written off

Property rates	(467 365)	(670 442)
Refuse and other	(63 697)	(29 378)
Sundry debtors	(461 431)	(1 013 248)
	(992 493)	(1 713 068)

Richmond Local Municipality

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Notes to the Annual Financial Statements

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39. Gain on remeasurement of landfill provision		
Designated at fair value		
Landfill site asset - solid waste	-	407 378
40. Auditors' remuneration		
Fees	2 043 600	2 020 527
41. Cash generated from operations		
Surplus	7 583 095	263 559
Adjustments for:		
Depreciation and amortisation	15 473 046	16 477 591
Disposal of Fixed and Intangible Assets	(750 983)	123 885
Fair Value Adjustments (incl. Actuarial gains/losses)	(56 000)	(324 378)
Irrecoverable debts written off	992 495	1 713 068
Finance costs	12 132	33 299
Impairment loss	5 222 215	6 610 843
Reversal of Impairment Loss	-	(811 428)
Leave pay accrual	284 045	-
Movements in operating lease assets and accruals	44 260	44 260
Movements in retirement benefit assets and liabilities	1 363 000	1 145 000
Movements in provisions	739 911	817 314
Accrued bonus	138 593	254 593
Changes in working capital:		
Receivables from exchange transactions	(310 141)	(1 936 203)
Consumer debtors	(726 808)	(59 947)
Other receivables from non-exchange transactions	(2 398 960)	(3 767 936)
Bad Debts Written-off	(992 495)	(1 713 068)
VAT Receivable/(payable)	2 252 990	1 614 601
Consumer deposits	800	2 000
Payables from exchange transactions	889 010	(3 037 466)
Leave pay accrual	(284 045)	-
Accrued bonus	(138 593)	(254 593)
Transfers and subsidies unspent & grants received in advance	770 232	(2 208 312)
Movement in payables relating to acquisition of assets - Retentions	(686 809)	533 470
	29 420 990	15 520 152
42. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Roads Infrastructure	4 250 542	17 854 573
• Community Asset	6 729	132 688
• Electrification	2 678 097	3 058 220
	6 935 368	21 045 481
Total capital commitments		
Already contracted for but not provided for	6 935 368	21 045 481
Total commitments		
Authorised capital expenditure	6 935 368	21 045 481

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand	2025	2024
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43. 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 2025 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 2025 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 2025, 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 2025.

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	100 000
Case 4	200 000	200 000
	1 600 000	1 600 000

44. Related parties

Relationships

Accounting Officer

Refer to accounting officers' report note

Councillors

Refer to note 29

Members of key management

Refer to note 28

There were no balances due to / from related parties as at the end of the financial year.

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024		
45. Prior-year adjustments				
Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:				
Statement of financial position				
2023				
	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions		364 627	253 566	618 193
VAT receivable		4 270 751	(33 073)	4 237 677
Accumulated surplus		(358 114 506)	(220 493)	(358 334 998)
		(353 479 128)	-	(353 479 128)

2024					
	Note	As previously reported	Correction of error	Re-classification	Restated
Receivables from non-exchange transactions		6 984 321	-	(432 641)	6 551 680
Receivables from exchange transactions		354 495	1 090 980	432 641	1 878 116
VAT receivable		2 686 000	(2 686 000)	-	-
Unspent grant		(5 005 123)	(66 000)	-	(5 071 123)
Statutory receivable VAT		-	2 623 075	-	2 623 077
Payables from exchange transactions		(9 494 267)	(608 553)	-	(10 102 820)
Accumulated surplus		(358 245 055)	(353 502)	-	(358 598 557)
		(362 719 629)	-	-	(362 719 627)

Statement of financial performance

2024				
	Note	As previously reported	Correction of error	Restated
Rental of facilities and equipment		899 466	199 011	1 098 477
Other income		1 176 065	(66 000)	1 110 065
Surplus for the year		2 075 531	133 011	2 208 542

Cash flow statement

2024				
	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Property rates and other receipts from non-exchange transactions		27 848 510	405 934	28 254 434
Services charges and other receipts from exchange transactions		3 153 767	(717 685)	2 436 082
Transfers and Subsidies and Public contributions		130 347 692	66 000	130 413 693
Suppliers, Service Providers and othe		(71 635 752)	245 751	(71 390 001)
		89 714 217	-	89 714 208

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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45. Prior-year adjustments (continued)

Prior-year adjustments

The following correction of errors occurred:

Reclassification of receivables

In the previous financial year, the municipality incorrectly classified certain receivables specifically prepayments and security deposits under receivables from non-exchange transactions. Upon review of the nature of these items during the current financial year, it was determined that these balances should be presented as receivables from exchange transactions.

Correction of VAT receivables

In the previous financial year, the municipality did not accurately present and disclose the VAT receivable from SARS. Upon review of VAT transactions and balances, it was determined that the presentation required correction. The VAT input accrual has been reclassified to Receivables from Exchange Transactions, while the VAT output accrual has been reclassified to Payables from Exchange Transactions.

Furthermore, in line with the requirements of GRAP 108: Statutory Receivables, the VAT receivable from SARS is now presented separately under statutory receivables. This reclassification ensures fair presentation and compliance with the Standards of GRAP. Comparative figures have been restated accordingly.

The error has been corrected retrospectively and comparative figures restated. This adjustment ensures proper recognition of rental income in accordance with lease agreements and the applicable Standards of GRAP.

Correction of rental revenue escalation

In previous financial years, the municipality did not implement contractual rental escalations on certain property rental agreements. This resulted in an understatement of both rental revenue and receivables from exchange transactions.

The error has been corrected retrospectively and comparative figures restated. This adjustment ensures proper recognition of rental income in accordance with lease agreements and the applicable Standards of GRAP.

Correction of conditional grant recognition

In the prior financial year, a conditional grant allocation received from the LGSETA was incorrectly recognised as revenue. Upon review during the current financial year, management determined that the grant should have been treated as an unspent conditional grant at year-end, in line with GRAP 23 (Revenue from Non-exchange Transactions).

The error has been corrected retrospectively and the comparative figures restated. The adjustment ensures accurate presentation of unspent conditional grants and compliance with the applicable Standards of GRAP.

Restatement of the cash flow statement

The prior-year errors described above also required retrospective corrections to the Cash Flow Statement. These adjustments did not affect the overall movement in cash and cash equivalents for the period but resulted in changes to the classification of cash flows within operating activities

The reclassification of certain receivables required an adjustment between receipts from exchange and non-exchange transactions.

The correction of rental revenue escalation affected receipts from exchange transactions to properly reflect contractual rental income.

The correction of the conditional grant recognition resulted in an adjustment between government grants received and unspent conditional grants carried forward.

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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45. Prior-year adjustments (continued)

These adjustments ensure that the Cash Flow Statement accurately reflects the nature of receipts and payments in line with GRAP 2 (Cash Flow Statements).

46. 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 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.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Credit risk is the risk of financial loss to the municipality if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, consumer debtors, other debtors, bank and cash balances

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 instruments exposed to liquidity and credit risk at year end were as follows:

Financial instrument	2025	2024
Cash and cash equivalents	20 629 794	11 870 958
Other financial assets	266	266
Receivables from exchange transactions	1 445 878	1 269 563
Payables from exchange transactions	(10 609 101)	(9 494 267)

Market risk

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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46. Risk management (continued)

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.

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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47. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 366 181 658 and that the municipality's total assets exceed its liabilities by R 366 181 658.

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 90% 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 25 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 133 892 600 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.

48. 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.

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

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49. Unauthorised expenditure		
Opening balance as previously reported	-	-
Add: Unauthorised expenditure - current	-	-
Closing balance	-	-

The municipality did not incur any unauthorised expenditure in the current financial year.

50. Fruitless and wasteful expenditure

Add: Fruitless and wasteful expenditure identified - current	-	498 295
Less: Amount written off - prior period	-	(498 295)
Closing balance	-	-

Payment made to the Department of Transport for outstanding motor licence revenue that could not be supported by bank deposit slips.

51. Irregular expenditure

Opening balance as previously reported	-	-
Add: Irregular expenditure - current	-	-
Closing balance	-	-

The municipality did not incur any irregular expenditure in the current year.

52. Deviation from supply chain management regulations

There are no deviations from the supply chain management regulations to report in the current financial year.

53. 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.

Aggregated segments

The municipality is organised and operates in three key reportable functions throughout the seven wards under Richmond demarcations. 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.

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

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53. Segment information (continued)

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
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 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

Richmond Local Municipality

Annual Financial Statements for the year ended 30 June 2025

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53. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	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	4 344 233	300 509	-	4 644 742	(14 582 847)	(2 649 496)	(12 977 196)	(30 209 539)	(25 564 797)
Economic and Enviromental	26 926 283	832 954	-	27 759 237	(26 071 924)	(12 820 213)	(14 646 462)	(53 538 599)	(25 779 362)
Trading services	-	1 386 222	-	1 386 222	(3 206 030)	(475 258)	(3 180 335)	(6 861 623)	(5 475 401)
Governance and administration - not a segment***	134 530 860	1 429 449	2 872 933	138 833 242	(42 018 714)	(4 750 287)	(26 724 024)	(73 493 025)	65 340 217
	-	-	-	-	-	-	-	-	-
Total	165 801 376	3 949 134	2 872 933	172 623 443	(85 879 515)	(20 695 254)	(57 528 017)	(164 102 786)	8 520 657
Other reconciling items									
Finance cost									(752 043)
Profit on disposal of assets									750 983
Gain on remeasurement of landfill provision									-
Actuarial gains/losses									56 000
Irrecoverable debts written off									(992 495)
Entity's Surplus (deficit) for the period									7 583 102

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 liabilities with the balances in the statement of financial position.

Richmond Local Municipality

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53. Segment information (continued)

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	-	1 095 144	(2 937 424)	-	(4 432 109)	(7 369 533)	(6 274 389)
Governance and administration - not a segment***	127 801 620	1 825 228	2 939 260	132 566 108	(35 850 294)	(3 940 091)	(26 187 369)	(65 977 754)	66 588 354
	-	-	-	-	-	-	-	-	-
Total	156 654 595	10 618 034	2 939 260	170 211 889	(76 243 941)	(22 277 006)	(69 064 195)	(167 585 142)	2 626 747
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									263 559

Richmond Local Municipality

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53. Segment information (continued)

Segment assets and liabilities

2025	Total capital expenditure	Total assets	Total liabilities
Community and Public safety	156 995	318 175 453	(368 527)
Economic and Enviromental	20 387 214	38 184 793	(6 729 092)
Trading services	2 515 374	6 927 082	(9 200 090)
Governance and administration - not a segment***	1 947 411	43 562 968	(24 371 074)
	-	-	-
Total for entity	25 006 994	406 850 296	(40 668 783)

2024	Total capital expenditure	Total assets	Total liabilities
Community and Public safety	32 010	326 633 423	(2 519 341)
Economic and Enviromental	19 235 842	40 201 328	(7 791 817)
Trading services	-	5 787 629	(5 108 168)
Governance and administration - not a segment***	2 669 630	20 645 117	(19 249 621)
	-	-	-
Total for entity	21 937 482	393 267 497	(34 668 947)

The prior year segment information on assets and liabilities was updated.

Richmond Local Municipality

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54. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	800 236	773 271
Amount paid - current year	(800 236)	(773 271)
	-	-

Audit fees

Current year fees	2 043 600	2 020 527
Amount paid-current year	(2 043 600)	(2 020 527)
	-	-

PAYE and UIF

Current year subscription/fee	12 743 042	11 348 422
Amount paid-current year	(12 743 042)	(11 348 422)
	-	-

Pension and Medical aid deductions

Current year subscription/fee	15 694 050	14 197 203
Amount paid-current year	(15 694 050)	(14 197 203)
	-	-

Councillor's Municipal Accounts in Arrears

There are no councillor's with outstanding or arrear municipal accounts as at 30 June 2025.

55. Agency services

Vehicle Registration	1 066 045	905 004
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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.

Richmond Local Municipality

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56. Change in estimate

Property, plant and equipment

The municipality performed conditional assessment of municipal assets during the financial year under review. The remaining useful life of property plant and equipment items has been revised to match with the expected future economic benefits as per conditional assessment results. The effect of this revision has decreased the depreciation charges for the current financial year by R 1,609 108. The change in estimate has been applied prospectively. Below is the detailed breakdown of the change in estimate.

Assets affected	Depreciation prior reassessment	Depreciation after reassessment	Impact of change in the current year	Impact on future periods
Building	802 431	729 729	(72 701)	72 701
Community	2 719 567	2 326 547	(393 019)	393 019
Computer Softwares	345 901	250 220	(95 681)	95 681
Furniture and fittings	208 819	193 219	(15 599)	15 599
Infrastructure	10 464 320	9 880 840	(583 479)	583 479
Office equipment	1 238 980	977 160	(261 819)	261 819
Motor vehicles	824 253	702 597	(121 656)	121 656
Plant and equipment	476 749	411 595	(65 154)	65 154
	17 081 020	15 471 907	(1 609 108)	1 609 108

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.

Richmond Local Municipality

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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	211 922	2 752 851
Receipt from principal	2 000 000	-
Expenses incurred on behalf of the principal	(116 382)	(2 540 929)
	2 095 540	211 922

The municipality currently holds an amount of R 2 095 540 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	211 922	2 752 851
Receipt from principal	2 000 000	-
Expenses incurred on behalf of the principal	(116 382)	(2 540 929)
	2 095 540	211 922