RAYMOND MHLABA LOCAL MUNICIPALITY

2025/2026
DRAFT ANNUAL REPORT

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CHAPTER 1: EXECUTIVE SUMMARY

1.1 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION

This document presents the financial and non-financial performance for the previous financial year. It serves as the most important tool for accountable and transparent governance.

Annually , the municipality is required by the MFMA to prepare an Annual Report detailing the following areas;

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

This chapter will present an overview of the municipality, with a focus on demographics, municipal functions, and service delivery.

1.1.1. ABOUT THE MUNICIPALITY

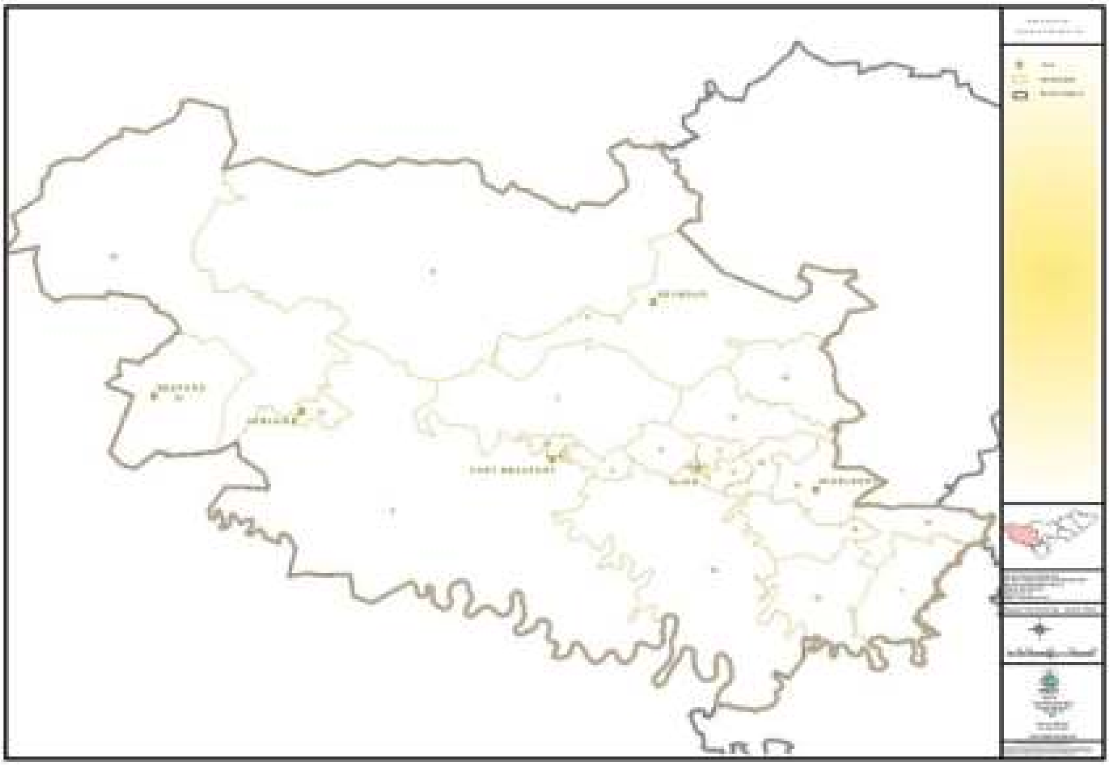
The Raymond Municipality was formally established in 2016, through the merger of the Nkonkobe and Nxuba Local Councils following the local government elections in that year. EDikeni town is a legislative seat and KwaMaqoma is the administrative head of the municipality. The municipal area covers approximately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

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

Raymond Mhlaba is a rural municipality, and the economy is largely driven by the agricultural sector, which includes citrus, forestry, livestock and crop production. Raymond Mhlaba Local Municipality is well-known for its rich heritage and culture. The historic education institutions of Healdtown, Lovedale College and the University of Fort Hare are important heritage sites in Raymond Mhlaba but as yet are underutilized as tourism or cultural sites. Some of the major challenges facing Raymond Mhlaba LM include infrastructure challenges and high levels of unemployment and poverty.

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

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



1.1.2 DEMOGRAPHIC INDICATORS

1.1.2.1 TOTAL POPULATION

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

WARD INFORMATION

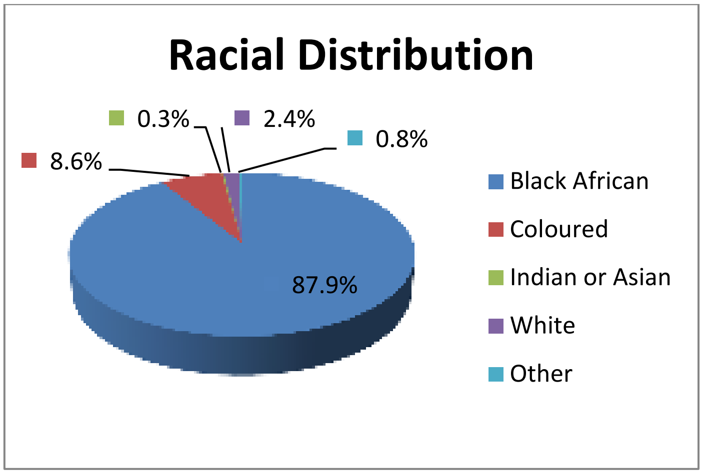
The table below provides areas or villages per ward.

Ward	Area/Villages
1	Qamdobowa, Zigodlo, Ndindwa, Mgxotyeni, Kulile, Mnqaba, Xhukwane, Sxekwen, Koloni
2	Township, Ntsela, Upper & Lower Gqumashe, Skhutshwane
3	Takalani, Kanana, Mpolo 1-2-3, Nkukwini, Tyoks Valley, Ntlekisa , Tambo Square
4	Seymour, Katkat Valley, Lushington, Lundini/Elukhanysweni, Hogsbag, Hertzog/Tambuksvlei, Platform
5	Ngobe, Ngwabeni, Gaga Sikolweni; Kwameva, Mgquba, Lenge, Nkobonkobo, Mavuso, Roxeni, Nomaqamba, Sgingqini, Lalini, Skolweni, Memela
6	Tukulu Farm, Guburha, Golf Course, Happy Rest, Town Central, Hillcrest
7	Rwantsane, Nobhanda, Mabheleni, Lamyeni, Ngwevu, Tyatyora, Luzini, Sikolweni, Mdeni, Cimezile,Tebha, Gontsana,Oakdene, Mankazana, Pikat, Ntilini
8	KwaMaqomaTown, Newtown, Rietsfontein, Sparkington, Smithkraal, Wagondrift,Kluklu Farm
9	Balfour, Buxton, Upper Blinkwater, Glenthon, Winterberg country club, Post Retief, Ekuphumleni, Massdor, Jurieshoek, Katberg, Readsdale, Blackwood, Philipton, Fairbain, Kolomani (Marais, Grafton, Ngqikane, Votyiwe, Phathikala, Edika, Dunedin, Cains, Diphala)
10	Gomoro, Machibi, Mpundu, Gilton, Guquka, Sompondo, Khayalethu, Hala, Nothemba, Hopefield, Benfield, Gato, Mathole, Komkhulu, Ngwangwane, Mkhuthuleni, Mdeni, Esphingweni, Machibini, Mqayise, Ndlovurha, Zixinene, Chamama, Mdlankomo
11	University of Fort Hare

12	Msobomvu, Magala, Ngcothoyi, Bergplaas, Melani, Krwakrwa, Upper Ncera, Majwareni; Khwezana, Mazotweni, Macfalani, Wordon, Dish, Mkhobeni, Taylor
13	Zalaze, Quthubeni, Fama, Ngcabasa, Ngqolowa, Qhomfo, Didikana, Phewuleni, Qhibira, Ndulwini
14	Saki, Ngwenya, Njwaxa, Mbizana, Gxadushe, Debe Marele, Faki, Mxumbu
15	Lower Ncera, Tyhali, Zibi, Mabheleni, Tyutyuza, Ngqele 1, Ngqele 2, Ncera Skweyiya, Dyamala
16	Annshaw, Town/Gugulethu, Lower Regu, Mfiki, Cwaru, Qawukeni, Cilidara, Ngele, Nothenga, Gudwini
17	Qanda, Trust 1&2, Koloni, Farm Bill, Thafeni, Nonaliti, Debenek, Zihlahleni, Mayiphase, Ntonga
18	Joji, Loyd, Phumlani, Khayamnandi,Thembisa, Xolani, Gxwedera, Balura, Lalini, Eskolweni, Kwali, Mpozisa, Lower Sheshegu, Nofingxana, Nomtayi, Lokhwe, Jowu, Jimi, Korks Farm, Krwanyini, Kwezana West
19	Gontsi, Dudu, Gommagomma, Zwelitsha, Nkukwini, Mike Valley, Kuwait, Group 5,Zwide, Daweti 1&2
20	Hillside, Golf Course, Ndaba, Kwepile, Ntoleni, Mlalandle
21	Red Location, Lingelethu, Adelaide Town, Mount Pleasant, Molweni Game Reserve,Mount Pleasant
22	Bezville, New Area, Gelvandale, Springgrove, Elandsdrift, Red Location,
23	Goodwin Park, Nonzwakazi, Bhongweni, Bedford Town, Phola Park, New Brighton, Khayelitsha, Ndlovini, Sizakhele and Tyoksville

1.1.2.2 RACIAL DISTRIBUTION

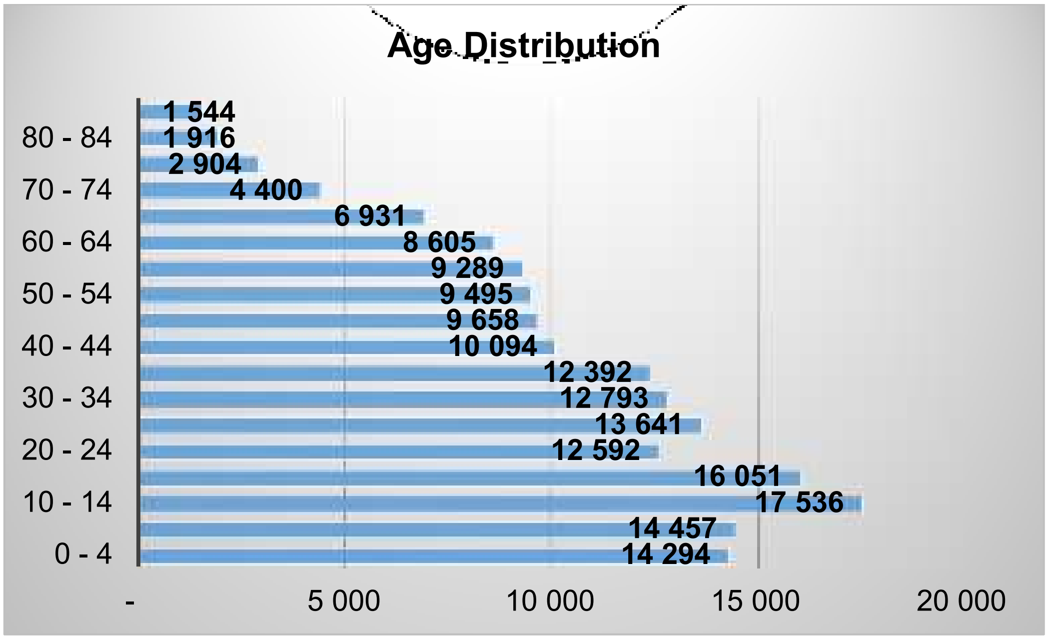
According to Census 2022, the population of Raymond Mhlaba Municipality is predominantly African, accounting for 87.9% of the total population. This is followed by the Coloured population at 9.0%, White population at 2.4%, Indian/Asian population at 0.3%, and other population groups at 0.8%. The pie chart below illustrates the municipality's racial composition, highlighting that Black Africans constitute the majority of residents. The Coloured population represents a smaller but notable proportion of the community, while White, Indian/Asian, and other population groups make up only a small share of the municipal population.



Source: Census, 2022

1.1.2.3 POPULATION GROWTH RATE

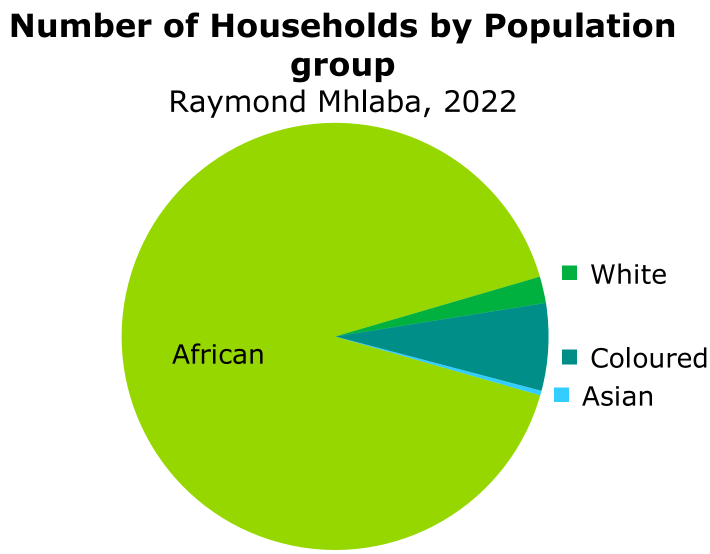
In 2022, population consisted of 87.9% African, 2.4% White 9% Coloured, 8.6 %, Indian 0.3% and other 0.8%. The largest share of population is within the age category of 15-34 years with a total number of 55 077. The age category with the second largest number is the older working age category between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



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

1.1.2.4 NUMBER OF HOUSEHOLDS

There were 53,048 households in the Municipality for the year under review. The African population group has the most households accounting for 91.4% of the total composition of households by population group. With a total composition of 6.2%, the Coloured people group came in second. Households in the White population group made up 2.0% of all households. With just 0.4% of families, the Asian demographic group is the smallest. Between 2010 and 2020, the average annual growth rate for the number of households headed by Africans was 0.47%, meaning that there were 1,820 more households during that time. The average annual growth rate in the number of households for all the other population groups has increased by 0.44%. The pie chart below illustrates the number of households by population group.



1.2 SERVICE DELIVERY OVERVIEW

In accordance with the Constitution of the Republic of South Africa, Raymond Mhlaba Local Municipality is responsible for delivering a range of key municipal functions aimed at improving the quality of life of its residents. These functions include:

- Road traffic regulation
- Vehicle licensing
- Municipal planning
- Local tourism development
- Stormwater management systems
- Cemeteries and crematoria
- Cleansing services
- Municipal roads
- Electricity distribution
- Municipal parks and recreational facilities
- Street lighting
- Management of public spaces
- Refuse removal, refuse disposal sites, and solid waste management

The provision of basic services remains one of the municipality's core development priorities and a fundamental pillar of sustainable community development. To fulfil its constitutional mandate, Raymond Mhlaba Local Municipality continues to invest in the development, maintenance, and upgrading of infrastructure to ensure that all communities within its jurisdiction have access to reliable and quality basic services. These investments contribute to improving living conditions, promoting economic growth, and enhancing the overall well-being of residents throughout the municipality.

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

1.3 FINANCIAL OVERVIEW

Detailed financial overview of the institution is detailed on the financial statements.

1.4 ORGANISATIONAL DEVELOPMENT PERFORMANCE

The municipality has adopted a structured approach to organisational development aimed at improving institutional effectiveness, adaptability, and overall performance. The municipality focuses on aligning its employees, processes, structures, and systems with its strategic objectives to ensure efficient and effective service delivery. Organisational development is vital in strengthening accountability, promoting ethical leadership, enhancing operational efficiency and improving the municipality's responsiveness to the needs of its communities.

Recruitment and Selection

During the period under review, all Senior Management positions were filled, ensuring stability in leadership and strategic direction. In addition, the municipality appointed 27 new employees, of whom 12 were females, contributing to workforce expansion and transformation objectives.

Skills Development and Capacity Building

The municipality identified capacity gaps and implemented various training and development initiatives for both Councillors and employees. These programmes are aimed at enhancing individual performance, strengthening institutional capacity, and improving service delivery outcomes. Furthermore, the Workplace Skills Plan was developed and submitted to the Local

Government Sector Education and Training Authority (LGSETA), demonstrating the municipality's commitment to continuous learning and professional development.

Employee Wellness, Support Programmes, and Occupational Health and Safety

The municipality places significant emphasis on employee well-being and workplace safety. Employee Assistance Programme (EAP) initiatives were conducted across municipal satellites to provide support and promote the health and wellness of employees. Physical wellness activities, including sporting events held in Bedford during October 2025 against a local team, were organised to encourage healthy lifestyles and teamwork among staff members.

In addition, awareness and educational programmes were conducted to promote compliance with health and safety protocols. To ensure a safe working environment, workplace health and safety inspections were undertaken on a quarterly basis across municipal satellites.

The municipality remains committed to maintaining policies that are effective and aligned with institutional needs. During the period under review, a comprehensive policy review process was undertaken to promote employee participation, strengthen consultation, and ensure proper governance before formal approval.

- Policy consultation sessions were conducted from 9 – 13 April 2026 at all municipal satellites to encourage employee participation and input.
- The reviewed policies were presented to the Local Labour Forum for further deliberation and recommendations.
- Councillor workshop were held in May and June 2026 to support understanding, alignment, and readiness for approval.
- The policies were thereafter submitted to Council for approval.

These organisational development initiatives contribute significantly to improving operational efficiency and building a capable, motivated, and professional workforce. Through effective recruitment, skills development, employee wellness programmes, and participatory policy development, the Municipality continues to strengthen its institutional capacity.

1.5 AUDITOR GENERAL REPORT FOR 2025/2026

THE REPORT WILL AVAILABE ONCE THE EXTERNAL AUDIT HAS BEEN CONCLUDED.

1.6 STATUTORY ANNUAL REPORT PROCESS

The 2025/2026 Annual Report has been prepared in compliance with the legislative requirements of the MFMA and other applicable local government reporting frameworks. In compiling this report, the municipality utilised the reporting format prescribed in National Treasury MFMA Circular 63, which provides guidance on the structure, content, and presentation of municipal annual reports. The prescribed format promotes transparency, accountability, good governance, and consistency in reporting across municipalities, thereby enabling stakeholders to assess the municipality's performance, financial management practices, service delivery achievements, and progress towards strategic objectives. The table below outlines the structure of the 2025/2026 Annual Report in accordance with the framework contained in MFMA Circular 63.

1.7 COMMENTS ON THE ANNUAL REPORT PROCESS

The 2025/2026 Annual Report presents a comprehensive account of the performance of Raymond Mhlaba Local Municipality during the financial year under review. The report highlights the municipality's achievements, challenges, service delivery outcomes, governance practices, organisational performance, and financial position. It serves as an important accountability and governance instrument, providing stakeholders with information on how the municipality has utilised its resources to achieve its strategic objectives and fulfil its developmental mandate.

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July 2026
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year.	
4	Submit draft 2025/2026 Annual Report to Internal Audit and Audit Committee.	August 2026
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities	
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	September – December
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	
12	Municipalities receive and start to address the Auditor General's comments	
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	

17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	

The Annual Report has been prepared in compliance with the Municipal Finance Management Act (MFMA), No. 56 of 2003, and the reporting guidelines contained in National Treasury MFMA Circular 63. The report reflects the municipality's commitment to transparency, accountability, good governance, and continuous improvement in service delivery. The report further incorporates the unaudited annual financial statements for the

The Annual Report is structured into the following chapters:

Chapter 1: Mayor's Foreword and Executive Summary

Chapter 2: Governance

Chapter 3: Service Delivery Performance

Chapter 4: Organisational Development Performance

Chapter 5: Financial Performance

Chapter 6: Auditor-General Audit Findings

Appendices

CHAPTER 2 – GOVERNANCE

2.1 INTRODUCTION TO GOVERNANCE

The Raymond Mhlaba Municipality implements a system of governance that supports a participatory a developmental local government. In this system, accountability and responsiveness are achieved through transparency in all operations of the municipality. Good governance in local government, in South Africa, is a critical contributor to the effective and efficient delivery of services. In the main, good governance focuses on the capacity of the municipality to formulate and implement sound policies and adaptation of systems and practices that reflect a deliberate and structured way to respond to the interests of local citizens. For good governance to be achieved by the municipality, a robust responsive and accountable legislative and administrative authority is required.

In light of the above, during the year under review, the municipality remained committed in promoting effective and functional structures of good governance. In addition, the municipality continues putting efforts to ensure that all issues pertaining to political and administrative effectiveness are attended to in a way that is commensurate with its capabilities and resources. This chapter covers governance issues in the Raymond Mhlaba Municipality for the 2025/2026 financial year with specific focus on the following;

- Political and Administrative Governance
- Intergovernmental Relations
- Public Accountability and Participation
- Corporate Governance

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.2 INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Municipality has established effective governance structures at both political and administrative levels. These structures are supported by sound systems, policies, procedures, values and ethical principles that promote effective governance and development within the municipality. Furthermore, the municipality maintains a fully representative and well-structured Council. Councillors provide strategic leadership and oversight. To strengthen governance and accountability, the municipality has established section 79 and section 80 committees which play a critical role in oversight, policy review, and the provision of advisory support to Council.

The municipality's administration is led by the Municipal Manager and supported by five Directors, all of whose positions are filled. This administrative leadership team provides strategic direction and ensures the effective implementation of Council decisions, service delivery programmes and statutory obligations.

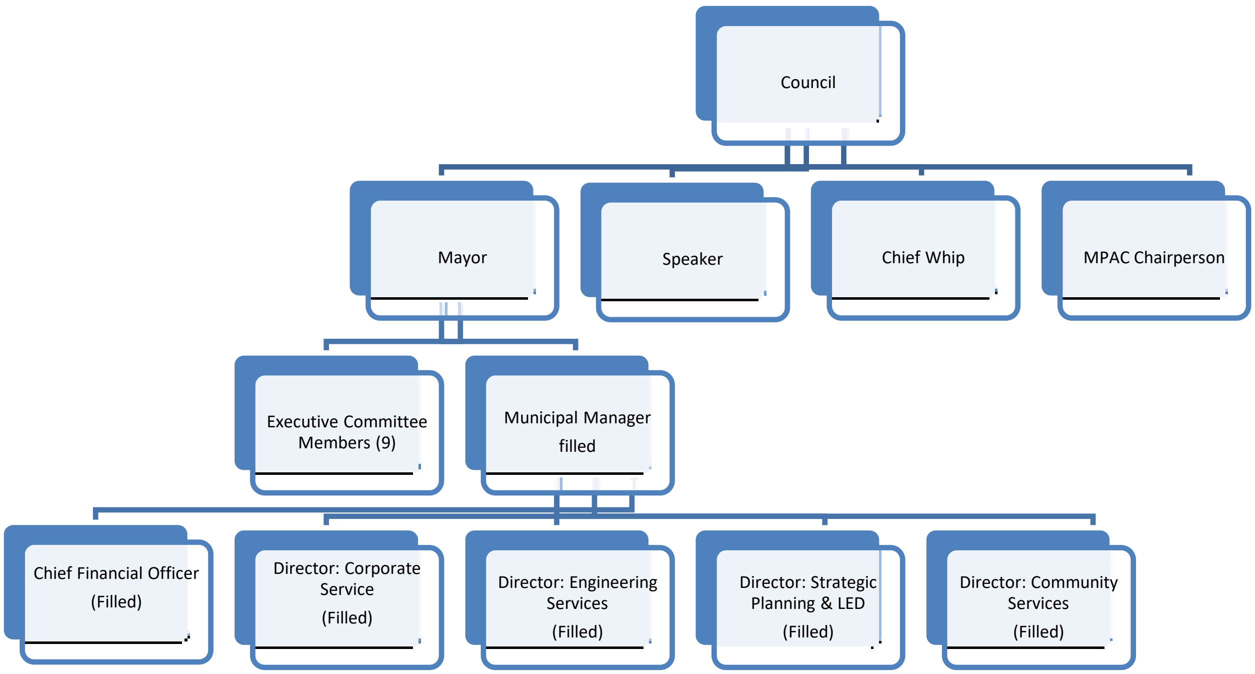
The municipality maintains an effective Intergovernmental Relations (IGR) function that is integrated across the institution. Continuous engagement is undertaken with internal and external stakeholders to facilitate information sharing, collaboration and communication. External stakeholders include all spheres of government, as well as other strategic partners involved in local development and service delivery.

To promote legislative compliance, accountability and ethical conduct, the municipality has established several governance and oversight structures. The Risk Management Committee provides guidance on the identification, assessment, and mitigation of risks facing the municipality. In addition, all Supply Chain Management (SCM) Bid Committees have been established and are fully operational, namely the Bid Specification Committee, Bid Evaluation Committee, and Bid Adjudication Committee.

An independent Audit and Performance Committee is also in place and meets on a quarterly basis and as when required. The committee provides oversight on internal and external audit matters, municipal performance management, risk management, and governance processes. It further advises the administration and reports directly to Council on matters relating to financial management, compliance, performance and governance.

The established governance structures collectively strengthen institutional effectiveness, promote accountability and transparency.

The information below presents Raymond Mhlaba Muncipality's micro-organizational structure.



2.3 POLITICAL GOVERNANCE

2.3.1 INTRODUCTION TO POLITICAL GOVERNANCE

The political leadership of Raymond Mhlaba Local Municipality consists of 45 Councillors. Of these, 23 are ward councillors and the remaining 22 are Proportional Representation (PR) Councillors. Councillors play a vital role in decision making, policy formulation, oversight, and ensuring that the needs and aspirations of the municipality's residents are effectively represented.

The Raymond Mhlaba Council comprises representatives from six (6) political parties, ensuring a diverse and representative governance framework. This multi-party representation promotes democratic participation, transparency and accountability on matters affecting the municipality and its residents.

The table below presents a summary of Raymond Mhlaba's Council seat allocation .

Number	Party	Ward Seats	Proportional representative seats	Total seats
1.	African National Congress (ANC)	20	13	33
2.	Democratic Alliance (DA)	_	3	3
3.	Economic Freedom Fighters (EFF)	_	3	3
4.	African Independent Congress (AIC)	_	1	1
5.	Patriotic Alliance (PA)	_	1	1
6.	Pan Africanist Congress (PAC)	_	1	1
7.	Independent Ward Councillors	3	-	3
TOTAL				**45**

The Legislative Arm is led by the Speaker of Council, who presides over Council sittings and ensures that all Council proceedings are conducted in accordance with the municipality's Standing Rules and Orders. The Executive Arm is led by the Mayor, who chairs meetings of the Executive Committee (EXCO) and provides strategic leadership to the municipality.

Mayor: Councillor Nomhle Sango

Councillor Nomhle Sango serves as Mayor of Raymond Mhlaba Local Municipality. As the political head of the municipality, she presides over meetings of the Executive Committee and performs executive, ceremonial, and leadership functions delegated by the Municipal Council or the Executive Committee. The Mayor is responsible for providing strategic direction to the municipality and plays a pivotal role in ensuring that municipal programmes and services respond to the needs and priorities of local communities. In collaboration with Council and the administration, the Mayor recommends policies, strategies, development programmes, and service delivery initiatives through the Integrated Development Plan (IDP). She also oversees the consideration of annual estimates of revenue and expenditure, ensuring alignment with applicable national and provincial development priorities and legislative requirements.

Speaker of Council: Councillor Thozama Ngaye

Councillor Thozama Ngaye serves as the Speaker of the Raymond Mhlaba Municipal Council. In this capacity, he presides over Council meetings and ensures that all proceedings are conducted in a fair, orderly, and transparent manner in accordance with the Council's Standing Rules and Orders. The Speaker provides guidance on legislative compliance matters and is responsible for overseeing the functioning of Section 79 Oversight Committees. He also plays a significant role in Councillor affairs and capacity building initiatives aimed at strengthening political governance within the municipality. Furthermore, the Speaker champions public participation processes, petitions, and the effective functioning of Ward Committees, by promoting community involvement in municipal decision-making and governance.

Chief Whip of Council: Councillor Nonkazimlo Mlamla-Klaas

Councillor Nonkazimlo Mlamla-Klaas serves as the Chief Whip of Council and is the official Chief Whip of the Majority Party. The Chief Whip plays a critical role in promoting effective political coordination and maintaining discipline within Council structures. Among her key responsibilities is ensuring the proportional representation of Councillors across the various Council committees by facilitating inclusive participation in municipal governance.

POLITICAL STRUCTURE

MAYOR

CLLR NOMHLE SANGO

SPEAKER

Cllr Thozama Ngaye

CHIEF WHIP

Councillor Nonkazimlo Mlamla-Klaas

EXECUTIVE COMMITTEE:

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

The Raymond Mhlaba Municipal Council is composed of 45 Councillors, comprising 23 Ward Councillors and 22 Proportional Representation (PR) Councillors. These Councillors play a critical role in providing political leadership, representing community interests and ensuring effective governance within the municipality. Councillors contribute significantly to the municipality's strategic direction through their participation in the development, implementation, monitoring, and review of the Integrated Development Plan (IDP). Through Council and committee engagements, they ensure that municipal programmes, policies, and budgets respond to the developmental priorities and service delivery needs of local communities.

In addition to elected Councillors, the Municipal Council received a Government Gazette notice appointing two Traditional Leaders to participate in municipal governance in accordance with Section 83 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), as amended. The Traditional Leaders participate in the activities of Council , with the exception of the Executive Committee, in order to ensure that traditional communities are represented and their interests considered in municipal decision-making processes.

To facilitate effective governance and oversight, Council has adopted an annual schedule of meetings that provides for the convening of at least four ordinary Council meetings each year. Special Council meetings are convened whenever circumstances require urgent consideration of municipal matters.

2.3.3 Committees of Council

Raymond Mhlaba Local Municipality has established functional Section 79 and Section 80 Committees to strengthen governance, oversight, accountability, and service delivery. These committees operate within the legislative framework governing local government and assist Council and the Executive Mayor in fulfilling their responsibilities effectively.

The municipality's Section 80 Committees, which are chaired by Members of the Executive Committee (EXCO), include the following portfolio committees:

- Engineering Services Committee
- Finance Committee
- Strategic Planning and Local Economic Development Committee
- Corporate Services Committee
- Community Services Committee
- Sport and Recreation Committee

These committees are responsible for considering matters within their respective portfolios, providing strategic guidance, and making recommendations to the Executive Mayor and Council. They perform an important advisory role by reviewing policies, programmes, budgets, and service delivery initiatives before submission to Council for consideration and approval.

In addition, the committees support Council's oversight function by monitoring the performance of municipal departments, evaluating progress against strategic objectives, and ensuring effective implementation of Council resolutions. Through these structures, the municipality promotes sound governance, informed decision-making, accountability, and improved service delivery to the communities of Raymond Mhlaba Local Municipality.

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

NO.	NAME	COMMITTEE
1.	Cllr B. Tyali	Corporate Services Committee
2.	Cllr S.Zuka	Engineering Services
3.	Cllr S. Mjakuca	Finance Committee
4.	Cllr E.Bantam	Community Services Committee
5.	Cllr Z.Rasmeni	Strategic Planning and LED Committee
6.	Cllr P.Sabane	Sports and recreation Committee

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

1. Municipal Public Accounts Committee (MPAC)

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

2. Public Participation and Petitions committee

The Public Participation and Petitions Committee plays a critical role in strengthening democratic governance by promoting active community involvement in municipal affairs. The Committee serves as a platform through which residents, stakeholders, community organisations, and other interested parties can engage with the municipality on matters affecting service delivery. The municipality remains committed to responsive governance and meaningful stakeholder engagement. Through the Petitions Committee, the municipality considers community petitions as an important mechanism for public participation, accountability, and the identification of developmental priorities requiring coordinated intervention. In response to concerns raised through community petitions, the municipality collaborated with the Department of Transport to implement initiatives such as the Out-of-School Youth Career Expo, which provided young people with access to career guidance, skills development opportunities, bursary information, and pathways to employment and entrepreneurship.

3. Rules Ethics and Integrity Committee

The committee ensures that issues of Councilor’s ethical conduct and discipline become key fundamental values that will shape the future of the Council. In addition, this committee exists to create a clear road map in as far as the implementation of rules within the Raymond Mhlaba Municipality. To enforce compliance in all stings and official gatherings of the Council and also to put into place systems that will enhance the development of members of the council in terms of conducting fruitful gatherings within council.

4. Women Caucus

The committee oversee/review the alignment, efficiency and effectiveness of gender policy, mainstreaming strategy to implementation, it also oversees and ensure that civic education/awareness programmes, gender analysis and impact assessment are activated within the municipality. Similarly, the municipality remains steadfast in the fight against Gender-Based Violence and Femicide (GBVF) by fostering strategic partnerships and strengthening collaboration with community stakeholders. In this regard, the Women's Caucus plays a critical advocacy and oversight role by championing gender equality, raising awareness, and ensuring that GBVF remains a priority within municipal programmes and decision-making processes.

To this end, through collaborative efforts with the GBVF Rapid Response Team, the University of Fort Hare, the Office of the Premier, and a range of other stakeholders, the municipality has implemented GBVF awareness campaigns, community dialogues, youth empowerment programmes, and stakeholder engagement initiatives aimed at preventing violence and strengthening support for vulnerable groups. These initiatives demonstrate the municipality's commitment to ensuring that stakeholder engagement translates into tangible outcomes that promote community development, social cohesion, and an improved quality of life for all residents.

2.3.3.2 Audit, Risk and Performance and Audit Committee

This committee is an independent advisory committee of Council. It carries out the statutory responsibilities assigned to it under sections 165 and 166 of the Municipal Finance Management Act (MFMA). The Committee supports Council by providing oversight, assurance and advice on key governance, financial management, risk and performance matters.

COMPOSITION OF THE AUDIT, RISK AND PERFORMANCE COMMITTEE

The Raymond Mhlaba Audit, Risk and Performance Committee Members are listed below;

Number	Name	Position	Status
1.	Mr AM Langa	Chairperson	Active
2.	Ms T Maqwati	Member	Active
3.	Mr S Nelani	Member	Active (Not attending meeting and there is no resignation)
4.	Ms N Mbokoma	Member	Active
5.	Mr Z Hoza	Member	Active

2.3.4 POLITICAL DECISION-TAKING

Standing Committees convene quarterly to consider matters that fall within their respective departmental portfolios. During these meetings, the committees review departmental reports, deliberate on key issues, assess progress on implementation, and prepare recommendations for further consideration by the Executive Committee.

Before each Council sitting, the Troika, comprising the Speaker, Chief Whip and Mayor, meets to review the matters scheduled for tabling before Council. The Municipal Manager attends these meetings to provide administrative guidance and advice, ensuring that items are properly prepared and aligned with governance requirements. Council meets quarterly to consider reports and recommendations submitted through the committee system. Through this process, Council makes decisions on matters relating to community development, governance and service delivery.

2.4 ADMINISTRATIVE GOVERNANCE

2.4.1 INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The administrative arm of the municipality is led by the Municipal Manager, Ms U.T. Malinzi, who serves as the Accounting Officer. The Municipal Manager is supported by a management team comprising five Directors who provide leadership across the municipality’s key functional areas. The municipal administration is responsible for the overall management and strategic direction of municipal affairs. Its core functions include planning, reporting, accountability, enforcement of internal controls, revenue enhancement, and the implementation of Council decisions, policies, programmes and service delivery priorities.

TOP ADMINISTRATIVE STRUCTURE

MUNICIPAL MANAGER

Ms Unathi Malinzi

DIRECTORS:

Director Strategic Planning & LED

Dr. Lulamile Donacious Hanabe

Chief Financial Officer

Mr Mveleli Ngxowa

Director Corporate Services

Ms Thandiwe Malangabi-Ncapayi

Director Engineering Services

Mr Daluxolo Mlenzana

Director Community Services

Ms Nosimphiwe Speelman

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.5 INTRODUCTION TO CO-OPERATIVE GOVERNANCE

The Raymond Mhlaba Municipality operates within a multi-tiered governance system that requires sustained cooperation across national, provincial, district and local spheres of government. Its intergovernmental relations framework is therefore directed towards coordinated planning, implementation and oversight of programmes that advance socio-economic development within the municipal area.

Thus, the municipality has strengthened its Intergovernmental Relations (IGR) framework through strategic partnerships aimed at enhancing coordinated service delivery and promoting socio-economic development across the municipal area. To this end, key achievements include collaboration with the Services SETA, and Lovedale TVET College to advance skills development initiatives, notably through support for the Alice Skills Development Centre. In addition, partnerships with local wind farm operators have contributed to socio-economic development programmes in Bedford and Adelaide, creating opportunities for community upliftment and local economic growth. These collaborative efforts have also improved coordination between stakeholders, resulting in more effective planning and implementation of service delivery and infrastructure development initiatives throughout the municipality

The coordinated efforts of the municipality with sector departments contributed to the implementation of several strategic infrastructure and developmental projects aimed at improving access to essential services, enhancing living conditions, preserving cultural heritage, and promoting economic empowerment. These initiatives have contributed significantly to improving the quality of life of residents across the municipality. Overtly, these projects collectively demonstrate the government’s commitment to improving service delivery, expanding access to essential infrastructure, preserving cultural assets, and creating opportunities for economic advancement. Through continued investment in healthcare, education, water and sanitation infrastructure, settlement upgrading, and skills development, the government is laying a strong foundation for inclusive growth, sustainable development, and improved quality of life for all residents

2.5.1 NATIONAL AND PROVINCIAL INTERGOVERNMENTAL STRUCTURES

2.5.1.1 NATIONAL INTERGOVERNMENTAL STRUCTURES

The municipality actively participates in a range of policy and governance forums that influence the development and review of local government policies. These platforms provide an opportunity for municipalities to contribute to national legislation, policy frameworks, and sector reforms, ensuring that local priorities and challenges are adequately represented in decision-making processes. Through participation in forums such as the Cooperative Governance and Traditional Affairs (COGTA) structures and the South African Local Government Association (SALGA) meetings, the municipality is able to engage with key stakeholders, share best practices, and strengthen alignment between national, provincial, and local government objectives. This engagement supports improved governance, policy coordination, and the effective implementation of developmental initiatives at municipal level.

2.5.1.2 PROVINCIAL INTERGOVERNMENTAL STRUCTURE

During the year under, the Municipality actively participated in intergovernmental structures, including the Municipal Intergovernmental Relations (IGR) Forum, the Premier's Coordinating Forum (PCF), Provincial MUNIMEC, and Technical MUNIMEC meetings. These platforms brought together neighbouring municipalities, provincial departments, and national government stakeholders to coordinate development priorities, address service delivery challenges, and align government programmes and policies.

The municipality derived significant value from these engagements through improved intergovernmental coordination, enhanced alignment of development initiatives, and effective escalation of complex policy and operational issues to higher spheres of government for intervention. The forums also strengthened collaborative governance, facilitated stakeholder participation, and supported the implementation of agreed actions aimed at improving service delivery and municipal performance.

RELATIONSHIPS WITH MUNICIPAL ENTITITIES

The relationship between Raymond Mhlaba Local Municipality and the Raymond Mhlaba Economic Development Agency (RMEDA) reflects a strategic partnership aimed at advancing local economic development through collaborative governance and stakeholder engagement. Through partnerships with institutions such as SETAs, SEDA, SEFA, MTN, ECDC, and traditional leadership structures, RMEDA supports skills development, youth employment, entrepreneurship, SMME growth, digital inclusion, and agro-processing initiatives. These interventions are designed to stimulate economic growth, attract investment, create sustainable employment opportunities, and improve the socio-economic well-being of communities across the Raymond Mhlaba municipal area. Collectively, these efforts demonstrate the municipality's commitment to leveraging intergovernmental and multi-stakeholder partnerships to drive inclusive and sustainable development.

2.5.1.3 DISTRICT INTERGOVERNMENTAL STRUCTURES

Within the Amathole District Municipality, inter-municipal relations are facilitated through established Intergovernmental Relations (IGR) structures inclusive of the District Mayor’s Forum (DIMAFO) and integrated planning processes, which promote cooperation, policy coherence and coordinated service delivery between the district and local municipalities. The alignment of municipal Integrated Development Plans (IDPs) remains a central mechanism for ensuring that local priorities are integrated with district, provincial and national development objectives. Technical and sectoral forums further strengthen coordination in infrastructure development, local economic development, disaster management and service delivery.

For Raymond Mhlaba Local Municipality, these arrangements provide access to district level technical expertise, institutional support, capacity-building opportunities and coordinated infrastructure planning. They also support resource mobilization, minimize duplication and strengthen the municipality's capacity to respond effectively to regional development challenges. Collectively, these cooperative governance mechanisms enhance strategic coordination, institutional efficiency and sustainable development across the district and its local municipalities.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.6 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Raymond Mhlaba Local Municipality is committed to promoting transparent, accountable and participatory governance through continuous engagement with communities and stakeholders throughout the year. Public participation is not limited to the annual Integrated Development Plan (IDP) and Budget process but is an ongoing activity that allows residents to raise concerns, contribute to planning and participate in decision-making on matters affecting their communities. The Municipality conducted consultations throughout the financial year on a range of issues, including;

- Civic education
- Demarcation Meetings
- IDP and Medium-term Revenue and Expenditure Framework (MTREF)
- Annual Report Roadshows
- Free Basic Services Engagements

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

- Newspapers: Times Media, Umhlali newsletter
- Imbizo's / Road shows,

- Loud hailing,
- Library;
- Notice boards
- Social Media Pages (Facebook, Twitter, Whatsapp)
- Municipal Website
- Intergovernmental Relations (IGR)
- Meetings of ward committees
- Forte FM and Ikhala FM

2.6.1 CUSTOMER CARE

The Raymond Mhlaba Municipality has implemented a centralised Customer Care Model supported by an electronic Customer Care Management System. The system has been operational for the past five (5) years and serves as the Municipality's primary platform for the registration, allocation, monitoring and tracking of customer complaints, service delivery requests and general municipal enquiries.

Access Channels

Residents are able to access Customer Care services through the following channels:

- Customer Care telephone line: **046 645 7478**
- Dedicated email address: **customercare@raymondmhlaba.gov.za**
- Official municipal Facebook page
- Municipal website: www.raymondmhlaba.gov.za
- Walk-in visits to municipal Customer Care Offices

All complaints and enquiries received through the above channels are captured on the electronic Customer Care Management System and issued with a unique reference number. The system enables the Municipality to:

- register customer complaints and enquiries;
- allocate matters to the relevant department or official; and
- monitor progress until resolution.

Where a complaint is not resolved within the prescribed turnaround time, the matter is automatically escalated to the relevant supervisory and management levels in accordance with the Raymond Mhlaba Municipality Customer Care Service Standards. This process promotes accountability, improves response times and enables management oversight of unresolved service delivery matters.

The Municipality applies approved Customer Care Service Standards for the acknowledgement and resolution of customer complaints. During the reporting period, customer enquiries were acknowledged within **one (1) working day**, while the average turnaround time for the responding of service requests was **three (3) working days**. These standards are monitored through the electronic Customer Care Management System and form part of the Municipality's ongoing efforts to improve service delivery responsiveness.

Customer Care remains a strategic institutional function that supports the Municipality's vision of being **"a service excellence-driven municipality."** The centralised approach provides residents with accessible reporting channels, facilitates timely feedback on service delivery matters and strengthens the Municipality's responsiveness to community needs.

2.7 WARD COMMITTEE MEMBERS

Municipal Structures Act provides forward committee members to be established with primary function to be a formal communication channel between the community and the municipal council. There are 23 wards that constitute Raymond Mhlaba Municipality and for each ward, ten (10) ward committee members were elected. Ward Committees are a true reflection of a geographical spread, as well as sectoral composition of each ward (where applicable). Ward Committees are played a huge role in the municipality’s IDP and budget processes including Community Based Plans. During the year under review, meetings were held and matters discussed were eventually channeled to council for oversight. Councillor Ward committees support the ward councillor participating in development planning processes and facilitate wider community participation.

2.8 IDP PARTICIPATION AND ALIGNMENT

The Municipality’s commitment regarding the promotion of public participation and consultation is based on constitutional and legal obligations including the governance model. Therefore, the

Municipality continues to promote participatory engagements with communities in all its processes, including the development of the IDP. Public participation is a critical part of democracy, as it affords members of the community and stakeholders an opportunity to inform the Municipality about their developmental needs. The process also gives community members a clear understanding of how the Municipality arranges for public participation.

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

COMPONENT D: CORPORATE GOVERNANCE

2.9 RISK MANAGEMENT

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

- The accounting officer of municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps.
- That the resources of the municipality are used effectively, efficiently and economically.

- That full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.
- That the municipality has effective, efficient, and transparent systems.
- Of financial and risk management and internal control; and
- Of internal audit operating in accordance with any prescribed norms and standards

The Municipality reviewed and updated its Risk Management Policy and Risk Management Strategy, both of which were subsequently approved by the Municipal Council. To strengthen risk governance and promote a positive risk management culture, workshops were conducted for both Councillors and municipal employees. These sessions aimed to enhance awareness of risk management principles, clarify roles and responsibilities, and encourage proactive identification and mitigation of risks across the organisation.

As part of the annual risk management process, a Strategic Risk Assessment was conducted for the 2025/2026 financial year, resulting in the identification of 10 strategic risks. Of these, six were classified as significant risks and were subjected to ongoing monitoring and management through established risk governance structures, including management and oversight committees. Appropriate mitigation measures were implemented to reduce the likelihood and impact of these risks and to support the achievement of the Municipality's strategic objectives.

In addition, operational risk profiles were developed for all municipal departments. These risks are continuously monitored and reviewed to ensure that emerging challenges are identified and addressed promptly. The implementation of these risk management processes contributes to improved organisational resilience, enhanced decision-making, strengthened internal controls, and the effective delivery of municipal services. Below is the list of top six (6) high strategic risk.

PRIORITY AREA	STRETEGIC OBJECTIVE	RISK DESCRIPTION	ROOT CAUSES	IMPACT	CURRENT CONTROLS	Control Effectiveness			Residual Risk
Waste Management	To ensure a safe, friendly, and sustainable environment by 2027	1.Non compliance with landfill sites permits.	1. Financial Constraits 2. Limited Resources yeellow Fleet 3. Unfenced landfile sited due vandalism	1. Compromised service delivery 2. Health hazard 3. Lawsuits and Litigations	1. EPWP on landfile site in Bedford and Alice. 2. Directional sings delived and to be mounted.	**Satisfactory**	**65**	16,3	**High**
PMU	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	1. High infrastruture backlog 2. Delays in completion of projects. 3. High exposure to corruption.	1.limited availabilty of financial resources 2.Poor planning and monitoring 3. Poor workmanship 4. Prioritisation of projects 5. Non-adherence to 3-year capital plan 6. Poor Contract Management by internal and external stakeholders. 7. Lack of Stakeholder engagement 8.Climate change.	1. Community unrest 2. Withholding of funds 3. Non achievement of objectives 4. loss of potential revenue 5. Unfinished projects 4. Reputational damage 5. Litigation by communities 6. Incurrence of UIFW 7. Inability to leverage on Infrastructure projects as a means for economic growth and social cohesion 8.Damaged of infrastructure	1. Project Management Policy 2.Standard operating procedures 3. Business Plans 4. Procurement plan 5. 3-year capital plan 6. Progress reports,Practical,final Completion certificate. 7. SCM Policy 9. Contracts Register 10. Training Plan for Project Managers 11. Municipality infrastructure mantainance plan. 12. Grant funding 13 Monitoring of services providers and monthly reporting	**Satisfactory**	**65**	16,3	**High**
Housing	To ensure adequate, efficient, sustainable environment by 2027	1.Uncontrolled development 2. Land grabs and encrouchments	1. Lack of updated SDF 2. Non compliance with SPLUMA regulations. 3. Non-compliance with National Building Regulations 4. Lack of consolidated land audit	1. Limited ability to attract investment opportunities. 2. Low economic growth. 3. Service Delivery Protests. 4.Loss of revenue	1.SPLUMA compliant SDF 2. SPLUMA compliant LUMS 3.National Building Regulations 4. Nxuba LM and Nkonkobe LM land audits	**Satisfactory**	**65**	16,3	**High**
ICT	To provide an effective and efficient workforce by aligning our institutional arrangements to our overall strategy in order to deliver	1.Non-implementation of ICT governance . 2. Poor protection of ICT environment.	1. Poor capacity 2. Lack of alignement to strategic goals of the municipality. 3. Outdated ICT policies 4. ICT strategy not aligned with IDP.	1.Cyber security treats. 2. Inability to effectively and efficiently achieve the organisational strategic objectives. 4. Inability to realise the ICT value/new benefits. 5. Poor work quality. 7. Loss of institutional data or memory upon disaster. 8. Unauthorized access to information.	1. ICT steering committee 2. Approved ICT policies and plans. 3. ICT Strategy 4.Conducting data backups 5. Centralised connectivity for all sites.	**Satisfactory**	**65**	16,3	**High**
Expenditure	To ensure sustainable Local Economic Development by 2027.	1.Inability to mantain and attract investors	1. Absence of investment policy. 2. Aging infrastructure (supply of electricity and road networks 3. Lack of industralisation policy. 1. Limited resources to implement LED Projects. 2. Lack of awareness and knowledge on investment opportunities. 3. Non implementation of the LED strategy. 7. High crime rate	1. Lack of jobs. 2. Increase poverty levels and inequility 3. lack of business opportunities 4. Poor revenue collection.	1. LED strategy. 2.Tourism master plan. 3. IGR 4. SDF and Local Spatial Development Framework.	**Satisfactory**	**65**	16,3	**High**
SCM	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Occurrence of Unauthorised, Irregular, Fruitless & Wasteful Expenditure	1.Non adherence to SCM regulations. 2.Poor planning -Non adherence to SCM plans (Demand Plans). 3. Delays on approval or finalisation of procurement documents. 4.Override of SCM controls. 5. Poor record keeping 6. Lack segregation of duties. 7. Poor financial planning and budgeting. 8. Non-compliance with MFMA and Treasury regulations 9. 'Poor Contracts Management	1.Negative audit outcome 2. Compromised service delivery 3. Financial Loss 5. Exposure to fraud and corruption 6. Community unrest 7. Reputational Damage	1.Finance related policies in place 2. Standard procedure manual is in place 3. Functional Bid Committees 4. Approved Procurement plan. 5. Financial system (SAGE) is in place and SCM requisitions are system generated and MSCOA compliant. 6. National Treasury Central Supplier Database 7 Pre-audit process 8. Records Management policy 9. Fraud prevention policy. 10. UIFW reduction strategy.	**Satisfactory**	**65**	16,3	**High**

2.10 SUPPLY CHAIN MANAGEMENT

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

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

SCM policy has allocated 45 % of procurement above R300 000 to be prioritized to local SMME's and vulnerable groups. In addition, 70 % of procurement below R300 000 to be awarded to local SMME's and vulnerable groups. As such , for the year under review the municipality has awarded 91 % of tenders below R300 000 to local SMME's and vulnerable groups and 50 % of tenders above R300 000 to local SMME's and vulnerable groups.

To ensure fairness, transparency, accountability, and compliance with applicable supply chain management regulations, the Municipality has established three committees that form part of the bidding process, namely:

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

In line with the Municipality's commitment to promoting inclusive economic development and empowering designated groups, preference was given to vulnerable groups in accordance with the Preferential Procurement Regulations, 2022 and the Municipality's Supply Chain Management Policy. During the 2025/2026 financial year, a total of 242 quotations were awarded. The participation of vulnerable groups is summarized below;

Vulnerable Group	**Number of Quotation Awards**	**Percentage**
Women-Owned Enterprises	48	20%
Youth-Owned Enterprises	61	25%
Persons with Disabilities	0	0%
Military Veterans	0	0%

The Municipality continues to promote the participation of women-owned and youth-owned enterprises through its procurement processes. During the reporting period, 48 quotation awards (20%) were made to women-owned enterprises, while 61 quotation awards (25%) were given to youth-owned enterprises.

During the financial year under review, no awards were made to enterprises owned by persons with disabilities or military veterans. This was not due to any exclusion by the Municipality, but rather because no responsive quotations were received from businesses owned by individuals within these designated groups.

The Municipality remains committed to promoting equitable participation in procurement opportunities and supporting the inclusion of all designated groups in the local economy. To this end, efforts continue to be made to encourage broader participation through supplier awareness and empowerment initiatives, procurement information sessions and support for registration on the Central Supplier Database (CSD).

Furthermore, the Municipality strives to ensure fair and transparent access to procurement opportunities by applying its Supply Chain Management processes consistently and providing equal opportunities for all qualifying suppliers. Through these measures, the Municipality seeks to increase the participation of persons with disabilities, military veterans, and other designated groups in municipal procurement, thereby contributing to inclusive economic growth and transformation

2.11 BY-LAWS

Raymond Mhlaba Local Municipality has 14 municipal by-laws that were promulgated and gazetted in 2019. These by-laws provide the legal framework for regulating municipal services, safeguarding public health and safety, promoting environmental management, and maintaining public order within the municipal area. The Municipality, through its Law Enforcement and Traffic Services, is responsible for enforcing these by-laws in accordance with applicable legislation. The Municipality currently has 16 Law Enforcement Officers and 10 Traffic Officers responsible for the enforcement of municipal by-laws across the municipal area. In addition, 10 Law Enforcement Officers were recruited through the Expanded Public Works Programme (EPWP) and appointed on two year contract. The recruitment of these officers has had a significant positive impact on by-law enforcement and has enhanced meaningful participation within local communities.

The responsibilities of the Law Enforcement Unit include promoting compliance with municipal legislation, maintaining public order, protecting municipal assets and addressing offences relating to environmental management, public nuisances, informal trading, illegal dumping, animal control, public safety, and other by-law contraventions. The unit has also conducted public awareness and educational campaigns aimed at improving understanding and compliance with municipal by-laws.

The deployment of additional personnel has resulted in improved visibility of Law Enforcement Officers throughout the municipality, increased enforcement of municipal by-laws, and strengthened partnerships with government departments and law enforcement agencies. Furthermore, the Municipality has enhanced compliance among businesses and members of the public while increasing awareness of municipal by-laws. Complaints related to by-law infringements were attended to timeously, contributing to improved service delivery and public confidence.

During the 2025/26 financial year, the Law Enforcement Unit conducted numerous compliance inspections, enforcement operations, and awareness campaigns across the municipality. Several of these operations were undertaken jointly with key stakeholders, including the South African Police Service (SAPS), the Department of Transport, the Department of Home Affairs, Amathole District Municipality Environmental Health Practitioners (ADM EHP), and other relevant government agencies.

As a result of these enforcement initiatives, a total of 186 fines were issued for contraventions of various municipal by-laws during the year under review. These enforcement actions contributed to improved compliance with municipal by-laws, enhanced public safety, and supported the Municipality's objective of creating a safe, clean, and well-managed environment for residents, businesses, and visitors.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1 INTRODUCTION

This chapter provides an overview of the Municipality's service delivery performance for the 2025/2026 financial year. The primary focus is on the Municipality's performance against the approved strategic objectives, key performance indicators and targets contained in the Council approved Service Delivery and Budget Implementation Plan (SDBIP) Scorecard.

During the financial year under review, the Municipality remained committed to improving the effectiveness, efficiency and sustainability of basic service delivery. Particular attention was given to programmes and projects aimed at addressing the fundamental service delivery needs of communities and improving municipal infrastructure. The provision, maintenance and upgrading of roads and stormwater infrastructure remained important priorities, particularly in addressing accessibility, mobility, road safety and the impact of stormwater on municipal infrastructure and communities. The Municipality also continued to prioritise waste management in support of a clean, healthy and sustainable environment. The provision and maintenance of electricity infrastructure remained a key priority in promoting reliable and sustainable energy supply.

Overall, the Municipality's financial and service delivery performance during 2025/2026 was assessed against the targets contained in the approved SDBIP Scorecard. The assessment provides an indication of the extent to which planned programmes, projects and service delivery commitments were implemented during the financial year. It further provides a basis for identifying areas requiring corrective action, strengthening institutional performance and improving the alignment between municipal resources, strategic priorities and community needs.

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

COMPONENT A: BASIC SERVICES

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

3.2 INTRODUCTION BASIC SERVICES

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

3.3 INTRODUCTION TO ELECTRICITY

Raymond Mhlaba Municipality holds an electricity distribution licence covering the towns of Adelaide, Bedford, KwaMaqoma, and the Upper Blinkwater Mini-Grid service area. The municipality has a notified maximum demand (NMD) of 15 MVA, with bulk electricity supplied by Eskom Distribution and supplemented by the municipal Upper Blinkwater Mini-Grid. Currently the municipality provides electricity services to more than 18,000 customers, comprising residential, commercial, industrial, and manufacturing. This service is rendered taking into account issues of safety, reliability, and sustainable electricity supply while ensuring compliance with the requirements of the National Energy Regulator of South Africa (NERSA) and other applicable legislation. The municipality has prioritised four strategic capital projects based on their significance in improving service delivery, strengthening electricity infrastructure, promoting economic development, and supporting national government objectives. These priority projects are,

- Electricity Network Maintenance, Strengthening and Refurbishment
- Electrification of Households in Raymond Mhlaba Municipality
- Smart Electricity Meter Rollout
- Performance on Agreements Reached with Eskom

A dependable electricity network supports local economic development, attracts investment, enhances business confidence, and improves the quality of life of residents. The electrification programme contributes to government's objective of achieving universal access to electricity by extending the network to qualifying households that currently do not have access to electricity. The table below illustrates electricity targets planned against achieved for 2025/26 financial year.

ELECTRICITY PERFORMANCE : 2025/2026		
Indicator	**TARGET**	**ACTUAL PERFORMANCE**
Percentage of INEP projects implemented	100 %	100% of planned project for INEP was implemented (Implemented/ total*100) 1/1*100= 100%
Number of illegal connection audits conducted	4	4 illegal connection audits conducted
Percentage of new connections within 21 days of application	100%	100% of new connections were attended within 21 days (Connected/ applications*100) 25/25*100= 100%
Percentage of reconnections completed within 7 days after settlement of municipal account	100%	100% of reconnections were attended to within 7 days Reconnections/ disconnection 20/20*100) *100= 100%
Percentage of unplanned outages restored within 4 hours	70%	(Restored/ outages*100) 17/17*100= 100%
Number of planned preventative maintenance activities implemented	1	1 Planned preventative maintenance activity implemented

In trying to ensure sustainable distribution of electricity, the municipality implemented a project funded by the National Government under the INEP programme. The actual project implemented is the Construction 2,5km 11km MV Link line of Jackson Street.

Taken further, through Smart Electricity Meter Rollout, funded by the National Treasury which aims to improve revenue collection, enhance billing accuracy, reduce non-technical electricity losses and minimise illegal connections, the municipality managed to install 3000 smart meters in ward 3, 8, 19 and 20. The said project has ensured that energy management is strengthen and improved revenue which will ensure municipality's long-term financial sustainability.

The municipality also continues to engage proactively with Eskom on matters relating to bulk electricity supply, network performance, technical coordination, account reconciliation, and infrastructure planning. Regular engagements between municipal management and Eskom are held to monitor progress and ensure that agreed corrective actions are implemented within the agreed timeframes.

The municipality recognises that the implementation of capital infrastructure projects may result in variations from the originally approved project values. These variations may arise due to several factors, including:

- Inflationary increases in the cost of construction materials.
- Escalation in labour and contractor costs.
- Unforeseen site conditions requiring additional construction work.
- Changes in project scope following detailed engineering investigations and design.
- Exchange rate fluctuations affecting the procurement of imported electrical equipment.

Despite these potential variations, Raymond Mhlaba Municipality remains committed to delivering its strategic capital programme within the available financial resources. Sound project governance, effective contract management, continuous budget monitoring, and regular stakeholder engagement will be maintained to ensure value for money, minimise cost overruns, and support sustainable and reliable electricity service delivery across the municipality

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL

The municipality provides electricity services to customers only in KwaMaqoma, Adelaide, and Bedford. These include, but are not limited to, maintaining highmast and streetlights, giving service to new customers, maintaining/replacing faulty meters, attending to cable/line issues, etc. Some elements of the electrical network are susceptible and require upgrades to prevent power outages. During the year under review, there was one outage which was planned and others were as a result of disasters.

3.4 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

Waste Management is the primary function of the municipality as enshrined in the Constitution of RSA, 1996, Part B Schedule 5. The municipality collects refuse on a weekly basis in the following areas: KwaMaqoma, eDikeni, Middledrift, Hogsback, Seymour, Adelaide and Bedford. The service is rendered only in urban areas. Refuse in businesses and households is collected as per the municipal refuse schedule which is based on the volume of waste generated. Businesses are also encouraged to inform the municipality when they have a considerable amount of rubbish to avoid having refuse placed in front of their stores, although this remains an issue because some still do. The waste that is collected is disposed off to the following waste disposal sites EDikeni, Middledrift and Bedford. The Municipality also make use of SMME's to assist in the refuse collection when the trucks need mechanical repairs.

Futhermore, the municipality has three waste disposal sites and one transfer station located in eDikeni, Middledrift, KwaMaqoma and Bedford. All these waste facilities have permits as issued in terms of Environmental Conservation Act, (Act 73 of 1989). The service provider has been appointed to fence EDikeni waste disposal site however the project has not yet commenced.

STATUS OF MUNICIPAL DISPOSAL SITES

Waste Site	Size	Status	Comment
Bedford	C	Licenced	GCB

EDikeni	C	Licenced	GCB
Middledrift	C	Licenced	GCB
KwaMaqoma		Licenced	Transfer Station

The municipality plans to improve on waste management by establishing two drop-off locations in areas without waste disposal sites namely, Adelaide, Seymour and refurbhish KwaMaqoma transfer station, as well as promoting recycling initiatives with private enterprises. An application for yellow plant was approved and confirmation letter has been received from DFFE for purchase of specialised waste vehicles. The mucipality is reporting monthly on South African Waste Information Systems (SAWIS) for all its waste disposal sites. Futhermore , the municipality is participating in the provincial waste forum. The muncipality has an established local waste and environment forum.

For the year under review , the municipality conducted environmental and clean-up campaigns. These campaigns were conducted in collaboration with Higher Institutions of Learning, schools, sector departments, CWP, EPWP, ADM, etc. The municipality also participated in the district Greenest Municipality Awards organised by the Department of Economic Development, Environmental Affairs and Tourism where by the municpality won an amount of R 100 000. Raymond Mhlaba local municipality has partnered with DFFE on working on waste and cleaning & greening projects, where a total of 100 youth and unemployeed graduates benefited.

3.5 FREE BASIC SERVICES AND INDIGENT SUPPORT

The Free Basic Services (FBS) Section is a fully established unit within the Revenue Management Department under the Finance Directorate. The section is headed by a Free Basic Services Coordinator, and the position is currently filled. The administration and implementation of Free Basic Services are guided by the Municipality's Indigent Management Policy, which is reviewed and approved by Council on an annual basis to ensure continued relevance and compliance with legislative requirements.

The provision and administration of Free Basic Services are guided by the following key policies:

1. Indigent Management Policy
2. Credit Control and Debt Collection Policy

To strengthen oversight and ensure effective implementation of the programme, the Municipality has established a Free Basic Services Steering Committee within the Finance Standing Committee. The Steering Committee is chaired by the Chairperson of the Finance Standing Committee and comprises all Councillors serving on the Committee, together with Ward Committees. The Committee provides strategic guidance, monitors programme implementation, and facilitates stakeholder engagement on matters relating to Free Basic Services.

The Municipality's Free Basic Services programme is subject to ongoing monitoring by the Department of Cooperative Governance and Traditional Affairs (CoGTA) through quarterly assessments and ad hoc engagements. Monthly reports are submitted to the Department, providing updates on the status and performance of the Municipality's Free Basic Services programme and compliance with applicable policy requirements.

Raymond Mhlaba Local Municipality allocates budgetary resources annually to provide Free Basic Services to qualifying indigent households. The programme is aimed at alleviating poverty and ensuring that vulnerable households have access to essential municipal services.

The Free Basic Services provided by the Municipality include:

- Property Rates: 100%
- Electricity: 50 kWh per month for qualifying households, including those residing in Eskom-supplied areas.
- Refuse Removal: 100% subsidy on refuse removal services.
- Paraffin: 20 litres per quarter for qualifying households where applicable.

Through the implementation of the Free Basic Services Programme, the Municipality continues to support vulnerable households, promote social protection, and improve the quality of life of indigent communities within its area of jurisdiction.

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

Raymond Mhlaba Local Municipality has established a Free Basic Services (FBS) Unit dedicated to ensuring that qualifying indigent households within the municipality's jurisdiction receive access to free basic services. The unit is responsible for the administration, monitoring, and implementation of the Municipality's indigent support programme, with the aim of improving the living conditions of vulnerable households.

Through the implementation of the policy and the Free Basic Services Programme, the Municipality seeks to ensure that deserving households have access to essential municipal services, thereby promoting social welfare, reducing the burden of poverty, and enhancing the quality of life of vulnerable residents. The programme is continuously monitored and reviewed to ensure that benefits reach qualifying households and that the Municipality remains responsive to the needs of its communities.

COMPONENT B: ROADS AND STORMWATER

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

1.7 INTRODUCTION TO ROADS

Raymond Mhlaba Local Municipality has adopted a strategy of implementing alternative surfacing methods on deteriorated tarred roads and upgrading gravel roads towards improving the overall road network. At the same time, the Municipality continues to perform its core maintenance functions, including dry blading and gravelling across the municipal area.

The Municipality utilizes Municipal Infrastructure Grant (MIG) funding and Municipal Disaster Response Grant (MDRG) to implement its road improvement strategy. For the year under review, Local Small, Medium and Micro Enterprises (SMMEs) actively participated in the construction and upgrading of roads through these programmes. Notable achievements include the paving of roads in Seymour Old Location, the upgrading of Nombewu-Nohashe Street, and the dry blading of roads in Ndaba Location, Daweti Location, and Ntselamanzi Location, amongst others.

Despite these achievements, the Municipality faced several challenges during the implementation period, including the breakdown of construction machinery, delays in the transfer of grant funding, and the increasing number of roads requiring complete regravelling.

To support the Municipality in achieving its objectives, the Department of Transport provided a motor grader and a tipper truck to assist with road maintenance.

Through the road network upgrading programme, significant employment opportunities have been created for local communities. SMMEs have employed local labourers through the implementation of these projects, resulting in poverty alleviation and contributing to local economic development. Many of these infrastructure projects are multi-year initiatives, ensuring sustained employment opportunities and long-term improvements to the municipal road network.

The table below illustrates the targets planned against achieved for 2025/26 financial year.

Stormwater drainage: 2025/2026		
Outcome Based Indicator	**TARGET**	**ACTUAL PERFORMANCE**
Number of streets where stormwater system has been maintained	160	371 Streets where stormwater system has been maintained
Number of km maintained (gravel roads)	300	337 KM of gravel roads maintained
Number of road markings maintained	50	60 Road Markings conducted

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The Civil Works Unit is responsible for the maintenance of all roads under the Municipality's jurisdiction. This includes the routine maintenance and rehabilitation of road infrastructure to ensure safe and efficient access for communities. Following significant rainfall events, surface roads and storm-water drainage channels are inspected, repaired and cleaned to restore functionality and minimize the risk of flooding and road deterioration.

The Municipality continues to prioritize the maintenance and upgrading of storm-water infrastructure. These efforts are aimed at reducing flooding risks, enhancing road safety and ensuring the effective management of stormwater.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

3.8 INTRODUCTION TO PLANNING AND DEVELOPMENT

Spatial Planning is responsible for managing overall planning activities, including town planning and building control. Its aim is to promote the development of physical, socially, and economically sustainable communities. This is achieved through the implementation of spatial development frameworks, service standards, municipal property acquisition management, and the assessment and approval of development plans. Spatial Planning ensures that the priorities outlined in the Integrated Development Plan (IDP) are effectively addressed and supported through coordinated planning efforts.

Main objectives of the unit involve:

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

In the municipalities' efforts to ensure compliance with the Spatial Planning and Land Use Act 16 of 2013 it has since appointed an Authorised Official to approve all Category 2 land development applications as well as a registered Town Planner in terms of the Planning Professions Act 36 of 2002. The municipality currently has adopted a Wall-to-Wall Land Use Scheme, and it is currently in the process of being Gazetted. Furthermore, council has approved and Gazetted SPLUMA By-laws that have been customized by Raymond Mhlaba Local Municipality. The municipality, in collaboration with the Amathole District Municipality, has reviewed its Spatial Development Framework (SDF) and has been Gazetted (No. 5644) to ensure alignment with current development priorities and regional planning objectives. Below is the list of applications for land use development;

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	Year 2024/25	Year 2025/26	Year 2024/25	Year 2025/26	Year 2024/25	Year 2025/26
Planning application received		0		2		12
Determination made in year of receipt		0		1		7
Determination made in following year		0		1		5
Applications withdrawn		0	0	0	0	0
Applications outstanding at year end		0		2		5

3.9 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

3.9.1 INTRODUCTION TO ECONOMIC DEVELOPMENT

Local Economic Development Services in Raymond Mhlaba Local Municipality continue to give effect to the LED Strategy, which is built around four pillars: strengthening the agricultural economy (citrus, aloe, livestock and wool), diversifying into tourism and agro-processing, growing the economy through investment attraction, and supporting the economy through resilient infrastructure. During 2025/26, LED Services translated these pillars into direct, on-the-ground support for job creation, SMME and cooperative development, informal trader formalisation, and digital tourism marketing. A total of 67 jobs were created through LED supported initiatives during the year, against a cumulative annual target of 50. This was driven primarily by cooperative and small-business growth (Mazoyi Group, Tyhume Valley Beekeepers Cooperative, Mthontsi Lodge and Ournews Online Media) rather than large capital projects, underscoring the labour-intensive, community-based nature of the Unit's interventions.

Priority 1: Job creation through LEDfacilitated enterprises: 67 jobs created across the year. Beneficiary enterprises included Mazoyi Group (bioprospecting/pelargonium drying), Tyhume Valley Beekeepers Cooperative, Mthontsi Lodge, Ournews Online Media and CATHSETA-placed interns at Hogsback and KwaMaqoma.

Priority 2: SMME and cooperative support: 10 SMME/cooperative were supported during the year. SMMEs were supported among others in bookkeeping workshop for three cooperatives, formal registration of Kasi Flavaz as a (Pty) Ltd, and direct investment of R998 458.50 in production inputs and equipment for five agricultural cooperatives.

Priority 3: Digitisation of Visitor Information Centres (VICs): the web application was developed in partnership with local SMME Ournews and went live at no cost to the Municipality, positioning RMLM's tourism offering for real-time, digital access.

The following measures were taken to improve performance and major efficiencies achieved include;

- Cross-departmental collaboration: IT, Communications and LED jointly conceptualised and delivered the VIC web application internally, then partnered with a local SMME (Ournews) to build it securing full IP ownership for the Municipality with no invoice rendered at any stage.
- Leveraging external partnerships to stretch a constrained budget: the SMME and Cooperative Day was co-hosted with Nxuba Wind Farm , the Micro, Small and Medium Enterprises (MSME) capacity building workshop in East London was delivered through the Amathole District Municipality and SEDFA.
- Use of the SEDFA access point at KwaMaqoma (39 Durban Street), where the Municipality contributes only venue space in exchange for free business registration and training services to SMMEs reducing operational costs while maintaining service access.

LED interventions during the year were concentrated on rural and previously disadvantaged communities. Forty one informal traders (hawkers and spaza shop operators) were formally registered, giving them legal recognition, access to designated trading areas and eligibility for municipal support programmes. Rural agricultural cooperatives including; Tyhume Valley Beekeepers Cooperative (20 stipend beneficiaries), Sixolise Agricultural Cooperative, Imbasa Primary Cooperative, Ilima Cooperative, Gqumashe & Black leopard Livestock Farmers, Alice Massive Cooperative, Majoqoso Agricultural Cooperative, Khanya Nursery Cooperative and Kolomani Shearing Shed received equipment, production inputs and skills training, directly supporting household-level livelihoods in line with the LED Strategy's poverty-alleviation interventions (access to land, skills development, and inclusion in agricultural value chains).

LOCAL ECONOMIC DEVELOPMENT					
REF	**PRIORITY AREA**	**STRATEGIC OBJECTIVE**	**Outcome Based Indicator**	**2025/26 Annual Target**	**2025/ 26Actual performance**
LED 1	Unemployment	To ensure sustainable Local Economic Development by 2027	Number of jobs created through Capital Projects	100	215
LED 2		To ensure sustainable Local Economic Development by 2027	Number of jobs created through EPWP	200	309
LED 3		To ensure sustainable Local Economic Development by 2027	Number of jobs created through LED initiatives	50	67
LED 4		To ensure sustainable Local Economic Development by 2027	Number of economic activities supported	6	3

The table below displays the jobs created under Expanded Public Works Programmes (EPWP) during the last three years.

Job creation through EPWP projects		
Details	**Number of EPWP Projects**	**Jobs created through EPWP projects** **No.**
Year 2023/2024	6	665
Year 2024/2025	7	617
Year 2025/2026	6	309

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.10 INTRODUCTION TO COMMUNITY

The Municipality provides a wide range of social services and community facilities aimed at fostering sustainable communities and restoring the dignity of its residents. These services are designed to promote social empowerment, social cohesion, and community development, with particular focus on supporting poor, vulnerable, and marginalized groups within society. To achieve these objectives, the Municipality maintains and promotes access to inclusive community amenities and facilities, including municipal halls, parks and, sports fields and libraries. These facilities serve as important centres for social interaction, learning, recreation and economic participation. By providing and maintaining such infrastructure, the Municipality contributes to social well-being, strengthens community cohesion and enhances the overall quality of life for its residents.

3.10.1 Cemeteries

Raymond Mhlaba Municipality has a total of eleven (11) cemeteries that are located in urban and peri-urban areas . All of the cemeteries are almost full to capacity as such the municipality has identified new sites through the assistance of the town planning section in all our towns. For a new cemetery to be established an Environmental Impact Assessment (EIA) needs to be conducted, as such an Environmental Assessment Practitioner (EAP) has been appointed by the municipality and the EIA process has started in order to ensure that all environmental requirements are met. All urban cemeteries were maintained in Bedford, Adelaide, KwaMaqoma and eDikeni.

3.10.2 Community facilities

The municipality has 19 halls and 5 municipal parks under its jurisdiction which are rented out to communities as per approved municipal tariffs. Most of the municipal halls need major renovations. For the year under review, two halls have been renovated, which are Hillside Hall and Old Age Hall. All municipal parks were maintained.

3.10.3 Libraries

Raymond Mhlaba Municipality has six public libraries spread in the following areas: Bedford (1), Adelaide (2), eDikeni (1), KwaMaqoma (1) and Seymour (1), for which the municipality is providing service on behalf of the Department of Sport, Recreation, and Arts & Culture (DSRAC). Two libraries were renovated for the year under review which are Seymor library and Makhenkesi Stofile library. In the year under review the libraries celebrated world book day in April 2026 and world play day May 2026. All libraries are open to the public from Monday to Friday between 08H00 to 17H00.

3.12 INTRODUCTION TO CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

The Department of Social Development is well-positioned to empower the disadvantaged, which is a critical component of guaranteeing long-term solutions to poverty and hunger. The Department's targeted actions are centred on poverty reduction, food security, and development efforts that promote self-sufficiency and social inclusion. These interventions address the conditions of individual and household poverty by offering a wide range of programming and support services. Food and nutrition security is a major enabler in combating intergenerational poverty, which affects many poor households. To that goal, the municipality helps small-scale farmers contribute to the municipality's food trade surplus.

COMPONENT E: HEALTH

This component includes: clinics and hospitals.

3.13 INTRODUCTION TO HEALTH

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

COMPONENT F: DISASTER AND SAFETY

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

3.14 FIRE SERVICES

Raymond Mhlaba Municipality (RMLM) Fire services are critical to public safety because they protect lives, property, and the environment from the effects of fire, hazardous materials incidents, and other emergencies. RMLM fire services offer a variety of services such as fire suppression, rescue operations, fire prevention, and public education. The efficiency of fire departments is critical to community well-being and economic stability. The Municipality provides full-time firefighting service, with the primary fire base in KwaMaqoma and it operates 24/7 (24 hours). Satellite bases have been established in Adelaide, eDikeni, Bedford and Hogback.

The Municipality is operating under the legislative mandate of the Fire Brigade Services Act (Act 99 of 1987) and the Raymond Mhlaba Local Municipality Fire Safety By-Law. The department is committed to safeguarding lives, property, and the environment across all municipal areas. During the reporting period, the Raymond Mhlaba Fire Services responded to formal house fires and informal house fires. Formal house fires typically occur in structurally permanent residential dwellings constructed of brick, concrete, or timber, which are built in accordance with national building regulations. Informal dwellings, often constructed from highly combustible materials such as corrugated iron, timber planks, and plastic sheeting, present an extreme fire hazard due to their high fuel load and proximity to one another. The primary causes of fires, both formal and informal residences were identified as electrical system failures, overloaded circuits, unattended cooking appliances, and the unsafe use of alternative heating sources during the colder winter months. The table below illustrates fire service data during 2025/2026;

	Fire Service Data				
	Details	2024 / 2025	2025/ 2026		2026/2027
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires *attended* in the year	95	80	106	90
2	Total of other incidents attended in the year	213	200	136	100
3	Average turnout time - urban areas	0 to 10 minutes	0 to 10 minutes	0 to 10 minutes	0 to 1h30 minutes
4	Average turnout time - rural areas	0 to 1h30 minutes	0 to 1h30 minutes	0 to 1h30 minutes	0 to 1h30 minutes
5	Fire fighters in post at year end	20	20	20	25
6	Total fire appliances at year end	3	4	3	5
7	Average number of appliances off the road during the year	0	0	1	0

In accordance with the Fire Safety By-Law, fire safety compliant inspections were conducted across commercial, industrial, institutional, and government premises. To foster a culture of safety and reduce the incidence of preventable fires, the department designed and executed fire awareness campaigns throughout the municipality. These educational initiatives targeted high-risk areas, particularly informal settlements, rural communal villages, and local schools. The Municipality issued fire complaint certificates during the reporting period. These certificates are official documents certifying that a building or operational process meets all prescribed fire safety standards and municipal by-laws. The issuance of these certificates ensures that businesses operate within a legally compliant framework, protecting both the workforce and the public from fire-related hazards.

As a multi-disciplinary emergency response unit, the unit responded to road car accidents (Motor Vehicle Accidents - MVAs) on the municipal road network, including key arterial routes such as the R63, R67, R345, R350, etc.

The following strategic enhancements were implemented during the reporting period, particularly the strengthening of operational shifts and targeted fire prevention campaigns have had a profound, positive impact on Raymond Mhlaba communities;

- **Reduced Response Times:** With larger, dedicated crews on duty, turnout times at fire stations have decreased. This rapid response has directly contributed to containing fires in their early stages, preventing localized informal house fires from spreading into catastrophic community-wide conflagrations.
- **Lower Fatality and Injury Rates:** The combination of rapid extrication at vehicle accidents and widespread community education on fire safety has resulted in a measurable decrease in severe injuries and fatalities.
- **Enhanced Economic Resilience:** By conducting rigorous fire safety inspections and issuing compliance certificates, the department has helped local businesses protect their physical assets and maintain operational continuity, safeguarding local jobs.
- **Empowered Rural Communities:** In communal areas characterized by high climate vulnerability, such as those facing drought and veld fire risks, the department's outreach has strengthened local adaptive capacity, helping farmers protect their livestock and rangelands.

3.14.2 DISASTER MANAGEMENT

Disaster Risk Management (DRM) is a core statutory function mandated by the Disaster Management Act 57 of 2002 and the Disaster Management Amendment Act 16 of 2015. These legislative frameworks require local government structures to establish integrated, functional, and proactive systems to mitigate, prepare for, respond to, and recover from natural and human-induced hazards.

During the period under review, the municipality recorded 3 distinct disaster incidents, directly affecting 778 households. The municipality maintains a close operational link with the South African Weather Service (SAWS) and the Amathole District Disaster Management Centre. Upon receiving official weather warnings (such as Level 1 to Level 10 yellow/orange alerts for severe storms, disruptive rain, or extreme heat), the Municipal Disaster Management Unit initiates an immediate communication protocol:

- Ward Committee Activation: Warnings are cascaded directly to Ward Councillors and Ward Committees via localized communication channels.

- Traditional Leadership Engagement: In rural areas, traditional leaders are engaged to disseminate warnings to households lacking digital communication access.

When a disaster hazard materializes, the municipality immediately transitions into the response phase. The operational protocol is structured to ensure rapid, objective, and comprehensive intervention. Within 24 to 48 hours of an incident, multi-disciplinary municipal assessment teams are deployed to the affected wards. These teams evaluate:

1. Structural Damage: Assessing the integrity of private dwellings (RDP houses, informal structures, traditional mud houses) and public infrastructure (roads, bridges, community halls).
2. Socio-Economic Impact: Identifying the number of displaced households, vulnerable individuals (children, elderly, disabled), and immediate nutritional or medical needs.
3. Data Compilation: For the fiscal year under review, 03 disaster incidents were formally reported and assessed, affecting a total of 778 households.

For households whose dwellings are deemed completely uninhabitable or structurally compromised, the municipality initiates the statutory recovery process. The municipality compiles comprehensive assessment reports and prepares formal applications to the National Department of Human Settlements for the emergency provision of Temporary Residential Units (TRUs). Disaster response cannot be executed in isolation. In accordance with the District Development Model (DDM) and the establishment of Joint Operations Committees (JOCs), the Raymond Mhlaba Local Municipality collaborates extensively with provincial departments, national agencies, and civil society.

Inter-Governmental Collaboration

- South African Social Security Agency (SASSA): Collaborated with the municipality to provide Social Relief of Distress (SRD) benefits, including immediate food vouchers and financial assistance to affected families.
- Department of Social Development (DSD): Provided psychosocial support, trauma counselling, and coordinates temporary shelter management in community halls where necessary.

Non-Governmental Organization (NGO) Mobilization

The municipality has cultivated strong, enduring partnerships with prominent humanitarian organizations to bridge resource gaps. Over the year under review, key partners have provided vital relief:

- **Gift of the givers**: Acted as a primary responder, distributing food parcels, blankets, bottled water, and hygiene kits directly to the 300 affected individuals across the municipality.
- **Al-Imdaad Foundation**: Provided critical humanitarian aid, including clothing, and emergency relief packs to families recovering from localized disasters.
- **4 Africa**: provided critical humanitarian aid, including blankets and groceries to affected communities.

During the year under review, the municipality managed a total of 3 localized disaster incidents. The table below summarizes the impact and distribution of these events;

Metric	Details
Total Reported Incidents	03
Total Affected Households	779

3.15 INTRODUCTION TO TRAFFIC SERVICE

Raymond Mhlaba Local Municipality operates three Registering Authority (RA) offices located in eDikeni, KwaMaqoma, and Adelaide, where motor vehicle registration and licensing services are provided to the public. These offices facilitate vehicle licensing and registration on behalf of the Eastern Cape Department of Transport. The Municipality deploys approximately 10 Traffic Officers during weekdays and 5 Traffic Officers over weekends to enforce the National Road Traffic Act, traffic regulations, and road safety initiatives. In addition, the Municipality deploys 16 Law Enforcement Officers during weekdays to enforce municipal by-laws, conduct compliance inspections, address public nuisances, and respond to by-law infringements. These officials work closely with SAPS and other law enforcement agencies to promote community safety, ensure compliance with municipal legislation, and maintain public order throughout the municipal area.

COMPONENT G: SPORT AND RECREATION

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

3.16 INTRODUCTION TO SPORT AND RECREATION

Raymond Mhlaba Local Municipality provides access to facilities and encourages recreational activities and other healthy lifestyle activities. It strives for sporting excellence, encouraging the transformation of sporting codes and facilitates various initiatives that reinforce the national sport plan initiatives.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

INTRODUCTION

Raymond Mhlaba Municipality has a sizeable workforce comprising of 448 permanent employees and 140 contract workers, all of whom contribute individually and collectively towards the achievement of the municipality's objectives. The primary objective of Human Resources Management is to provide innovative and effective human resource services that support both skills development and administrative functions. The Municipality operates in accordance with established Human Resources policies and procedures.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 Employee totals, Vacancies and Turnover rate

The following table presents statistical information pertaining to the total number of employees per occupational level as of 30 June 2026.

Employees					
Description	2024/2025	2025/2026			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Municipal Managers Office	2	2	1	1	50%
Communications	6	6	5	1	16.66%
Internal Audit	4	4	4	0	0%
IGR	2	2	2	0	0%
Office of the Speaker	4	4	4	0	0%
Office of the Mayor	5	5	3	2	40%
Strategic Planning & LED	2	2	2	0	0%
Local Economic Development	19	19	9	10	52.63%
IDP & PMS	5	5	5	0	0%
Finance	2	2	1	1	50%
Budget and Assets	4	4	4	0	0%
Financial Reporting	5	5	5	0	0%
Revenue	29	29	24	5	17.24%
Expenditure	8	8	8	0	0%

Supply Chain	8	7	6	1	14.29%
Corporate Services	2	2	1	1	50%
Administrative Units and Auxiliary Services Main Office	22	22	20	2	9.09%
Administrative Units and Auxiliary Services EDikeni & Middledrift	11	11	11	0	0%
Administrative Units and auxiliary Services: Seymour & Hogsback	6	6	5	1	16.66%
Administrative Units and Auxiliary Services: Adelaide	8	8	8	0	0%
Administrative Services and Auxiliary Services: Bedford	6	6	5	1	16.66%
Council Support and Records Management	19	19	17	2	10.53%
ICT	6	6	4	2	33.33%
Human Resources	11	11	11	0	0%
Fleet	14	14	9	5	35.71%
Community Services	2	2	1	1	50%
Waste and Social Needs	57	57	55	2	3.50%
Facilities	34	34	20	14	41.18%
Fire and Disaster Management	21	21	19	2	9.52%
Law Enforcement	84	84	43	41	48.80%
Security	60	60	60	0	0%
Engineering	2	2	1	1	50%
Housing and Land Use	35	35	28	7	20%
PMU	6	6	5	1	16.66%
Civil Works, Roads and Stormwater	69	69	32	37	53.62%
Electricity Services	44	44	37	7	15.9%

4.1.2 VACANCY RATE

The table below illustrates the vacancy rate at end June 2026.

Vacancy Rate: Year 2025/2026			
Designations	***Total Approved Posts**	***Vacancies (Total time that vacancies exist using fulltime equivalents) No.**	***Vacancies (as a proportion of total posts in each category) %**
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	4	0	0
Other S57 Managers (Finance posts)	0	0	0
Police officers	9	3	33
Fire fighters	14	3	21
Senior management: Levels 13-15 (excluding Finance Posts)	25	5	20
Senior management: Levels 13-15 (Finance posts)	5	0	0
Highly skilled supervision: levels 9-12 (excluding Finance posts)	35	8	23
Highly skilled supervision: levels 9-12 (Finance posts)	8	1	13
Total	**102**	**20**	20

4.1.3 TURN-OVER RATE

Turn-over Rate			
Details	**Total Appointments as of beginning of Financial Year No.**	**Terminations during the Financial Year No.**	**Turn-over Rate**
2023/24	3	14	5
2024/25	14	20	1
2025/26	27	21	1

COMMENT ON VACANCIES AND TURNOVER:

The Municipality experienced 21 service terminations during the year under review. The terminations were attributable to retirements, resignations, dismissals, deaths and ill-health .

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

The Municipality operates in accordance with applicable legislation and established policies and procedures. To support effective human resource management, the Municipality has developed and approved at least twenty two Human Resource (HR) policies, which are being implemented and continuously monitored to ensure compliance and effectiveness. Policy consultation sessions were conducted across all municipal satellite offices to encourage employee participation and obtain valuable inputs . Employees' views and concerns were further discussed through the Local Labour Forum, ensuring that organised labour and employees are actively involved in the policy development and review process.

The municipality is currently in the process of developing a Human Resource Plan, with technical support and assistance from the Department of Cooperative Governance and Traditional Affairs (COGTA).

The table below presents all Human Resource policies that have been developed and approved by the Municipality.

Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
	%	%	
Fleet Management	100%	100%	1 May 2025
Leave Management	100%	100%	1 May 2024
Shift Allowance	100%	100%	1 December 2023
Whistle Blowing	100%		22-May 2022
Internal Sport & Recreation	100%		22 May 2022
Housing& Rental for Staff	100%		22 May 202
Imprisonment	100%		22 May 2022
Councillor Employee Assistant Programs	100%		22 May 2022
Records Management	100%		20 May 2022
S & T	100%		30 Aug 2021

Employee Assistance / Wellness	100%		30 Aug 2021
Employment Equity Plan	100%		30 Aug 2021
Exit Management	100%		30 Aug2021
Grievance Procedures	100%		30 Aug 2021
HIV/Aids	100%		30 Aug 2021
Human Resource and Development	100%		30 Aug 2021
Information Technology	100%		30 Aug 2021
Job Evaluation	100%		30 Aug 2021
Leave	100%		30 Aug 2021
Occupational Health and Safety	100%		30 Aug 2021
Smoke	100%		30 Aug 2021
Substance Abuse	100%		30 Aug 2021
Attendance & Punctuality	100%		30 Aug 2021
ICT users access Management	100%		30 Aug 2021
ICT Security Management	100%		30 Aug 2021
ICT Email	100%		30 Aug 2021
Telephone	100%		30 Aug 2021
Recruitment & Selection	100%		30 Aug 2021
Dress code	100%		30 Aug 2021
Bursary	100%		30 Aug 2021
Sexual Harassment	100%		30 Aug 2021
Skills Development	100%		30 Aug 2021
Insurance	100%		30 Aug 2021
Succession	100%		30 Aug 2021
Exit Management	100%		30 Aug 2021
Code of Conduct	100%		30 Aug 2021
Danger Allowance	100%		30 Aug 2021

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

Policy consultation sessions were conducted across all municipal satellite offices to encourage employee participation and obtain valuable inputs . Employees' views and concerns were further discussed through the Local Labour Forum, ensuring that organised labour and employees are actively involved in the policy development and review process.

4.3 **INJURIES, SICKNESS AND SUSPENSIONS**

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	54	2	0	11	0
Temporary total disablement					
Permanent disablement					
Fatal					
Total	54	2	0	11	0

The table reflects the number of sick days taken during 2025/26

Number of days and Cost of Sick Leave (excluding injuries on duty)					
Salary band	**Total sick leave** **Days**	**Proportion of sick leave without medical certification** **%**	**Employees using sick leave** **No.**	**Total employees in post*** **No.**	***Average sick leave per Employees** **Days**
Lower skilled (Levels 1-2)	36	0	10	30	0
Skilled (Levels 3-5)	154	1	6	22	1
Highly skilled production (levels 6-8)	136			58	1
Highly skilled supervision (levels 9-12)	40	0	21	26	1
Senior management (Levels 13-15)	38		13	30	0
MM and S57	0			6	0
Total	**404**	**0**	**50**	**172**	2

COMMENT ON INJURY AND SICK LEAVE:

There were two reported cases of injury on duty during this period, their leave was captured under IOD leave and the cases were reported and registered to the Department of Labour.

The table below reflect number suspensions and disciplinary actions taken as at end June 2026.

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Security Officer	G. Misconduct / Sabotage	22/04/2026	Investigations incomplete	Pending
Security Officer	G. Misconduct / Sabotage	22/04/2026	Investigations incomplete	Pending
Electrician	Theft & unauthorised leave	08/07/2026	Investigations incomplete	Pending
Traffic Officer	Fraud and Corruption	2024/2025	Investigations incomplete	Pending
Traffic Officer	Fraud and Corruption	2024/2025	Investigations incomplete	Pending
Traffic Officer	Fraud and Corruption	2024/2025	Investigations incomplete	Pending

4.4 PERFORMANCE REWARDS

No performance rewards were paid under the period under review.

4.5 DISCLOSURES OF FINANCIAL INTERESTS

Councillors, Senior Management, and all employees, including those serving on bid committees, have signed Declaration of Interest forms. This process promotes transparency, accountability, and ethical conduct within the Municipality by ensuring that any actual or potential conflicts of interest are disclosed and appropriately managed.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

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

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

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 2026	Number of skilled employees required and actual as at 30 June Year 2026											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year 2025	Actual: End of Year 2026	Year 2026 Target	Actual: End of Year 2025	Actual: End of Year 2026	2026 Target	Actual: End of Year 2026	Actual: End of Year 2026	Year 0 Target	Actual: End of 2025/26	Actual: End of 2025/26	Target2025/26
MM and s57	Female	3	5	2	0	0	0	0	2	0	1	1	2	1
	Male	3	5	2	0	0	0	0	3	1	2	0	3	2
Councillors, senior officials and managers	Female	25	2	6	0	0	0	0	10	3	3	4	9	3
	Male	43	3	3	0	0	0	0	7	4	4	0	7	4
Technicians and associate professionals*	Female	68	4	0	0	0		0	2	2	2	0	2	2
	Male	38	8	0	0	0	0	0	0	8	9	0	8	9
Professionals	Female	34	8	2	0	0	0	0	10	6	6	15	8	6
	Male	29	6	1	0	0	0	0	2	2	2	15	2	2
Sub total	Female	130	19	10	0	0	0		10	11	12	16	21	12
	Male	113	22	6	0	0	0	0	15	15	17	15	20	17
Total		486	82	32	0	0	0	0	61	52	58	66	82	58

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	0	0	0
Chief financial officer	1	0	1	0	0	0
Senior managers	4	0	4	0	0	0
Any other financial officials	15	0	15	0	0	0
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	0	0	0
Supply chain management senior managers	0	0	0	1	1	1
TOTAL	**22**	**0**	**22**	**1**	**1**	**1**

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

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

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

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

4.6 DISCLOSURES OF FINANCIAL INTERESTS

During the year under review, Councillors, Senior Management and employees, including those serving on bid committees, have signed Declaration of Interest forms.

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INFORMATION ON ANNUAL FINANCIAL STATEMENTS.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

6.1 INTRODUCTION:

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

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

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -2025/2026

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

THE REPORT WILL AVAILABE ONCE THE EXTERNAL AUDIT HAS BEEN CONCLUDED.

COMPONENT B: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR: 2024/2025

Audit Report Status for 2024/2025: Qualified Opinion

APPENDIX A: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

Number	Council Members	Full Time / Part Time	Committees Allocated	Ward or Party Represented	Percentage Council Meetings Attended
1.	Cllr Nomhle Beauty Sango	Full Time	Mayor	PR	100 %
2.	Cllr Thozama Ngaye	Full Time	Speaker	PR	100%
3.	Cllr Nonkazimlo Primrose Mlamla	Full Time	Chief Whip	PR	100%
4.	Cllr Elton Bantam	Full Time	Community Services	PR	83%
5.	Cllr Modelia Zingiswa Rasmeni	Full Time	LED	PR	100%
6.	Cllr Bukelwa Sharon Tyali	Full Time	Cooperate Services	PR	100%
7.	Cllr Portia Sabane	Part Time	Sport and Recreation	PR	83%
8.	Cllr Sinethemba Mjakuca	Full Time	Finance	PR	100%
9.	Cllr Michael Sithembele Zuka	Full Time	Engineering	PR	67%
10.	Cllr Ernst Lombard	Part Time	EXCO	PR	100%
11.	Cllr Mhlangabezi Nombombo	Part Time	EXCO	PR	83%
12.	Cllr Zikhona Tyali	Full Time	MPAC	PR	100%
13.	Cllr Milicent Qawu	Part Time	Women's Caucus	PR	100%
14.	Cllr Thulani Sebastian Tingo	Part Time		PR	100%
15.	Cllr Patricia Ntengu	Part Time		PR	83%
16.	Cllr Thandeka Tito	Part Time		PR	83%
17.	Cllr Nomgcobo Kilimane	Part Time		PR	83%
18.	Cllr Cecilia Auld	Part Time		PR	100%
19.	Cllr Malixole Ncume	Part Time		PR	100%
20.	Cllr Theophilius Ngetu	Part Time		PR	100%
21.	Cllr Piet Deon Mandeka	Part Time		PR	

22.	Cllr Brenda Nolusindiso Hans	Part Time		PR	83%
23.	Cllr Pimrose Nosipho Ruselo	Part Time		Ward Councillor	67%
24.	Cllr Mzimkhulu Matayo	Part Time		Ward Councillor	100%
25.	Cllr Sinovuyo Kleyi	Part Time		Ward Councillor	83%
26.	Cllr Goodman Walaza	Part Time		Ward Councillor	100%
27.	Cllr Masixole Tsotsa	Part Time		Councillor	67%
28.	Cllr Unathi Ngcume	Part Time		Ward Councillor	100%
29.	Cllr KwaneleSiduli	Part Time		Ward Councillor	100%
30.	Cllr Evenlyn Nompucuko Zizi	Part Time		Ward Councillor	100%
31.	Cllr Nkuthalo Gideon Quillie	Part Time		Ward Councillor	100%
32.	Cllr Simon Justice Xego	Part Time		Ward Councillor	83%
33.	Cllr Luxolo Nqala	Part Time		Ward Councillor	83%
34.	Cllr Mthetheleli Gqokro	Part Time		Ward Councillor	100%
35.	Cllr Sindiswa Magxwalisa	Part Time		Ward Councillor	100%
36.	Cllr Songezo Mashenqana	Part Time		Ward Councillor	83%
37.	Cllr Ntombomzi Klaas	Part Time		Ward Councillor	83%
38.	Cllr Monwabisi Moses Zamo	Part Time		Ward Councillor	100%
39.	Cllr Liziwe Faith Matyolo	Part Time		Ward Councillor	100%
40.	Cllr Thobeka Priscilla Mjo	Part Time		Ward Councillor	100%
41.	Cllr Sindiswa Cynthia Tokwe	Part Time		Ward Councillor	100%
42.	Cllr Zikhona Nandipha Lento	Part Time		Ward Councillor	83%
43.	Cllr Masxole Jonathan Tukani	Part Time		Ward Councillor	67%
44.	Cllr Nolizwi Nomacwerha Yanta	Part Time		Ward Councillor	83%

45.	Cllr Ndileka Xameni	Part Time		Ward Councillor	100%

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

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

	Conditions of Services and Staff Benefits;
Engineering serves	Oversee the provision of services to communities in a sustainable manner. Areas of Responsibility of the Committee: Electricity; Projects Land and housing,
Whips Committee	To ensure adherence to all council programmes and quorums by all parties serving in council
Petition and Public Participation Committee	To consider every petition with a view to resolve matters, to the satisfaction of the petitioners.
Ethics Committee	To ensure compliance with code of conduct as set out in schedule 1 of the Local Government System Act 32 of 2000
Rules Committee	To develop and maintain the implementation of the procedures and rules for the efficient functioning of the council and its committees
Municipal Public Accounts Committee	To exercise oversight over the executive obligations of Council. It also assists Council to hold the executive and municipal entities accountable.

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

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

APPENDIX D – FUNCTIONS OF THE MUNICIPALITY

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

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

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

APPENDIX D:WAD INFORMATION					
Functionality of Ward Committees					
Ward Name (Number)	**Name of Ward Councillor and elected Ward committee members**	**Committee established (Yes / No)**	**Number of monthly Committee meetings held during the year**	**Number of monthly reports submitted to Speakers' Office on time**	**Number of quarterly public ward meetings held during year**
Ward 01	**Cllr Primrose Nosipho Ruselo**	**Yes**	**4**	**3**	**4**
	Joshua Mejane				
	Linda Ngwabane				
	Vusumzi Mdyova				
	Thandolwethu Jali				
	Xabisa Ngxoweni				
	Buyisile Mondress Tito				
	Lindelwa Benedictor Belani				
	Nomaxabiso Mkolo				
	Wandiswa Ntanta				
Ward 02	**Cllr Mzinkhulu Matayo**	**Yes**	**4**	**4**	**4**
	Unathi Bom				
	Bambelele Ntoni				
	Luphumlo Ningi				
	Andisiwe Koboka				

	Mandla Dakuse				
	Zikhona Tembani				
	Micheal Desewusi				
	Mphumezi Sgonyela				
	Simiso Booi				
	Mphakamisi Plaatjie				
Ward 03	**Cllr Sinovuyo Kley**	**Yes**	**4**	**4**	**4**
	Maureen Kayi				
	Nontwazana Matina				
	Anele Mgcuwe				
	Vukile Nomxango				
	Thulethu Dyantyi				
	Bukiwe Joubert				
	Thobani Gqoloshe				
	Luyanda Mlonyeni				
	Luzuko Mtwebana				
	Thandiwe Ndulula				
Ward 04	**Cllr Mbuyiseli Gladman Walaza**	**Yes**	**4**	**2**	**4**
	MonicaTwetwa				
	Bongeka Vanga				
	Mandla Mani				
	Kwanele Mofithi				
	Xolani Kheswa				
	Mayenzeke Saula				

	Luvo Mgwali				
	Welile Baartman				
	Yoliswa Boyi				
Ward 05	**Cllr Masixole Tsotsa**	**Yes**	**4**	**3**	**4**
	Kholekile Mhambi				
	Pumelelo Tshona				
	Lindisipho Mafu				
	Nomonde Ndzuzo				
	Xoliswa Nquma				
	Mzukisi Binqela				
	Yandiswa Lonzi				
	Nosikhumbuzo Mbema				
	Philiswa Xabanisa				
	Andiswa Sihluku				
Ward 06	**Cllr Unathi Ngcume**	**Yes**	**4**	**3**	**4**
	Khanyiswa Pearl Jaji				
	Phakamile Nohamba				
	Sisandile Ophile				
	Bongiwe Hoyana				
	Lyzette Pitso				
	Luyanda Mbontsi				
	Sawa Wellem				
	Martin September				
	Cynthia Sindisiwe Magocoba				

	Mthuthuzeli Patrick Solani				
Ward 07	**Cllr Kwanele Siduli**	**Yes**	**4**	**4**	**4**
	Nothindim Domboza				
	Noluvuyo Ganyaza				
	Yandiswa Yeko				
	Nombulelo Resman				
	Mzwanele Sijila				
	Eliah Manga				
	Ntsikelelo Peter				
	Nandipha GraceMvundlela				
	Nomkita Madyo				
Ward 08	**Cllr Evelyn Nompucuko Zizi**	**Yes**	**4**	**4**	**4**
	Ntombekhaya Mgwangqa				
	Thanduxolo Ngqoba				
	Laurianne Arends				
	Monica Mafestile				
	Ntombozuko Tshikila				
	Chumani Langa				
	Willem Plaatjies				
	Azola Tabalaza				
	Thembeka Fiyane				
	Malibongwe Kwayinto				
Ward 09	**Cllr Nkuthalo Gideon Quilie**	**Yes**	**4**	**4**	**4**

	Nokuthula Boso				
	Lizo Ndziweni				
	Nceba Mene				
	Siyabulela Ncume				
	Zamuxolo Tyingwa				
	Gcobisa Higa				
	NtombiseNtsenge				
	Lizeka Gqobana				
	Nomsa Ndzube				
	Lwandiso Matya				
Ward 10	**Cllr Simon Justice Xego**	**Yes**	**4**	**4**	**4**
	Nomfusi Nguta				
	Khanyiswa C. Mpete				
	Bongani Bavuma				
	Phumeza Sellina Magqira				
	Wandile Nonkonyana				
	Thembela Gogela				
	Thokoza Sogwazile				
	Fezile Mlanjana				
	Thabo Matwala				
Ward 11	**Cllr Luxolo Nqala**	**Yes**	**4**	**3**	**4**
	Lubabalo Nyathi				
	Ziyanda Rautini				
	Mvozethu Mjikeliso				

	Nandipha Tonisi				
	Zolani Fatyi				
	Noxolo Ailicia Mncono				
	Kuselwa Nompokwe				
	Yonela Dube				
	Sibusiso Zonke				
Ward 12	**Cllr Mthetheleli Gqokro**	**Yes**	**4**	**4**	**4**
	Khanyisa Mabandla				
	Duduzile Sokani				
	Thobeka Platyi				
	Nozicelo Gugwini				
	Noluyolo Mtsiba				
	Msingathi Ntobi				
	Mthunzi Swaartbooi				
	Siyanda Mali				
	ZandileXhinti				
Ward 13	**Cllr Sindiswa Magxwalisa**	**Yes**	**4**	**4**	**4**
	Ntombekhaya Constance Ngivana				
	NTtombizabantu T. Kwetana				
	Ntombekhaya Thontsi				
	Andile AbednigoYoyo				
	Neziswa Monisa Ntuli				
	Nomaza Maluleke				

	Mzolisi Meke				
	Ntombizabantu T. Kwetana				
	Hlokomile Welcome Danyela				
	Simphiwe Ngalo				
Ward 14	**Cllr Songezo Mashengqana**	**Yes**	**4**	**4**	**4**
	Xolelwa Vandala				
	Nonkosi Tyelo				
	Nontobeko Shumi				
	Miranda Manngiwe Gosani				
	Bongiwe Tsomo				
	Nosicelo Vula				
	Nomasango Agnes Makinana				
	Thobela Phiti				
	Ovayo Thweni				
	Yandiswa Nquma				
Ward 15	**Cllr Ntombomzi Klaas**	**Yes**	**4**	**4**	**4**
	Bukeka Dyakala				
	Thina Santi				
	Zingisa Gxolo				
	Sindiswa Mana				
	Amanda Myeki				
	Nompucuko Eupenia Mzileni				

	Anelisa Catherine Tyolo				
	Zithobile Raymond Njamela				
	Nceba Kanti				
	Nceba McCregor				
Ward 16	**Cllr Monwabisi Moses Zamo**	**Yes**	**4**	**3**	**4**
	Phumeza Maseti				
	Nomakhwezi Neku				
	Siyabonga Mtima				
	Thabisa Kewuti				
	Headman Mbeko Mayekiso				
	Linda Oliphant				
	Mayizukiswe Mbula				
	Masibulele Ngwekazi				
	Nwabisa Gila				
	Philasande Gunuza				
Ward 17	**Cllr Liziwe Faith Matyolo**	**Yes**	**4**	**4**	**4**
	Vusiwe Mapu				
	Melikhaya Mngxe				
	Vuyolwethu Jack				
	Ntombomzi Radoni				
	Lindiwe Xujwa				
	Nomalizo Sitwayi				
	Thandeka Matshaya				

	Kholeka Mlambo				
	Nomaseko Ntlangu				
	Pheleka Maxhela				
Ward 18	**Cllr Thobeka Mjo**	**Yes**	**4**	**4**	**4**
	Nomathemba Maneli				
	Ntombesipho Nyamezele				
	Sipho Sintwa				
	Funeka Nkqayi				
	Nolufefe Dyan				
	Nomawethu Mafestile				
	Luyolo Sihawu				
	Vuyokazi Otola				
	Samkelo Kleinbooi				
	Noluto Nduku				
Ward 19	**Cllr Sindiswa Tokwe**	**Yes**	**4**	4	**4**
	Ntomboxolo Mateyisi				
	Thembakazi Khozani				
	Sibulelo Mnyepa				
	Nandipa Dasta				
	Nomawethu Blou				
	Sibabalwe Nabo				
	Asenathi Father				
	Sibusiso Fongqo				
Ward 20	**Cllr Zikhona Nandipa Lento**	**Yes**	**4**	**4**	**4**

	Mzwandile Wellington Maziko				
	Nolusindiso Mgxashe				
	Sebenzile Bejile Marks				
	Mamkeli Goodman Yoli				
	Lindeka Patricia Matiwane				
	Mkhuseli Matanga				
	Blwa Mbem				
	Phumza Ndawo				
	Ayabonga Tose				
	Xoliswa Hoga				
Ward 21	**Cllr Masixole Jonathan Tukani**	**Yes**	4	4	**4**
	Mandlenkosil Mandlana				
	Tulani Tambo				
	Nosisanda Dyantyi				
	Tthozamile Frans				
	Mvuseleli Lamani				
	Simphiwe Mase				
	Sizakele Ndyambo				
	Benjamin Slatsha				
	Nomfundo Goba-Mhaga				
	XolaniNkohla				
Ward 22	**Cllr Nolizwi Nomacwerha Yanta**	**Yes**	**4**	**4**	**4**

	Siphokazi Nomala				
	Candy Desi Ngitha				
	Nicolene Witbooi				
	Xolelwa Mhetshana				
	Gugulethu Mabindla				
	Theoleen January				
	Bendry Peters				
	Phindile Ntengu				
	Stuart Jacobs				
Ward 23	**Cllr Ndileka Xameni**	**Yes**	**4**	**3**	**4**
	Morien Bouwer				
	Zoliswa Beauty Mboya				
	Pamela Lungelwa Nawule				
	Johnny Rex				
	Andile D. Tawule				
	Noluyolo Mpambani				
	Nombulelo Kweta				
	Ntombizandile Lolwana				

APPENDIX E – WARD REPORTING

APPENDIX F – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2025/2026

Municipal Audit Committee Recommendations		
Date of Committee	**Committee recommendations during 2025/26**	**Recommendations adopted (enter Yes) If not adopted (provide explanation)**
2025/08/26	The committee resolved that the Municipal Manager ensure that all further inputs received from the members, Internal Audit and Provincial Treasury are implemented before the AFS are submitted to the office of the Auditor General for audit.	Yes
2025/08/26	The committee resolved that Municipal Manager the ensure that the AFS for the 2024/2025 financial year are submitted together with the audit file and all schedules to AGSA on the 31st of August 2025 in compliance with the MFMA.	Yes
2025/08/26	The committee resolved that the Municipal Manager ensure that the 2024/2025 AFS are submitted to AGSA together with the audit file for audit on the 31st August 2025.	Yes
2025/08/26	The Municipal Manager must ensure that all inputs/recommendations made by members and Internal Audit are incorporated to the final APR to be reviewed prior submission to the Municipal Council.	Yes
2025/08/26	The committee resolved that the Municipal Manager ensure that the APR is submitted together with the AFS on the 31st August 2025 to the office of AGSA.	Yes
2025/08/26	The committee resolved that the Municipal Manager ensure that as soon as the final AGSA report is issued, both the final Annual Reports be developed and processed in accordance with legislation	Yes
2025/10/30	The committee resolved that the COO ensure that in future the finance report submitted is in accordance with Section 87 of the Municipal Finance Management Act.	Yes
2025/10/30	The Committee Resolved that the UIFW expenditure incurred be investigated in terms of Section 32 of the MFMA	Yes

2025/10/30	The committee resolved that in future the report should contain a detailed report on cost containment as required in terms of MFMA Circular 97	Yes
2025/10/30	The committee resolved that in future the report on SMME's should include percentage awards made per category of local, district, Province and Nationally	Yes
2025/10/30	The committee resolved that the UIFW expenditure not yet referred to MPAC for investigation in terms of Section 32 of the MFMA be accordingly referred for investigation and report with recommendations to the Municipal Council	Yes
2025/10/30	The committee resolved MPAC fast track the processes of investigations on UIFW expenditure to avoid a non-compliance finding by AGSA in this regard	Yes
2025/10/30	The committee resolved a detailed progress report on the UIFW expenditure reduction strategy be submitted at the next meeting.	Yes
2025/10/30	The committee resolved management be commended for regularly updating the Asset Register of the Municipality thus enhancing the quality of the register for the year end processes.	Yes
2025/10/30	The committee resolved that the outstanding debtors owed for 180 days and more be analysed to determine whether they are collectable or such have prescribed due to the time that have lapsed	Yes
2025/10/30	The committee resolved that a report be submitted to the Municipal Council of any identified prescribed debt for possible write off	Yes
2025/10/30	The committee resolved that on a quarterly basis an assess cashflow position of the Municipality utilising all the ratios as determined by National Treasury	Yes
2025/10/30	The committee resolved that in future the report to include the investment portfolio of the Municipality reflecting where the surplus funds have been invested	Yes
2025/10/30	The committee resolved that a progress report on the resolution of the identified Material Irregularities raised by AGSA be a standing item on the Committee's agenda	Yes

2025/10/30	The committee resolved that the Municipal Council consider establishing a revenue collection/enhancement committee to engage on revenue collection strategies to reduce the debt book of the Municipality.	Yes
2025/10/30	The committee resolved that the red flags identified by AGSA during the audit be noted and be urgently addressed by Management to avoid adverse findings	Yes
2025/10/30	The committee resolved that the Accounting Officer ensure that the required information by AGSA is timeously provided for audit to avoid unnecessary additional audit fees	Yes
2025/10/30	The committee resolved that in future the PMS quarterly report be timeously subjected to review by Internal Audit to provide assurance to the Accounting Officer, Management and the Municipal Council	Yes
2025/10/30	The committee resolved the reasons for non-achievement of targets be properly analysed to ensure that appropriate remedial actions are implemented.	Yes
2025/10/30	The committee resolved that a project plan be developed and submitted at the next meeting on the cascading of PMS to lower levels of staff in line with the recently gazetted municipal staff regulations	Yes
2025/10/30	The committee resolved that the Annual performance assessments be conducted for the 2023/2024 financial year in accordance with the performance regulations and further that the mid-year performance assessments for the 2024/2025 financial year be concluded as soon as possible	Yes
2025/10/30	The committee resolved that the Municipality determine a minimum acceptable performance % per KPA to ensure adequate intervention when necessary.	Yes
2025/10/30	The committee resolved that in future the PMS quarterly report be timeously subjected to review by Internal Audit to provide assurance to the Accounting Officer, Management and the Municipal Council	Yes
2025/10/30	The committee resolved that the reasons for non-achievement of targets be properly analyzed to ensure that appropriate remedial actions are implemented	Yes

2025/10/30	The committee resolved that a project plan be developed and submitted at the next meeting on the cascading of PMS to lower levels of staff in line with the recently gazetted municipal staff regulations	Yes
2025/10/30	The committee resolved that the Municipality determine a minimum acceptable performance % per KPA for the Development Agency to ensure adequate intervention when necessary.	Yes
2025/10/30	OHS report to be submitted at the next Committee meeting.	Yes
2025/10/30	The committee resolved that in future the report should include a detailed report on the Employment Equity Plan which includes set and achieved targets	Yes
2025/10/30	The committee resolved in future the report to include planned training in line with the WSP versus the training conducted/attended by Councillors and Officials	Yes
2025/10/30	The committee resolved that in future the report should reflect the legal fees already paid/incurred in each case that the Municipality is involved to determine whether there are no costs overreach by the appointed legal firms	Yes
2025/10/30	The Accounting Officer always ensure compliance with laws and regulations to prevent litigations from within the Municipality and by external parties.	Yes
2025/10/30	The committee resolved the Accounting Officer ensure that the ICT Steering Committee is functional and its subcommittees	Yes
2025/10/30	The committee resolved that the Municipality consider the appointment of an independent Risk Management Committee Chairperson to enhance the functionality of the RMC,	No- Management is in the process of getting independent Risk committee chairperson
2025/10/30	That the Municipality considers establishing an independent whistle blowing system where individuals can report suspected fraud and corruption for investigation.	No- Management is in the process of establishing municipal whistle blowing system
2025/10/30	That the Strategic and Operational risk register of the RMDA be submitted at the next meeting.	Yes
2025/10/30	That in future the Risk Management Committee report to contain the progress report on the implementation of the planned mitigations.	Yes

2025/10/30	That the strategic risk register be reviewed to include fraud and corruption related risks	Yes
2025/10/30	Accounting Officer ensure that the identified planned mitigations are implemented in compliance with the MFMA to improve the risk environment.	Yes
2025/10/30	The Committee Resolved that the final risk-based Internal Audit plan for the 2025/2026 financial year be approved	Yes
2025/10/30	That the MM must ensure that Management always submit requested information to Internal Audit to avoid unnecessary delays in audits.	Yes
2025/10/30	The Internal Audit Manager submit the final IA plan to AGSA for inputs to ensure that the planned projects are aligned to the external auditors work to reduce audit fees.	Yes
2025/10/30	The Committee Resolved the Combined Assurance Framework for the Municipality be approved.	Yes
2025/10/30	The Committee Resolved that the Combined Assurance Plan for the 2025/2026 financial year be approved	Yes
2025/10/30	The Committee Resolved that the Accounting Officer ensure that Management always submit requested information to Internal Audit to avoid unnecessary delays in audits	Yes
2025/10/30	The Committee Resolved that the Accounting Officer ensure that all the recommendations by Internal Audit are implemented to avoid repeat findings;	Yes
2026/03/23	The Accounting Officer ensure that Audit Committee meetings convene as scheduled and reports for such meetings are submitted as per the Committee's approved Charter.	Yes
2026/03/23	the RMEDA Post Audit Action Plan (PAAP) be developed and submitted to the Committee at the next meeting	Yes
2026/03/23	Parent Municipality consider re-advertising the appointment of Board members for the Agency to enhance and strengthen governance in the Municipal Entity	Yes

2026/03/23	RMLM cashflow position assessment including ratios as determined by National Treasury should be submitted to the AC meetings quarterly	Yes
2026/03/23	CFO report to include the investment portfolio of the Municipality reflecting where the surplus funds have been invested	Yes
2026/03/23	The credit control policy of the Municipality be enforced against Government Departments including but not limited to switching electricity where applicable	Yes
2026/03/23	The Accounting Officer ensure that the commitment on the Eskom debt relief programme is adhered to qualify for the additional debt write off	Yes
2026/03/23	MPAC fast track the processes of investigations on UIFW expenditure to avoid a non-compliance finding by AGSA in this regard	Yes
2026/03/23	A detailed progress report on the UIFW expenditure reduction strategy be submitted at the next meeting	Yes
2026/03/23	The progress report on the implementation of the PAAP be a standing item on the quarterly meetings of the Committee	Yes
2026/03/23	The implementation of PAAP be incorporated to performance contracts of Senior Managers	Yes
2026/03/23	The Accounting Officer ensure that the PAAP is implemented to avoid repeat findings by AGSA	Yes
2026/03/23	The Accounting Officer of the Entity ensure that the UIFW expenditure incurred is reported to the Municipal Council as a matter of urgency	Yes
2026/03/23	The UIFW expenditure be investigated in terms of Section 32 of the MFMA	Yes
2026/03/23	The Post Audit Action Plan for the 2024/2025 financial year audit be developed and the root causes for the AGSA findings be properly analysed and remedial actions be implemented to avoid repeat findings	Yes
2026/03/23	The progress report on the implementation of the Post Audit Action Plan be a standing item on the quarterly meetings of the Audit Committee, Executive Committee, BTO Section 79 Committee and Council meetings	Yes

2026/03/23	The reasons for non-achievement of targets be properly analysed to ensure that appropriate remedial actions are implemented	Yes
2026/03/23	A project plan be developed and submitted at the next meeting on the cascading of PMS to lower levels of staff in line with the recently gazetted municipal staff regulations	Yes
2026/03/23	The mid-year performance assessments for the 2025/2026 financial year be concluded as soon as possible to correct the reasons for non-achievements	Yes
2026/03/23	The Municipality determine a minimum acceptable performance % per KPA to ensure adequate intervention when necessary.	Yes
2026/03/23	The Accounting Officer consider reworking some of the targets to improve the smartness of such targets	Yes
2026/03/23	The Accounting Officer always ensure compliance with DORA to prevent grants being returned to National Treasury	Yes
2026/03/23	A consolidated infrastructure maintenance plan be developed in order to ensure that infrastructure maintenance is accordingly prioritized and budgeted for.	Yes
2026/03/23	A detailed report on the possible establishment of a Municipal pound/s be submitted at the next meeting as an attempt to manage stray animals and prevent potential litigation against the Municipality	Yes
2026/03/23	The report should include a detailed report on the Employment Equity Plan which includes set and achieved targets	Yes
2026/03/23	The detailed report on OHS be submitted to the Committee at its next ordinary meeting	Yes
2026/03/23	The legal and litigation report for the period ended 31st December 2025 be deferred to the next meeting.	Yes
2026/03/23	The Accounting Officer should ensure that the ICT Steering Committee is functional and its subcommittees	Yes
2026/03/23	The Municipality consider the appointment of an independent Risk Management Committee Chairperson to enhance the functionality of the RMC,	Yes

2026/03/23	That the Municipality considers establishing an independent whistle blowing system where individuals can report suspected fraud and corruption for investigation.	Yes
2026/03/23	The Accounting Officer ensure that the Internal Audit recommendations are implemented to avoid repeated findings	Yes
2026/03/23	The Accounting Officer ensure that Internal Audit is given all the necessary support to execute the planned projects	Yes
2026/03/23	The Committee Resolved that the Accounting Officer ensure that all the recommendations by Internal Audit are implemented to avoid repeat findings;	Yes

APPENDIX H: DISCLOSURES OF FINANCIAL INTEREST

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 2025/2026		
Position	**Name**	**Description of Financial interests* (Nil / Or details)**
Mayor	Nomhle Sango	Nil
Speaker	Cllr Thozama Ngaye	Nil
Chief Whip	Cllr Nonkazimlo Primrose Mlamla	Nil
Member of MayCo / Exco	Cllr Elton Bantam	Ranoz Construction Civil Eng Building Construction
	Cllr Modelia Zingiswa Rasmeni	Nil
	Cllr Bukelwa Sharon Tyali	Nil
	Cllr Portia Sabane	Nil
	Cllr Sinethemba Mjakuca	Nil
	Cllr Michael Sithembele Zuka	Nil
	Cllr Ernst Lombard	Nil
	Cllr Mhlangabezi Nombombo	Nil
	Cllr Zikhona Tyali	Nil
	Cllr Milicent Qawu	Nil
Councillors	Cllr Thulani Sebastian Tingo	Nil
	Cllr Patricia Ntengu	Nil
	Cllr Thandeka Tito	Nil
	Cllr Nomgcobo Kilimane	Nil
	Cllr Cecilia Auld	Nil
	Cllr Malixole Ncume	Nil
	Cllr Theophilius Ngetu	Nil

	Cllr Piet Deon Mandeka	Nil
	Cllr Brenda Nolusindiso Hans	Nil
	Cllr Pimrose Nosipho Ruselo	Nil
	Cllr Mzimkhulu Matayo	Nil
	Cllr Sinovuyo Kleyi	Nil
	Cllr Goodman Walaza	Nil
	Cllr Masixole Tsotsa	Nil
	Cllr Unathi Ngcume	Nil
	Cllr KwaneleSiduli	Nil
	Cllr Evenlyn Nompucuko Zizi	Nil
	Cllr Nkuthalo Gideon Quillie	Nil
	Cllr Simon Justice Xego	Nil
	Cllr Thobeka Priscilla Mjo	Nil
	Cllr Sindiswa Cynthia Tokwe	Nil
	Cllr Zikhona Nandipha Lento	Nil
	Cllr Masxole Jonathan Tukani	Nil
	Cllr Nolizwi Nomacwerha Yanta	Nil
	Cllr Ndileka Xameni	Nil
	Cllr Luxolo Nqala	Nil
	Cllr Mthetheleli Gqokro	Nil
	Cllr Sindiswa Magxwalisa	Nil
	Cllr Songezo Mashenqana	Nil
	Cllr Ntombomzi Klaas	Nil
	Cllr Monwabisi Moses Zamo	Nil
	Cllr Liziwe Faith Matyolo	Nil
Municipal Manager	Ms Unathi T. Malinzi	Nil
Chief Financial Officer	Mr Mveleli Ngxowa	Nil

Other S57 Officials	Dr Lulamile Hanabe	Nil
	Mr Daluxolo Mlenzane	Nil
	Ms Nosiphiwo Speelman	Nil
	Ms Thandiwe Malangabi-Ncapayi	Nil
		Nil

VOLUME II: ANNUAL FINANCIAL STATEMENTS

APPENDIX J: SERVICE PROVIDER PERFORMANCE

SERVICE PROVIDER PERFORMANCE SCHEDULE								
Name of Entity & Purpose	**(a) Service Indicators**	**Year 2024/2025**			**Year 2025/2026**			
		Target	**Actual**	**Performance**	**Target**		**Actual**	**Performance**
	(b) Service Targets	**Previous Year**			**Previous Year**	**Current Year**		
(i)	**(ii)**	**(iii)**	**(iv)**		**(v)**	**(vi)**	**(vii)**	
MUNICIPAL INFRASTRUCTURE GRANT: CONSTRUCTION								
Chizama Trading JV Kwakho Trading Construction Of Mfiki Community Hall In Ward 16	Construction Of Mfiki Community Hall In Ward 16	$320m^2$ Construction of ablution blocks	$320m^2$ Construction of ablution blocks	Satisfactory	Nil	Nil	Nil	Satisfactory
Faku Chayi Trading Construction Of Jojozi Community Hall In Ward 15	Construction Of Jojozi Community Hall In Ward 15	$320m^2$ Construction of ablution blocks	$320m^2$ Construction of ablution blocks	Satisfactory	Nil	Nil	Nil	Satisfactory

Maqrula Pty (Ltd) Paving Of Old Seymour In Ward 4	Paving Of Old Seymour In Ward 4	1km	1km	Satisfactory	1km	1km	1km	Satisfactory
Skeelo Holdings Construction Of Quthubeni Community Hall In Ward 1	Construction Of Quthubeni Community Hall In Ward 1	$320m^2$ Construction of ablution blocks	$320m^2$ Construction of ablution blocks	Satisfactory	Nil	Nil	Nil	Satisfactory
SSK Cleaning Services Paving Of Mount Pleasant Internal Streets In Ward 21	Paving Of Mount Pleasant Internal Streets In Ward 21	1km	1km	Satisfactory	1km	1km	1km	Satisfactory
Bulls and Kings Paving Of Mbewu Nohashe Internal Streets In Ward 3 & 19	Paving Of Mbewu Nohashe Internal Streets In Ward 3 & 19	1km	1km	Satisfactory	Nil	Nil	Nil	N/A
Nkonki Brands Paving of Red Location Internal Streets	Paving of Red Location Internal Streets	1km	1km	Satisfactory	Nil	Nil	Nil	N/A

Jusbern Consultants Installation Of High Mast Light (Energising) In Raymond Mhlaba	Energising Of High Mast Lights In Raymond Mhlaba	Energizing	Energizing	Satisfactory	Nil	Nil	Nil	N/A
Nkonki Brands Regravelling of Dikidikana Internal Streets	Regravelling of Dikidikana Internal Streets	Nil	Nil	N/A	Nil	1km	1km	Satisfactory
Vaxobyte Paving Of Ntselamanzi Internal Streets	Paving Of Ntselamanzi Internal Streets	Nil	Nil	N/A	Nil	1km	1km	Satisfactory
Kwakho Fencing, Painting Of Qhomfo and construction of ablution facilities	Fencing, Painting Of Qhomfo and construction of ablution facilities	Nil	Nil	N/A	Nil	Construction of ablution and fencing	Construction of ablution and fencing	Satisfactory
Tati Group Paving Of Temlet Internal Streets	Paving Of Temlet Internal Streets	Nil	Nil	N/A	Nil	1km	1km	Satisfactory

Maqrula Pty (Ltd) Regraveling of Ward 9 Internal Streets	Regraveling of Ward 9 Internal Streets	Nil	Nil	N/A	Nil	1km	1km	Satisfactory
Pegasus Sky Trading Pty Ltd Paving of Ward 8 Internal Street	Paving of Ward 8 Internal Street	Nil	Nil	N/A	Nil	1km	1km	Satisfactory
Nkonki Brands Paving of Jacaranda Internal Streets	Paving of Jacaranda Internal Streets	Nil	Nil	N/A	Nil	550 m	550 m	Satisfactory
Bulls and Kings Paving Of Mbewu Nohashe Internal Streets Phase 2	Paving Of Mbewu Nohashe Internal Streets Phase 2	Nil	Nil	N/A	Nil	550 m	550 m	Satisfactory

RAYMOND MHLABA MUNICIPALITY

Raymond Mhlaba Local Municipality

Annual Financial Statements
for the year ended 30 June 2026

General Information

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

Councillors

Honourable Mayor	Nomhle Beauty Sango
	Thozama Ngaye (Speaker)
	Nonkazimlo Primrose Mlamla (Chief Whip)
Executive committee	:
	Bukelwa Sharon Tyhali (Portfolio head: Corporate Services)
	Sithembele Michael Zuka (Portfolio Head: Engineering)
	Sinethemba Mjakuca (Portfolio Head: Finance)
	Elton Bantam (Portfolio Head: Community Service)
	Portia Sabane (Portfolio Head: Sports, Arts and Culture)
	Zingiswa Modelia Rasmeni (Portfolio Head: Strategic Planning & LED)
	Ernest Lombard (EXCO (PR Councillor)
	Mhlangabezi Nombombo (EXCO (PR Councillor)
	.
	Committee Chairperson(s)
	.
	Cllr. Zikhona Tyali (MPAC Chairperson)
	Cllr Millicent Qawu (Chaiperson - Women Caucus
	Cllr Unathi Ngcume (Chairperson - Petitions)
	Cllr Thulani Tingo (Chairperson - Rules, Ethics and Integrity Committee)
Councillors	
	Cllr Primrose Nosipho Ruselo (Ward 1)
	Cllr Mzimkhulu Matayo (Ward 2)
	Cllr Sinovuyo Kley (Ward 3)
	Cllr Mbuyiseli Walaza (Ward 4)
	Cllr Masixole Tsotsa (Ward 5)
	Cllr Unathi Ngcume (Ward 6)
	Cllr Kwanele Siduli (Ward 7)
	Cllr Evelyn Nompucuko Zizi (Ward 8)

General Information

	Cllr Nkuthalo Gideon Quilie (Ward 9) Cllr Simon Justice Xego (Ward 10) Cllr Luxolo Nqala (Ward 11) Cllr Mthetheleli Gqokro (Ward 12) Cllr Sindiswa Magxwalisa (Ward 13) Cllr Songezo Mashenqana (Ward 14) Cllr Ntombomzi Klaas (Ward 15) Cllr Monwabisi Moses Zamo (Ward 16) Cllr Liziwe Faith Matyolo (Ward 17) Cllr Thobeka Priscilla Mjo (Ward 18) Cllr Sindiswa Cynthia Tokwe (Ward 19) Cllr Zikhona Nandipa Lento (Ward 20) Cllr Masixole Jonathan Tukani (Ward 21) Cllr Nolizwi Nomacwerha Yanta (Ward 22) Cllr Ndileka Xhameni (Ward 23) Cllr Zikhona Tyali (PR Councillor) Cllr Nolusindiso Brenda Hans (PR Councillor) Cllr Cecelia Anne Auld (PR Councillor) Cllr Malixole Ncume (PR Councillor) Cllr Deon Piet Mandeka (PR Councillor) Cllr Lindile Theophilus Zethu (PR Councillor) Cllr Patricia Ntengu(PR Councillor) Cllr Elton Bantam (PR Councillor) Cllr Milicent Nonkoliseko Qawu (PR Councillor) Cllr Nomgcobo Kilimani (PR Councillor) Cllr Theophilus Ngethu (PR Councillor) Cllr Thandeka Tito (PR Councillor)
Accounting Officer	Ms Unathi Malinzi
Chief Finance Officer (CFO)	Mr Mveleli Ngxowa
Registered office	8 Somerset Street Fort Beaufort 5720
Postal address	P.O Box 36 Fort Beaufort 5720
Bankers	FIRST NATIONAL BANK
Auditors	Office of the Auditor General (EC) Registered Auditors
Attorneys	Wesley Pretorious & Associates Dyushu & Majebe Inc. Enzo Meyers Attorneys Magqabi Seth Zita Incorporated Braun Nyembezi Inc. Taleli Godi Kupiso Inc. Sonamizi Attorneys Inc. Siyathemba Sokutu Attorneys

General Information

	Wheeldon Rushmere & Cole Inc.
Preparer	The annual financial statements were internally compiled by: Budget and Treasury Office (BTO)

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Abbreviations used:

SARS	South African Revenue Services
VAT	Value Added Tax
GRAP	Generally Recognised Accounting Practice
RMDA	Raymond Mhlaba Development Agency
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
UIF	Unemployment Insurance Fund
SDL	Skills Development Levy
PAYE	Pay As You Earn

Accounting Officer's Responsibilities and Approval

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

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

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

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, 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 or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the 12 months to 30 June 2027 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The 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 annual financial statements set out on pages 6 to , which have been prepared on the going concern basis, were approved by the accounting officer on 30 June 2026 and they will be signed by:

Ms. Unathi Malinzi
Municipal Manager

Statement of Financial Position as at 30 June 2026

Figures in Rand	Note(s)	2026	2025 Restated*
Assets			
Current Assets			
Receivables from exchange transactions		5 343 783	5 343 783
Receivables from non-exchange transactions	4	47 884 432	32 749 952
Other statutory receivables	5	-	525 676
VAT Input Accrual	6	72 431 975	54 036 398
Receivables from exchange transactions	3	2 532 681	80 110 375
Cash and cash equivalents	7	2 171 214	2 284 538
		130 364 085	**175 050 722**
Non-Current Assets			
Investment property	8	52 462 649	49 869 438
Property, plant and equipment	9	862 443 496	794 088 652
Intangible assets	10	-	83 643
Heritage assets	11	70 000	70 000
		914 976 145	**844 111 733**
Total Assets		**1 045 340 230**	**1 019 162 455**
Liabilities			
Current Liabilities			
Payables from non exchange transactions	12	5 621 410	5 246 445
Payables from exchange transactions	13	276 079 150	225 067 055
VAT Output Accrual	14	46 139 522	43 313 603
Employee benefit obligation	15	26 811 121	27 676 856
Unspent conditional grants and receipts	16	1 753 112	1 748 573
Provisions	17	15 018 807	18 802 025
		371 423 122	**321 854 557**
Non-Current Liabilities			
Employee benefit obligation	15	48 716 846	46 502 000
Provisions	17	34 573 287	25 219 743
Payables from exchange transactions	18	-	49 922 911
		83 290 133	**121 644 654**
Total Liabilities		**454 713 255**	**443 499 211**
Net Assets		**590 626 975**	**575 663 244**
Reserves			
Capital Replacement Reserve		1 175	1 719 567
Accumulated surplus		590 625 791	573 943 674
Total Net Assets		**590 626 966**	**575 663 241**

* See Note 46

Statement of Financial Performance

Figures in Rand	Note(s)	2026	2025 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	135 846 100	136 246 287
Rental of facilities and equipment	20	1 067 476	1 015 611
Interest received (trading)		34 879 484	31 327 713
Agency services	22	2 010 543	1 761 387
Licences and permits	23	2 848 864	4 017 090
Operational revenue	24	1 565 112	3 858 011
Interest received - investment	25	1 932 957	4 106 596
Total revenue from exchange transactions		**180 150 536**	**182 332 695**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	110 317 073	109 813 936
Debt forgiveness	27	100 261 595	117 125 527
Interest - Property rates	30	46 003 298	41 420 462
Transfer revenue			
Government grants & subsidies	28	352 511 461	308 259 085
Fines, Penalties and Forfeits	29	279 003	823 360
Total revenue from non-exchange transactions		**609 372 430**	**577 442 370**
Total revenue		**789 522 966**	**759 775 065**
Expenditure			
Employee related costs	31	(237 570 347)	(220 700 788)
Employee costs - Remuneration of councillors	32	(22 487 974)	(21 178 828)
Depreciation and amortisation	33	(34 670 529)	(39 727 396)
Finance costs	34	(8 398 264)	(8 933 054)
Debt Impairment	35	(455 116 522)	(39 235 784)
Bad debts written off		(65 650 381)	-
Bulk purchases	36	(117 403 677)	(105 311 289)
Contracted Services	37	(26 091 220)	(22 361 022)
Transfers and Subsidies	38	(2 599 863)	(3 871 721)
Operational expenditure	39	(70 489 190)	(76 626 187)
Total expenditure		**(1 040 477 967)**	**(537 946 069)**
Operating (deficit) surplus		**(250 955 001)**	**221 828 996**
Loss on disposal of assets and liabilities		(1 008 595)	(441 919)
Fair value adjustments	40	2 593 211	9 523 258
Actuarial gains/losses	15	7 659 643	28 515 316
Impairment loss	41	(788 393)	(2 524 711)
		8 455 866	**35 071 944**
Surplus (deficit) for the year		**(242 499 135)**	**256 900 940**

* See Note 46

Raymond Mhlaba Local Municipality

(Registration number EC129)
Annual Financial Statements for the year ended 30 June 2026

Statement of Changes in Net Assets

Figures in Rand	Capital Replacement Reserve	Accumulated surplus / deficit	Total net assets
Balance at 01 July 2024	**811 464**	**317 042 734**	**317 854 198**
Changes in net assets			
Surplus for the year	-	256 900 940	256 900 940
Capital Replacement Reserve	908 103	-	908 103
Total changes	908 103	256 900 940	257 809 043
Opening balance as previously reported	1 719 567	573 943 681	575 663 248
Adjustments			
Change in accounting policy	-	259 181 245	259 181 245
Restated* Balance at 01 July 2025 as restated*	**1 719 567**	**833 124 926**	**834 844 493**
Changes in net assets			
Capital Replacement Reserve	203 501	-	203 501
Net income (losses) recognised directly in net assets	203 501	-	203 501
Change in accounting policy recognised in opening earning	-	(242 499 135)	(242 499 135)
Total recognised income and expenses for the year	203 501	(242 499 135)	(242 295 634)
Capital Replacement Reserve	(1 921 893)	-	(1 921 893)
Total changes	(1 718 392)	(242 499 135)	(244 217 527)
Balance at 30 June 2026	**1 175**	**590 625 791**	**590 626 966**

Note(s)

* See Note 46

Cash Flow Statement

Figures in Rand	Note(s)	2026	2025 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		127 613 783	163 999 439
Grants		352 516 000	306 952 000
Interest income		1 932 957	4 106 596
Other receipts		8 743 215	11 307 290
		490 805 955	486 365 325
Payments			
Employee costs		(250 922 911)	(132 317 138)
Suppliers		(164 911 300)	(288 799 790)
Finance costs		(1 163 189)	(104 159)
Other payments		-	(3 871 721)
		(416 997 400)	(425 092 808)
Net cash flows from operating activities	43	**73 808 555**	**61 272 517**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(73 921 879)	(68 430 159)
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		**(113 324)**	**(7 157 642)**
Cash and cash equivalents at the beginning of the year		2 284 538	9 442 180
Cash and cash equivalents at the end of the year	7	**2 171 214**	**2 284 538**

The accounting policies on pages 14 to 42 and the notes on pages 42 to 95 form an integral part of the annual financial statements.

* See Note 46

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	127 051 000	6 897 000	**133 948 000**	135 846 100	**1 898 100**	Refer to note
Rental of facilities and equipment	915 000	255 000	**1 170 000**	1 067 476	**(102 524)**	Refer to note
Interest received (trading)	33 911 000	8 690 000	**42 601 000**	34 879 484	**(7 721 516)**	Refer to note
Agency services	-	-	**-**	2 010 543	**2 010 543**	Refer to note
Licences and permits	9 191 000	(1 191 000)	**8 000 000**	2 848 864	**(5 151 136)**	Refer to note
Other income	6 156 000	-	**6 156 000**	1 565 112	**(4 590 888)**	Refer to note
Interest received - investment	4 129 000	(2 129 000)	**2 000 000**	1 932 957	**(67 043)**	Refer to note
Total revenue from exchange transactions	**181 353 000**	**12 522 000**	**193 875 000**	**180 150 536**	**(13 724 464)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	74 569 000	40 492 000	**115 061 000**	110 317 073	**(4 743 927)**	refer to note 59
Surcharges and Taxes	-	-	**-**	100 261 595	**100 261 595**	
Interest - Taxation revenue	22 371 000	19 301 000	**41 672 000**	46 003 298	**4 331 298**	Refer to note
Transfer revenue						
Government grants & subsidies	309 391 000	-	**309 391 000**	352 511 461	**43 120 461**	refer to note 59
Fines, Penalties and Forfeits	220 000	446 000	**666 000**	279 003	**(386 997)**	refer to note 59
Total revenue from non-exchange transactions	**406 551 000**	**60 239 000**	**466 790 000**	**609 372 430**	**142 582 430**	
Total revenue	**587 904 000**	**72 761 000**	**660 665 000**	**789 522 966**	**128 857 966**	
Expenditure						
Personnel	(229 914 000)	(1 519 000)	**(231 433 000)**	(237 570 347)	**(6 137 347)**	Refer to note
Employee costs - Remuneration of councillors	(21 050 000)	-	**(21 050 000)**	(22 487 974)	**(1 437 974)**	Refer to note
Depreciation and amortisation	(23 715 000)	(18 142 000)	**(41 857 000)**	(34 670 529)	**7 186 471**	Refer to note
Impairment loss/ Reversal of impairments	-	-	**-**	(788 393)	**(788 393)**	
Finance costs	(6 020 000)	-	**(6 020 000)**	(8 398 264)	**(2 378 264)**	Refer to note
Debt Impairment	(50 405 000)	-	**(50 405 000)**	(455 116 522)	**(404 711 522)**	Refer to note
Bad debts written off	-	-	**-**	(65 650 381)	**(65 650 381)**	
Bulk purchases	(97 726 000)	(19 566 000)	**(117 292 000)**	(117 403 677)	**(111 677)**	Refer to note
Contracted Services	(25 761 000)	(8 972 000)	**(34 733 000)**	(26 091 220)	**8 641 780**	Refer to note
Transfers and Subsidies	(3 100 000)	-	**(3 100 000)**	(2 599 863)	**500 137**	Refer to note
Expenses (by function)	(45 328 000)	(1 977 000)	**(47 305 000)**	(70 489 190)	**(23 184 190)**	Refer to note
Total expenditure	**(503 019 000)**	**(50 176 000)**	**(553 195 000)**	**(1 041 266 360)**	**(488 071 360)**	
Operating deficit	**84 885 000**	**22 585 000**	**107 470 000**	**(251 743 394)**	**(359 213 394)**	
Loss on disposal of assets and liabilities	-	-	**-**	(1 008 595)	**(1 008 595)**	
Fair value adjustments	-	-	**-**	2 593 211	**2 593 211**	refer to note 59
Actuarial gains/losses	-	-	**-**	7 659 643	**7 659 643**	refer to note 59

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	-	**-**	**-**	**9 244 259**	**9 244 259**	
Deficit before taxation	**84 885 000**	**22 585 000**	**107 470 000**	**(242 499 135)**	**(349 969 135)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**84 885 000**	**22 585 000**	**107 470 000**	**(242 499 135)**	**(349 969 135)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	24 000	-	**24 000**	-	**(24 000)**	refer to note 59
Other financial assets	14 988 000	-	**14 988 000**	-	**(14 988 000)**	Refer to note
Receivables from exchange transactions	-	-	**-**	5 343 783	**5 343 783**	
Receivables from non-exchange transactions	(18 642 000)	49 770 000	**31 128 000**	47 884 432	**16 756 432**	refer to note 59
VAT receivable	34 611 000	9 809 000	**44 420 000**	-	**(44 420 000)**	refer to note 59
Trade and other receivables from exchange transactions	6 335 000	(36 740 000)	**(30 405 000)**	2 532 681	**32 937 681**	refer to note 59
Cash and cash equivalents	38 079 000	2 982 000	**41 061 000**	2 171 214	**(38 889 786)**	refer to note 59
	75 395 000	**25 821 000**	**101 216 000**	**57 932 110**	**(43 283 890)**	
Non-Current Assets						
Investment property	-	-	**-**	52 462 649	**52 462 649**	refer to note 59
Property, plant and equipment	48 909 000	19 457 000	**68 366 000**	862 443 496	**794 077 496**	
Heritage assets	-	-	**-**	70 000	**70 000**	Refer to note
	48 909 000	**19 457 000**	**68 366 000**	**914 976 145**	**846 610 145**	
Total Assets	**124 304 000**	**45 278 000**	**169 582 000**	**972 908 255**	**803 326 255**	
Liabilities						
Current Liabilities						
Payables from non exchange transactions	-	-	**-**	5 621 410	**5 621 410**	Refer to note
Payables from exchange transactions	2 500 000	-	**2 500 000**	276 079 150	**273 579 150**	refer to note 59
VAT payable	22 646 000	(13 768 000)	**8 878 000**	-	**(8 878 000)**	refer to note 59
Employee benefit obligation	-	-	**-**	26 811 121	**26 811 121**	refer to note 59
Unspent conditional grants and receipts	-	-	**-**	1 753 112	**1 753 112**	refer to note 59
Provisions	-	-	**-**	15 018 807	**15 018 807**	refer to note 59
	25 146 000	**(13 768 000)**	**11 378 000**	**325 283 600**	**313 905 600**	
Non-Current Liabilities						
Employee benefit obligation	-	-	**-**	48 716 846	**48 716 846**	refer to note 59
Provisions	-	-	**-**	34 573 287	**34 573 287**	refer to note 59
	-	**-**	**-**	**83 290 133**	**83 290 133**	
Total Liabilities	**25 146 000**	**(13 768 000)**	**11 378 000**	**408 573 733**	**397 195 733**	
Net Assets	**99 158 000**	**59 046 000**	**158 204 000**	**564 334 522**	**406 130 522**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Capital Replacement Reserve	-	-	**-**	1 175	**1 175**	Refer to note

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Accumulated surplus	99 158 000	59 046 000	**158 204 000**	590 625 791	**432 421 791**	
Total Net Assets	**99 158 000**	**59 046 000**	**158 204 000**	**590 626 966**	**432 422 966**	

Significant Accounting Policies

1. Significant account 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.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

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

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

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

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.

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

Impairment testing

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Post-retirement benefits

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

The 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 pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

Effective interest rate

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

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.

Significant Accounting Policies

1.6 Investment property (continued)

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.

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

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

Fair value

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

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

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 8).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 8).

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.

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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.

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

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

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

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

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

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

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

Property, plant and equipment 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	Straight-line	17 - 100
Roads stormwater	Straight-line	7 - 100
Electricity infrastructure	Straight-line	11 - 122
Solid waste infrastructure	Straight-line	8 - 72
Park facilities	Straight-line	24 - 125
Computer equipment - leased	Straight-line	2 - 5
Plant and machinery - leased	Straight-line	3
Motor vehicles - leased	Straight-line	3
Plant and machinery	Straight-line	2 - 23
Motor vehicles	Straight-line	6 - 18

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

Computer equipment	Straight-line	4 - 18
Furniture and office equipment	Straight-line	4 - 20
Landfill sites	Straight-line	10 - 92

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

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

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

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

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

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

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 9).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

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.

Significant Accounting Policies

1.8 Site restoration and dismantling cost (continued)

If the related asset is measured using the revaluation model:

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

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

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

1.9 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

Significant Accounting Policies

1.9 Intangible assets (continued)

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

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

1.10 Heritage assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 11).

1.10 Heritage assets (continued)

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

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.

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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

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

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

Impairment

The 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 entity and a financial liability or a residual interest of another entity.

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

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

Significant Accounting Policies

1.11 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.11 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.11 Financial instruments (continued)

Classification

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

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

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

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

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

Class	Category
Raymond Mhlaba Economic Development Agency	Measured at cost

1.12 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

1.12 Statutory receivables (continued)

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

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

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

Other charges

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

Impairment losses

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

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:
- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

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

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

Derecognition

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

Significant Accounting Policies

1.12 Statutory receivables (continued)

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

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

1.13 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessee

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

1.14 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.

1.14 Inventories (continued)

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 formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

1.15 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

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

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.

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.

Significant Accounting Policies

1.16 Impairment of cash-generating assets (continued)

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

[Specify judgements made]

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.

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

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

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

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

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

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

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

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

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

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

[Specify judgements made]

Designation

At initial recognition, the 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.

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

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

Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an “optimised” basis. The rationale is that the 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.

Restoration cost approach

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

Service units approach

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

Significant Accounting Policies

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the 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.

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.

1.18 Employee benefits

1.19 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

Significant Accounting Policies

1.19 Provisions and contingencies (continued)

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

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

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

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

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 57.

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

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

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

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

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

1.19 Provisions and contingencies (continued)

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

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

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

Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.16 and 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 an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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

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

Significant Accounting Policies

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 .

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Significant Accounting Policies

1.21 Revenue from exchange transactions (continued)

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

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

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

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

Significant Accounting Policies

1.22 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

Significant Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

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

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

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

Transfers

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

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

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

Debt forgiveness and assumption of liabilities

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

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

Fines

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

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

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

Gifts and donations, including goods in-kind

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

1.23 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

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 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.

Significant Accounting Policies

1.27 Unauthorised expenditure

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

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

1.28 Fruitless and wasteful expenditure

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

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

1.29 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy.

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

1.30 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.31 Segment information

A segment is an activity of an entity:
- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Significant Accounting Policies

1.31 Segment information (continued)

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.32 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 functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2025/07/01 to 2026/06/30.

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.

1.33 Related parties

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

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

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

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

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

Management are those persons responsible for planning, directing and controlling the activities of the 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.

1.33 Related parties (continued)

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity’s financial statements to understand the effect of related party transactions on its annual financial statements.

1.34 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.

Significant Accounting Policies

1.35 Payables from non-exchange transactions (Principal - Agent)

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

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).

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 the 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.

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 shall re-assess whether they act as a principal or an agent in accordance with this Standard.

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 an entity 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 od whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent.
The Municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent. Where the Municipality acts as a principle, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

Where the Municipality acts as an agent, it 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 other Standards of GRAP

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

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 2026 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 2023 Improvements to the Standards of GRAP 2023	01 April 2099	Unlikely there will be a material impact

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	01 April 2099	Unlikely there will be a material impact
• GRAP 103 (amended): Heritage Assets	01 April 2099	Unlikely there will be a material impact

3. Receivables from exchange transactions

Gross balances		
Electricity	6 744 164	109 533 802
Eskom deposits	16 934 586	16 934 586
Trust account deposits	5 347 304	5 347 304
Refuse	176 194 354	305 666 521
Sundry receivables	18 918 464	18 555 352
Other receivables	226 663 135	(23 024 674)
	450 802 007	**433 012 891**
Less: Allowance for impairment		
Electricity	(66 430 806)	(13 865 272)
Refuse	(539 712 844)	(178 585 720)
Interest on arrears	157 913 929	(157 913 929)
Other receivables	(39 605)	(2 537 595)
	(448 269 326)	**(352 902 516)**
Net balance		
Electricity	(59 686 642)	95 668 530
Eskom deposits	16 934 586	16 934 586
Trust deposits	5 347 304	5 347 304
Refuse	(363 518 490)	127 080 801
Interest on arrears	157 913 929	(157 913 929)
Sundry receivables	18 918 464	18 555 352
Other receivables	226 623 530	(25 562 269)
	2 532 681	**80 110 375**
Electricity		
Current (0 -30 days)	5 722 609	13 099 685
31 - 60 days	2 987 432	3 032 693
61 - 90 days	2 271 026	2 454 110
> 90 days	85 156 802	66 614 847
	96 137 869	**85 201 335**
Refuse removal		
Current (0 -30 days)	3 717 340	3 815 423
31 - 60 days	3 489 775	3 641 523
61 - 90 days	3 610 924	3 662 106
> 90 days	227 860 847	187 581 848
	238 678 886	**198 700 900**
Other services		
Current (0 -30 days)	73 468	53 025
31 - 60 days	70 111	1 179 462
61 - 90 days	39 828	235 586
> 90 days	13 649 704	11 393 125
	13 833 111	**12 861 198**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

3. Receivables from exchange transactions (continued)

Interest on arrears		
Current (0 -30 days)	7 536 318	5 915 614
31 - 60 days	7 484 782	6 091 527
61 - 90 days	5 854 534	699 933
> 90 days	323 856 106	258 313 550
	344 731 740	**271 020 624**

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	7 014 310	7 617 490
31 - 60 days	5 425 040	7 532 939
61 - 90 days	5 381 321	6 328 200
> 90 days	381 044 592	333 603 024
	398 865 263	**355 081 653**

Industrial/ commercial		
Current (0 -30 days)	2 879 236	5 670 205
31 - 60 days	873 812	986 879
61 - 90 days	849 402	971 086
<90 days	39 350 780	34 327 290
	43 953 230	**41 955 460**

National and provincial government		
Current (0 -30 days)	7 154 889	9 621 039
31 - 60 days	3 500 529	5 452 058
61 - 90 days	2 201 164	5 417 148
<90 days	197 994 604	156 568 467
	210 851 186	**177 058 712**

Total		
Current (0 -30 days)	17 048 435	16 230 499
31 - 60 days	9 799 380	13 520 238
61 - 90 days	8 431 887	20 284 833
91 - 120 days	618 389 976	518 187 013
	653 669 678	568 222 583
Less: Allowance for impairment	(651 136 997)	(488 112 208)
	2 532 681	**80 110 375**

Reconciliation of allowance for impairment		
Balance at beginning of the year	365 047 593	292 947 064
Movement for the year	-	59 955 451
	365 047 593	**352 902 515**

Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2026, - (2025: -) were past due but not impaired.

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

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

4. Receivables from non-exchange transactions

	2026	2025
Traffic fine debtors	956 400	956 400
Sundry debtors	1 593 034	2 079 142
Rates	639 068 929	520 265 368
Accrued Interest	1 700	1 700
Allowance for impairment rates	(593 735 631)	(490 552 658)
	47 884 432	**32 749 952**

Statutory receivables general information

Ageing by customer type

30 June 2026	0 - 30 days	31 - 60 days	61 - 90 days	90 + days	Total
Consumers	1 392 548	2 417 703	2 162 542	141 438 353	147 411 146
Industrial/ Commercial	968 814	846 410	750 923	29 896 979	32 463 126
National and Provincial Government	1 713 317	4 338 549	3 956 315	280 266 887	290 275 068
	4 074 679	**7 602 662**	**6 869 780**	**451 602 219**	**470 149 340**

30 June 2025	0 - 30 days	31 - 60 days	61 - 90 days	90 + days	Total
Consumers	1 114 802	935 619	1 017 906	118 249 797	121 318 124
Industrial/ Commercial	718 856	402 761	415 031	24 418 490	25 955 138
National and Provincial Government	2 080 280	2 069 549	2 068 986	239 090 121	245 308 936
	3 913 938	**3 407 929**	**3 501 923**	**381 758 408**	**392 582 198**

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

	2026	2025
Opening balance	158 764 809	145 664 791
Provision for impairment	-	13 100 018
Amounts written off as uncollectible	(69 836 783)	-
	88 928 026	**158 764 809**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

4. Receivables from non-exchange transactions (continued)

The following prescripts authorises the Municipality to charge and collect funds to fund its mandate. The resulting receivables are therefore classified as statutory receivables to be disclosed as such under GRAP 108 disclosures. These are:

Section 229(1) of the Constitution of the Republic of South Africa
Municipal System Act No. 32 of 2000
Section 75(a) of the Systems Act
Section 74(1) of the Systems Act.
Section 75(1) of the Systems Act.
Municipal Properties Rates Act No. 06 of 2004
Administrative Adjudication of Road Traffic Offences Act No. 46 of 1998

The following statutory receivables have been identified by the Municipality:
Non-exchange transactions:
Rates receivables
Traffic fines receivables
Interest on outstanding rates payments

The method to determine the amount chargeable for the above transactions are documented in Annexure Local Municipality Tariffs Policy which is promulgated and approved annually.

All interest on overdue accounts is charged at an interest rate of prime plus 1% per annum.

5. Other statutory receivables

The entity had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements have been applied, for the initial recognition:

Vat refunds	-	525 676
Current assets	-	525 676

Statutory receivables general information

6. VAT Input Accrual

VAT Control	72 409 965	54 036 398
VAT Input Accrual	22 010	-
	72 431 975	**54 036 398**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	1 804 956	72 529
Short-term deposits	366 258	2 212 009
	2 171 214	**2 284 538**

Cash and cash equivalents held by the entity that are not available for use by the economic entity	20 193	20 193
The total amount of undrawn facilities available for future operating activities and commitments (petrol card facility)	500 000	500 000

7. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2026	30 June 2025	30 June 2024	30 June 2026	30 June 2025	30 June 2024
ABSA BANK - Current account - 40 8171 6725	58 162	660 197	3 060 798	58 162	624 959	3 060 798
ABSA BANK - Current account - 23 6000 0012	-	-	10 696	-	-	32 943
FIRST NATIONAL BANK - Current account - 620 2619 2336	1 804 956	72 529	4 857 845	1 804 956	72 529	4 857 845
FIRST NATIONAL BANK - Current account - 516 4001 1783	200 232	92 481	536 663	200 232	92 481	478 338
FIRST NATIONAL BANK - Current account - 630 7013 6401	8 256	20 899	3 013	8 256	20 927	3 013
FIRST NATIONAL BANK - Current account - 630 9259 3186	1 175	20 898	811 464	1 175	53 710	811 464
FIRST NATIONAL BANK - Current account - 630 9258 9698	2 607	34 269	734 269	2 607	34 269	734 269
FIRST NATIONAL BANK - Current account - 630 9259 2873	(1 879)	9 879	10 000	(1 879)	9 879	10 000
FNB - Call account - 630 9259 0497	4 644	15 511	9 000	4 644	15 511	9 000
FNB - Call account - 630 9259 1453	9 979	5 589	-	9 979	5 589	-
FNB - Call account - 630 9259 1966	1 518	5 000	-	1 518	5 000	-
FNB - Call account - 690 9259 2386	4 201	20 000	-	4 201	20 000	-
FNB - Call account - 762 0667 3991	-	1 665 858	-	-	1 102 767	-
STNDARD BANK- 48HR Notice - 088 868 346 - 003	31 966	298 230	-	31 966	298 229	-
Total	**2 125 817**	**2 921 340**	**10 033 748**	**2 125 817**	**2 355 850**	**9 997 670**

Notes to the Annual Financial Statements

Figures in Rand

8. Investment property

	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	52 462 649	-	52 462 649	49 869 438	-	49 869 438

Reconciliation of investment property - 2026

	Opening balance	Fair value adjustments	Total
Investment property	49 869 438	2 593 211	52 462 649

Reconciliation of investment property - 2025

	Opening balance	Fair value adjustments	Total
Investment property	40 346 180	9 523 258	49 869 438

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Notes to the Annual Financial Statements

8. Investment property (continued)

There are no work in progress balances to be reported on at the end of the period.

The fair value is based on the market value of the relevant property. The value is guided by the International Valuation Standards Committee in their definition of market value, as revised in 2000. This definition, which has been generally accepted by the South African property valuation profession reads as follows:
- Market value is the estimated amount for which a property should exchange, on the date of valuation, between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment

	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	74 856 081	-	74 856 081	74 856 081	-	74 856 081
Buildings	54 548 160	(19 521 958)	35 026 202	54 082 567	(17 587 516)	36 495 051
Plant and machinery	44 411 780	(33 109 570)	11 302 210	44 411 780	(32 631 615)	11 780 165
Motor vehicles	13 080 000	(6 856 833)	6 223 167	13 080 000	(6 086 326)	6 993 674
Office equipment	4 703 623	(4 175 776)	527 847	4 480 405	(4 107 176)	373 229
IT equipment	7 266 941	(5 100 235)	2 166 706	6 292 320	(4 475 285)	1 817 035
Infrastructure	724 351 309	(270 335 669)	454 015 640	669 736 400	(245 809 612)	423 926 788
Community	195 493 454	(57 384 642)	138 108 812	195 316 031	(51 158 327)	144 157 704
Landfill site restoration asset	44 486 244	(31 281 130)	13 205 114	40 898 993	(30 370 357)	10 528 636
Work in progress	127 011 717	-	127 011 717	83 160 289	-	83 160 289
Total	**1 290 209 309**	**(427 765 813)**	**862 443 496**	**1 186 314 866**	**(392 226 214)**	**794 088 652**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2026

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	74 856 081	-	-	-	-	-	74 856 081
Buildings	36 495 051	502 738	(37 150)	-	(1 855 221)	(79 216)	35 026 202
Plant and machinery	11 780 165	243 600	-	-	(721 555)	-	11 302 210
Motor vehicles	6 993 674	-	-	-	(770 507)	-	6 223 167
Office equipment	373 229	223 219	-	-	(68 601)	-	527 847
IT equipment	1 817 035	974 622	-	-	(624 951)	-	2 166 706
Infrastructure	423 926 788	-	(774 025)	54 966 494	(24 095 182)	(8 435)	454 015 640
Community	144 157 704	-	(118 377)	387 358	(5 537 915)	(779 958)	138 108 812
Landfill site	10 528 636	2 676 478	-	-	-	-	13 205 114
Work in progress	83 160 289	99 185 012	-	(55 333 584)	-	-	127 011 717
	794 088 652	**103 805 669**	**(929 552)**	**20 268**	**(33 673 932)**	**(867 609)**	**862 443 496**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	74 856 081	-	-	-	-	-	74 856 081
Buildings	38 840 284	-	-	-	(2 345 233)	-	36 495 051
Plant and machinery	12 872 786	97 000	(97 288)	-	(1 092 333)	-	11 780 165
Motor vehicles	7 763 237	-	(1 398)	-	(768 165)	-	6 993 674
Office equipment	472 408	3 215	-	-	(102 394)	-	373 229
IT equipment	1 534 965	801 898	-	-	(519 828)	-	1 817 035
Infrastructure	393 362 847	2 429 150	(311 697)	55 945 202	(25 348 371)	(2 150 343)	423 926 788
Community	136 562 793	-	(664 217)	13 183 232	(4 549 705)	(374 399)	144 157 704
Landfill site restoration asset	16 415 212	-	-	-	(5 886 576)	-	10 528 636
Work in progress	87 189 827	65 098 896	-	(69 128 434)	-	-	83 160 289
	769 870 440	**68 430 159**	**(1 074 600)**	**-**	**(40 612 605)**	**(2 524 742)**	**794 088 652**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Maintenance of property, plant and equipment

Maintenance of property, plant and equipment by condition - 2026

	Preventative Maintenance	Corrective Maintenance		
	Total	Emergency	Total	Total
Buildings	-	932 970	932 970	932 970
Motor vehicles	-	3 499 098	3 499 098	3 499 098
Infrastructure	-	4 840 414	4 840 414	4 840 414
	-	**9 272 482**	**9 272 482**	**9 272 482**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Maintenance of property, plant and equipment by condition - 2025

	Preventative Maintenance	Corrective Maintenance		
	Total	Emergency	Total	Total
Buildings	-	1 238 891	1 238 891	1 238 891
Motor vehicles	-	1 926 370	1 926 370	1 926 370
Infrastructure	-	7 132 496	7 132 496	7 132 496

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

9. Property, plant and equipment (continued)

Maintenance of property, plant and equipment by nature and type of expenditure - 2026

	Direct Costs Contracted services
Buildings	932 970
Motor vehicles	3 499 098
Infrastructure	4 840 414
	9 272 482

Maintenance of property, plant and equipment by nature and type of expenditure - 2025

	Direct Costs Contracted services
Buildings	1 238 891
Motor vehicles	1 926 370
Infrastructure	7 132 496
	10 297 757

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.

Notes to the Annual Financial Statements

Figures in Rand

10. Intangible assets

	2026			2025		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1	(1)	-	1 869 022	(1 785 379)	83 643

Reconciliation of intangible assets - 2026

	Opening balance	Accumulated amortisation	Total
Computer software, other	83 643	(83 643)	-

Reconciliation of intangible assets - 2025

	Opening balance	Total
Computer software, other	83 643	83 643

Notes to the Annual Financial Statements

11. Heritage assets

	2026			2025		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	70 000	-	70 000	70 000	-	70 000

Reconciliation of heritage assets 2026

	Opening balance	Total
Historical monuments	70 000	70 000

Reconciliation of heritage assets 2025

	Opening balance	Total
Historical monuments	70 000	70 000

Age and/or condition of heritage assets

Heritage assets comprises the following historical sites:

1. Martello Tower - one of three Martello Towers built in South Africa and was declared a National Monument in 1938. It is situated in KwaMaqoma (Formely known as Fort Beaufort). The tower was constructed in about 1844 and was manned until 1869. It was constructed by the Royal Engineers as part of the extensive British fortifications authorised for the Eastern Cape by the then Governor of the Cape, Sir Benjamin D'Urban.

2. Bedford War Memorial - a memorial for the men of Bedford and the district that lost their lives during the First World War. The memorial was unveiled by Sir Henry Lukin in August 1922. After the Second Worl War, the names of the fallen were inscribed on the memorial.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

12. Payables from non-exchange transactions

Designated at fair value		
Human Settlements	(189 228)	2 166 437
Department of Roads and Transport - Healdtown	1 238 861	1 238 861
Department of Transport - Traffic agency fees	4 571 777	1 841 147
	5 621 410	**5 246 445**

Current liabilities		
Designated at fair value	5 621 410	5 246 445

The municipality is an agent providing different services to the departments listed below. At year end, the monies held by the municipality on behalf of the Principals approximates their fair values.

1. Department of Human Settlements - The municipality is administering the RDP house contract on behalf of the department. The municipality does not earn any commission from the contract. The balance relates to monies received from the department that has not yet been paid over to the contractor.

2. Eastern Cape Department of Transport - The municipality is administering the Healdtown Access Road contract on behalf of the department. The municipality does not earn any commission from the contract. The balanceis monies relates to monies received from the department that has not yet been paid over to the contractor.

3. Eastern Cape Department of Transport - The municipality is administering the Motor vehicle licensing contract on behalf of the department. The municipality earns a commission of 19% on the amounts received on behalf of the department. The balance is monies received on behalf of the department but not yet paid over at year end.

13. Payables from exchange transactions

Trade payables	84 247 385	(70 604 975)
Payments received in advanced - contract in process	23 553 360	23 553 360
Retentions	1 945 013	1 465 096
Deposits received	3 716 595	3 465 709
Unallocated deposits	42 651 738	3 823 452
Salary control	20 138 724	13 751 335
Eskom debt relief	99 826 335	249 613 078
	276 079 150	**225 067 055**

14. VAT Output Accrual

VAT Control	46 139 522	43 313 603

15. Employee benefit obligations

Defined benefit plans - General information

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

15. Employee benefit obligations (continued)

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(75 527 967)	(74 178 856)
Non-current liabilities	(48 716 846)	(46 502 000)
Current liabilities	(26 811 121)	(27 676 856)
	(75 527 967)	**(74 178 856)**

Current liabilities		
Bonus accrual	5 389 357	4 020 367
Leave accrual	20 508 212	20 447 489
Medical aid benefit	389 737	1 063 000
Long service awards	523 815	2 146 000
	26 811 121	**27 676 856**

Non current liabilities		
Medical aid benefit	6 614 132	9 337 000
Long service awards	42 102 714	37 165 000
	48 716 846	**46 502 000**

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	38 228 000	32 449 000
Service cost	2 432 000	2 161 000
Interest cost	4 258 000	3 944 000
Remeasurements	-	(957 000)
Actuarial loss / (gain)	(433 032)	631 000
Payments from the plan	(1 992 517)	-
	42 492 451	**38 228 000**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

15. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rate	9,51 %	11,30 %
Health care cost inflation rate	6,14 %	7,10 %
Net effective discount rate	3,18 %	3,90 %
Maximum subsidy inflation rate	- %	4,70 %
Net of maximum subsidy inflation discount rate	- %	6,30 %
CPI Inflation rate	4,64 %	5,30 %

The basis used to determine the overall expected rate of return on assets is as follow:

Discount rate
The net discount rate changed from 3.90% to 3.18% during the valuation period. Changes in the discount rate resulted in an increase in accrued liability. The remeasurement attributable to discount rate changes arises from South African government bond market conditions at the valuation date: following the adoption of the 3% inflation target, nominal zero-coupon yields declined materially over the reporting period, while market-implied inflation (and therefore the health care cost inflation assumption) declined by a smaller margin. As the discount rate fell by more than health care cost inflation, the net discount rate narrowed, increasing the expected present value of the projected post-employment medical aid subsidy obligation.

Healthcare Cost Inflation rate
1% increase in the healthcare cost inflation rate as at current valuation results in a 20.13% increase in the accrued liability, whilst a 1% decrease in the healthcare cost inflation rate will result in a 16.06% decrease in the accrued liability. Increasing healthcare cost inflation leads to greater subsidies being paid by the entity in respect of continuation members. This, in turn, increases the size of the accrued liability.
Inversely, a 1% increase in the discount rate as at current valuation results in a 15.44% decrease in the accrued liability, whilst a 1% decrease in the discount rate will result in a 19.56% increase in the accrued liability. The discount rate is inversely related to the accrued liability. An increase in the discount rate decreases the accrued liability and vice versa.
.

Maximum subsidy inflation rate
Recent past annual increases balanced with sustainability needs of employees have resulted in this assumption being set at 75% of salary inflation. The future salary inflation assumption of 6.3% per annum was set to be 1.0% above expected CPI inflation. Thus a maximum subsidy inflation assumption of 4.7% per annum was used. The next increase to the maximum subsidy was assumed to occur with effect from 1 July 2026.

Reasons for the movement in the defined benefit obligation
The total DBO has increased by 18% (or R5.779 million) since the last valuation.
The average in-service member DBO has increased by 15% since the last valuation due to:
1.an increase in the average age which means members are closer to retirement (less discounting) and less likely to leave before retirement
2. an increase in the average past service
3. an increase in the average post employment subsidy and
4. decreases in the net discount rates

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Alien Plant Grant	295 480	295 480
Expanded Public Works Programme Grant	4 539	-
Housing Disaster Grant	9 474	9 474
Quarry Mining Grant	102 563	102 563
Greening and Beautification Grant	707 664	707 664
Mining Projects Grant	77 000	77 000
Middledrift Spatial Development Grant	147 392	147 392
DEDDEAT - Upperblink-water Electrical Infrastructure Maintenance Grant	409 000	409 000
	1 753 112	**1 748 573**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 28 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

17. Provisions

Reconciliation of provisions - 2026

	Opening Balance	Interest costs	Change in discount factors	Total
Environmental rehabilitation	44 021 768	1 983 075	3 587 251	49 592 094

Reconciliation of provisions - 2025

	Opening Balance	Interest cost	Change in discount factors	Total
Environmental rehabilitation	69 507 204	3 822 895	(29 308 331)	44 021 768

	2026	2025
Non-current liabilities	34 573 287	25 219 743
Current liabilities	15 018 807	18 802 025
	49 592 094	**44 021 768**

Environmental rehabilitation provision

The timing of the outflow of resources relating to this provision is uncertain but management expects the timing to be in line with the legal requirements subsequent to the expected closure date of the as indicated below.

Discount rates specific to the nature of the provision is utilised to calculate the effect of time value of money. The discount rate is based on the Earthworks Index as published by Statssa which increased by 5% (2026 - 5%) during the year.

Environmental Specialists were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.

The total obligation at period-end can be attributed to the following sites:.

	2026	2025
Alice - expected closure year 2050	19 362 748	15 253 809
Middledrift - expected closure year 2100	4 991 577	3 856 839
Seymour - drop off	1 177 085	1 103 839
Adelaide - expected closure year 2018	15 018 805	15 762 145
Bedford - expected closure year 2031	7 864 790	6 876 153
Fort Beaufort Drop off	1 177 087	1 168 981
	49 592 092	**44 021 766**

18. Payables from exchange transactions

	2026	2025
Eskom debt relief non-current portion	-	49 922 911

19. Service charges

	2026	2025
Sale of electricity	93 797 295	93 993 191
Refuse removal	39 866 734	40 541 610
Availability charges	2 182 071	1 711 486
	135 846 100	**136 246 287**

20. Rental of facilities and equipment

	2026	2025
Premises		
Venue hire	1 067 476	1 015 611

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

20. Rental of facilities and equipment (continued)

21. Interest received - receivables from exchange transactions

Electricity	10 971 800	8 325 223
Sundry	(3 462 388)	1 038 145
Refuse	27 370 072	21 964 345
	-	-
	34 879 484	**31 327 713**

22. Agency services

Vehicle Registration	2 010 543	1 761 387

23. Licences and permits

Road and Transport	2 848 864	4 017 090

24. Other income

Collection charges	664 985	695 783
Skills development levy refund	-	364 749
Clearance fees	84 032	1 176 890
Incidental cash surplus	-	15
Insurance refund	5 535	719 058
Building plan fees	219 347	233 005
Cemetary and burial	113 763	117 649
Valuation services	72 061	49 909
Tender fees	138 418	180 930
Sale of goods and services	15 067	-
Connection fees	251 104	320 023
Reconnection fees	800	-
	1 565 112	**3 858 011**

25. Investment revenue

Interest revenue		
Bank	1 932 957	4 106 596

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

26. Property rates

Rates received

Residential	20 147 598	17 511 758
Commercial	14 552 713	11 254 898
Small holdings and farms	31 189 937	22 357 225
Industrial	535 880	361 838
Multipurpose	67 698 053	81 597 620
Public service infrastructure	268 608	44 884
Vacant land	3 352 088	950 988
Rebates	(27 427 804)	(24 265 275)
	110 317 073	**109 813 936**

Valuations

Residential	2 016 323 998	3 155 175 718
Commercial	627 557 400	508 996 391
State	124 034 775	734 869 800
Municipal	417 940 640	179 120 343
Agriculture	3 249 764 561	3 449 923 296
Industrial	25 825 000	16 023 000
Mulitpurpose	39 916 000	102 590 000
Public benefit organisation	1 611 757 100	217 679 100
Vacant land	247 570 372	90 939 070
	8 360 689 846	**8 455 316 718**

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2025.

The first R15 000 of the valuation on properties used only for residential purposes are exempted from property rates in trems of the Property Rates Act.

27. Debt forgiveness

Eskom Debt relief	99 845 827	106 596 889
ADM write off	415 768	10 528 638
	100 261 595	**117 125 527**

Figures in Rand	2026	2025

28. Government grants & subsidies

Operating grants		
Equitable share	225 057 000	225 142 000
Finance Management Grant	2 800 000	2 800 000
Municipal Infrastructure Grant	2 391 400	2 333 036
Expanded Public Works Programme Grant	2 997 461	2 983 000
Library Grant	2 335 000	2 295 000
	235 580 861	**235 553 036**
Capital grants		
Municipal Infrastructure Grant	45 705 600	43 365 963
Integrated National Electrification Programme.	3 129 000	642 704
Disaster Grant	68 096 000	28 697 382
	116 930 600	**72 706 049**
	352 511 461	**308 259 085**

Alien Plant Grant

Balance unspent at beginning of year	295 480	295 480

Conditions still to be met - remain liabilities (see note 16).

This is a provincial grant received by the municipality to support the eradication of alien vegetation through the use of the expanded public works program.

Municipal Infrastructure Grant

Balance unspent at beginning of year	-	(1)
Current-year receipts	48 097 000	45 699 000
Conditions met - transferred to revenue	(48 097 000)	(45 698 999)
	-	**-**

Conditions still to be met - remain liabilities (see note 16).

The grant is intended to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

Figures in Rand	2026	2025

28. Government grants & subsidies (continued)

Expanded Public Works

Current-year receipts	3 002 000	2 983 000
Conditions met - transferred to revenue	(2 997 461)	(2 983 000)
	4 539	-

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

Municipal Finance Management Grant

Current-year receipts	2 800 000	2 850 000
Conditions met - transferred to revenue	(2 800 000)	(2 850 000)
	-	-

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

Integrated National Electrification Grant

Balance unspent at beginning of year	-	233 704
Current-year receipts	3 129 000	409 000
Conditions met - transferred to revenue	(3 129 000)	(642 704)
	-	-

Conditions still to be met - remain liabilities (see note 16).

The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

Housing Disaster Grant

Balance unspent at beginning of year	9 474	9 474

Conditions still to be met - remain liabilities (see note 16).

The grant is aimed at providing immediate relief in the event of a disaster.

Quarry Mining Grant

Balance unspent at beginning of year	102 563	102 563

Conditions still to be met - remain liabilities (see note 16).

Greening and Beautification Grant

Balance unspent at beginning of year	707 664	707 664

Conditions still to be met - remain liabilities (see note 16).

Mining Projects Grant

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

28. Government grants & subsidies (continued)

Balance unspent at beginning of year	77 000	77 000

Conditions still to be met - remain liabilities (see note 16).

Middledrift Spatial Development Grant

Balance unspent at beginning of year	147 392	147 392

Conditions still to be met - remain liabilities (see note 16).

Disaster Grant

Balance unspent at beginning of year	-	1 282 382
Current-year receipts	75 773 000	27 415 000
Conditions met - transferred to revenue	(75 773 000)	(28 697 382)
	-	-

Conditions still to be met - remain liabilities (see note 16).

29. Fines, Penalties and Forfeits

Municipal Traffic Fines	279 003	823 360

30. Interest from non-exchange receivables

Interest - Property rates	46 003 298	41 420 462

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

31. Employee related costs

Basic	161 065 429	146 420 919
Bonus	12 104 385	9 305 836
Medical aid - company contributions	9 082 827	9 262 779
UIF	1 178 691	1 285 854
SDL	1 895 350	1 923 296
Other payroll levies	79 693	(24 781)
Leave pay provision charge	1 976 094	3 350 795
Pension contributions	23 863 798	21 756 338
Medical benefit - current service	2 432 000	2 161 000
Travel, motor car, accommodation, subsistence and other allowances	9 295 029	8 446 702
Overtime payments	9 850 596	11 245 306
Long-service awards	1 297 377	812 132
Acting allowances	1 454 078	2 810 145
Housing benefits and allowances	562 329	524 485
Standby allowance	1 012 875	969 610
Insurance	419 796	446 122
Cellphone allowance	-	4 250
	237 570 347	**220 700 788**

Remuneration of municipal manager

Basic salary	2 800 412	2 201 753
Motor vehicle allowance	-	608 739
Bonus	129 940	-
UIF and SDL	25 546	24 446
	2 955 898	**2 834 938**

Remuneration of chief finance officer

Basic salary	820 942	789 414
Motor vehicle allowance	576 968	526 276
UIF and SDL	14 978	12 590
Backpay	199 677	-
	1 612 565	**1 328 280**

Corporate and human resources (corporate services)

Annual Remuneration	721 397	217 110
Travel Allowance	366 383	74 928
Housing allowance	105 000	60 000
Contributions to UIF and SDL	14 141	3 661
Backpay	262 780	-
	1 469 701	**355 699**

Director Community Services

Annual Remuneration	806 313	763 828
Travel allowance	208 021	190 957
Medical allowance	131 463	127 305
Contributions to UIF and SDL	13 559	10 595
Pension allowance	190 957	190 957
Backpay	161 442	-
Leave pay	82 501	-
	1 594 256	**1 283 642**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

31. Employee related costs (continued)

Director Technical Services

Annual Remuneration	1 041 249	1 041 249
Travel allowance	542 691	517 709
Contributions to UIF and SDL	16 895	16 876
	1 600 835	**1 575 834**

Director Strategic Services

Annual Remuneration	1 016 200	1 016 200
Travel allowance	306 383	255 358
Medical allowance	63 839	63 839
Contributions to UIF and SDL	15 231	15 228
Pension allowance	223 428	223 428
	1 625 081	**1 574 053**

32. Remuneration of councillors

Mayor	1 083 120	1 046 305
Speaker	888 605	846 446
Executive Committee Members	5 341 294	5 046 417
Councillors	15 174 955	14 239 660
	22 487 974	**21 178 828**

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.

33. Depreciation and amortisation

Property, plant and equipment	34 586 886	39 727 396
Intangible assets	83 643	-
	34 670 529	**39 727 396**

34. Finance costs

Landfill sites	4 258 000	3 944 000
Long service awards	997 000	1 062 000
Trade and other payables	1 160 189	104 159
Post retirerment medical benefits	1 983 075	3 822 895
	8 398 264	**8 933 054**

35. Debt impairment

Contributions to debt impairment provision	455 116 522	39 235 784

36. Bulk purchases

Electricity - Eskom	117 403 677	105 311 289

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

36. Bulk purchases (continued)

Electricity losses

	Number 30 June 2026	Number 30 June 2025		
Units purchased	48 168 577	49 116 104	117 403 704	105 311 286
Units sold	(39 279 841)	(38 157 640)	(95 738 739)	(81 731 718)
Total loss	**8 888 736**	**10 958 464**	**21 664 965**	**23 579 568**
Comprising of:				
Non-technical losses	8 888 526	10 958 464	21 664 965	23 579 568
Percentage Loss:				
Non-technical losses	18 %	22 %	18 %	22 %

37. Contracted services

	2026	2025
Outsourced Services		
Catering Services	725 437	792 777
Fumigation services	28 000	-
Litter Picking and Street Cleaning	1 245 076	212 624
Refuse Removal	140 500	272 450
Transport Services	597 220	540 496
Consultants and Professional Services		
Business and Advisory	7 206 021	7 746 564
Legal Cost	6 720 042	2 436 981
Contractors		
Building	1 142 303	1 238 891
Catering Services	540 304	81 192
Employee Wellness	-	69 466
First Aid	-	5 040
Maintenance of Equipment	1 578 473	1 832 045
Maintenance of Unspecified Assets	6 167 844	7 132 496
	26 091 220	**22 361 022**

38. Transfer and subsidies

	2026	2025
Grants paid to ME's		
Raymond Mhlaba Economic Development Agency	2 599 863	3 871 721

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

39. General expenses

Advertising	236 574	247 794
Auditors fees	5 353 158	5 298 300
Bank charges	310 338	578 531
Cleaning	2 524 820	967 127
Commission paid	698 856	1 489 603
Consumables	1 372 298	758 447
Discount allowed	3 154 337	498 886
Donations	20 823	-
Entertainment	-	6 638
Gifts	36 396	26 186
Hire	5 996 406	6 780 514
Insurance	3 134 384	1 993 530
Conferences and seminars	371 781	105 809
IT expenses	1 850 151	1 357 547
Motor vehicle expenses	547 520	360 953
Fuel and oil	4 565 265	3 941 236
Postage and courier	-	5 195
Printing and stationery	5 964 027	6 676 628
Protective clothing	1 488 908	283 520
Software expenses	380 600	5 733 532
Subscriptions and membership fees	259 770	4 023 254
Travel - local	1 614 342	1 846 914
Municipal services	23 773 842	21 899 460
Achievements and awards	26 000	248 303
Indigent relief	2 769 534	6 609 914
Internships	415 421	205 317
Ward committees remuneration	3 623 639	4 683 049
	70 489 190	**76 626 187**

40. Fair value adjustments

Investment property (Fair value model)	2 593 211	9 523 258

41. Impairment loss

Impairments		
Property, plant and equipment	788 393	2 524 711

42. Auditors fees

Fees	5 353 158	5 298 300

Figures in Rand	2026	2025

43. Cash generated from operations

	2026	2025
(Deficit) surplus	(242 499 135)	256 900 940
Adjustments for:		
Depreciation and amortisation	34 670 529	39 727 396
Gain on sale of assets and liabilities	1 008 595	441 919
Fair value adjustments	(2 593 211)	(9 523 258)
Impairment deficit	788 393	2 524 711
Debt impairment	455 116 522	39 235 784
Bad debts written off	65 650 381	-
Movements in retirement benefit assets and liabilities	1 349 111	8 132 704
Movements in provisions	5 570 326	(25 485 436)
Acturial gains or losses	-	(12 487 970)
Debt forgiveness	-	(28 621 978)
Donations received	-	(107 991)
Changes in working capital:		
Receivables from exchange transactions	-	(5 343 783)
Consumer debtors	(377 538 828)	25 998 848
Other receivables from non-exchange transactions	(15 134 480)	149 136 767
Statutory receivables	525 676	295 824
Payables from exchange transactions	51 012 095	(788 820)
VAT	(15 569 658)	(15 569 658)
Unspent conditional grants and receipts	4 539	(1 307 085)
Payables from non exchange transactions	111 447 700	(361 886 397)
	73 808 555	**61 272 517**

44. Financial instruments disclosure

Categories of financial instruments

2026

Financial assets

	At amortised cost	Total
Cash and cash equivalents	2 081 359	2 081 359
Receivables from exchange transactions	250 010 778	250 010 778
	252 092 137	**252 092 137**

Financial liabilities

	At amortised cost	Total
Current liabilities - Trade and other payables from exchange transactions	255 469 422	255 469 422

2025

Financial assets

	At amortised cost	Total
Cash and cash equivalents	2 293 919	2 293 919
Receivables from exchange transactions	218 065 681	218 065 681
	220 359 600	**220 359 600**

Financial liabilities

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

44. Financial instruments disclosure (continued)

	At amortised cost	Total
Payables from exchange transactions	225 076 436	225 076 436
Trade and other payables from exchange transactions - long term portion	49 922 911	49 922 911
	274 999 347	**274 999 347**

45. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	98 257 166	31 938 714
Total capital commitments		
Already contracted for but not provided for	98 257 166	31 938 714

Total commitments

Total commitments		
Authorised capital expenditure	98 257 166	31 938 714

This committed expenditure relates to property and will be financed by government conditional grants.

46. 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

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Receivables from exchange transactions		191 910 840	156 058 987	(127 794 734)	220 175 093
Receivables from non exchange transactions		186 921 989	69 850 083	127 794 734	384 566 806
Accumulated surplus		(703 019 346)	(225 909 070)	-	(928 928 416)
		(324 186 517)	**-**	**-**	**(324 186 517)**

46. Prior-year adjustments (continued)

2025

	Note	As previously reported	Correction of error	Restated
Cash and Cash Equivalents		2 293 919	(9 381)	2 284 538
Receivables from exchange transactions		259 099 667	(178 989 292)	80 110 375
Receivables from non exchange transactions		249 907 586	(217 157 634)	32 749 952
Other statutory receivables		525 676	-	525 676
Vat receivables		48 874 417	5 132 197	54 006 614
Investment property		49 869 438	4 166 960	54 036 398
Property plant and equipment		793 964 334	(714 567 950)	79 396 384
Intangible assets		83 643	-	83 643
Heritage assets		70 000	-	70 000
Payables from non exchange transactions		(5 246 445)	-	(5 246 445)
Payables from exchange transactions		(231 582 533)	6 515 478	(225 067 055)
Vat payable		(38 186 942)	(5 126 661)	(43 313 603)
Employee benefit obligation		(27 800 706)	123 850	(27 676 856)
Unspent conditional grants receipts		(1 748 573)	-	(1 748 573)
Provisions		(18 802 025)	-	(18 802 025)
Employee benefit obligation - Non current		(46 502 000)	-	(46 502 000)
Provisions - Non current		(25 219 743)	-	(25 219 743)
Payables from exchange transactions - Non current		(49 922 911)	-	(49 922 911)
Accumulated surplus		(959 676 802)	1 099 912 433	140 235 631
		-	-	-

2026

	Note	As previously reported	Change in accounting policy	Restated
Receivables from exchange transactions		259 099 667	150 181 504	409 281 171
Accumulated surplus		(959 676 802)	(150 181 504)	(1 109 858 306)
		(700 577 135)	**-**	**(700 577 135)**

Statement of financial performance

Notes to the Annual Financial Statements

46. Prior-year adjustments (continued)

2025

	Note	As previously reported	Correction of error	Restated
Service charges		136 246 287	-	136 246 287
Rental of facilities and equipment		1 015 611	-	1 015 611
Interest received - receivables from exchange transactions		31 327 713	-	31 327 713
Agency services		1 761 387	-	1 761 387
Licences and permits		4 017 090	-	4 017 090
Other income		2 773 220	1 084 791	3 858 011
Interest received - investment		4 106 596	-	4 106 596
Property rates		109 813 936	-	109 813 936
Debt forgiveness		117 125 526	-	117 125 526
Interest - Property rates		41 420 462	-	41 420 462
Government grants and subsidies		308 259 085	-	308 259 085
Fines, penalties and forfeits		823 360	-	823 360
Employee related costs		(219 804 666)	(896 122)	(220 700 788)
Remuneration of councillors		(21 178 828)	-	(21 178 828)
Depreciation		(39 727 396)	-	(39 727 396)
Finance costs		(8 933 054)	-	(8 933 054)
Bulk purchases		(105 311 289)	-	(105 311 289)
Debt impairment		(39 235 784)	-	(39 235 784)
Contracted services		(22 486 672)	125 650	(22 361 022)
General expenses		(76 555 350)	(70 837)	(76 626 187)
Transfers and subsidies paid		(3 871 821)	-	(3 871 821)
Fair value adjustments		9 523 258	-	9 523 258
Actuarial gains / losses		28 515 316	-	28 515 316
Impairment loss		(2 524 711)	-	(2 524 711)
Loss on non-current assets		(441 919)	-	(441 919)
Surplus for the year		**256 657 357**	**243 482**	**256 900 839**

Errors

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

46. Prior-year adjustments (continued)

Receivables from exchange transactions

The debtors age analysis did not agree to the annual financial statements due to journals processed in the ledger that were not in the ageing analysis. Additionally, interest from property rates was erroneously classified under receivables from exchange transactions.

The above has been corrected by reversing all the journals processed in the main ledger but never processed in the subledger. The opening balances have been corrected.

Receivables from non exchange transactions

The debtors age analysis did not agree to the annual financial statements due to journals processed in the ledger that were not in the ageing analysis. Additionally, interest from property rates was erroneously classified under receivables from exchange transactions.

The above has been corrected by reversing all the journals processed in the main ledger but never processed in the subledger. The opening balances have been corrected.

Payables from exchange transactions

The creditors age analysis did not agree to the annual financial statements due to journals processed in the ledger that were not in the ageing analysis. This was due to invoices that were not raised. Additionally, The salary control accounts had duplicated transactions.

The opening balances have been corrected.

VAT Payables

Vat payables was affected by the corrections in the receivables from exchange transactions. The opening balances have been corrected.

The following prior period errors adjustments occurred:

Irregular expenditure

Opening balance	84 687 437	-
Corrections	18 833 439	-
Restated opening balance	**103 520 876**	**-**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

46. Prior-year adjustments (continued)

Change in accounting policy

The annual financial statements have been prepared in accordance with the Statndards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following revised standard.

GRAP 104 Financial Instruments

During the current financial year, the municipality adopted the revised Standard of GRAP 104 - Financial Instruments, effective for the financial years commencing from 1 April 2025.

The change in policy is applied retrospectively at the begining of the current financial year and adjustments will be affected to the opening balances accordingly.

The financial instruments accounting policy changed as a result of the revised GRAP 104. One of the most significant changes in the revised GRAP 104 on Financial Instruments is the new impairment model for financial assets at amortised cost. The change aims to address the shortcomings in the measurement of financial assets highlighted during the financial crisis, as explained below.

The current impairment model focuses on losses that are incurred and considers historical information. The new model is based on expected credit losses (ECL) and assesses the risk of potential default, based on past, current and future expectations. The reason for the change is that the current information about impairment losses does not allow for timely action and decision making because information is only available when the losses occur. The new model allows for more timely decision making as it provides predictive information.

47. Comparative figures

Certain comparative figures have been restated.

48. 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.

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.

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

Financial instrument	2026	2025
Cash and cash equivalents	2 171 214	2 284 538
Receivables from exchange transactions	5 343 783	5 343 783

Market risk

48. 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.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Price risk

49. Going concern

We draw attention to the fact that at 30 June 2026, the municipality had an accumulated surplus of 590 625 791 and that the municipality's total assets exceed its liabilities by 590 626 966.

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 annual financial statements have been prepared on a going concern basis in accordance with the GRAP, the requirements of the MFMA, and other applicable legislative and regulatory requirements.

In assessing whether the going concern assumption is appropriate, management has considered all available information about the future of the Municipality, including its financial position, liquidity and cash-flow position, budget and cash-flow projections, revenue collection performance, expenditure commitments, contractual obligations, outstanding creditors and debtors, statutory obligations, capital expenditure requirements, availability and utilisation of grant funding, and other known financial and operational risks. The assessment covers, at a minimum, the period of twelve months from the reporting date.

As at 30 June 2026, the Municipality reported an accumulated surplus of R1 248 578 740. The Municipality's total assets exceeded its total liabilities by R1 248 578 740, resulting in a positive net asset position at year-end. The Municipality therefore remained solvent on a statement of financial position basis at the reporting date.

Management has nevertheless recognised that a positive net asset position, on its own, does not constitute sufficient evidence that the Municipality will remain a going concern. Particular consideration has therefore been given to the Municipality's ability to generate and collect sufficient cash resources to fund its ongoing operations and to settle its financial obligations as they fall due. Based on management's assessment, the Municipality expects to have sufficient financial resources, including internally generated revenue, equitable share and other intergovernmental transfers, conditional grants and other available funding, together with measures implemented to strengthen revenue collection, expenditure management and cash-flow management, to continue its operations and meet its obligations as they fall due for the foreseeable future.

The Municipality's approved budget and medium-term financial planning processes have also been considered in assessing its ability to continue operating as a going concern. Management will continue to monitor actual financial performance against the approved budget, revenue collection, cash-flow forecasts, creditor payment periods, debt recovery, grant funding and other relevant indicators of financial sustainability throughout the 2026/27 financial year. Based on the assessment performed, management has concluded that there are no material uncertainties that cast significant doubt on the Municipality's ability to continue as a going concern for the foreseeable future. Accordingly, the annual financial statements have been prepared on the going concern basis.

The going concern assessment is subject to the Municipality's continued implementation of its approved financial recovery, revenue enhancement, expenditure management, cash-flow management and other financial sustainability measures, where applicable, and compliance with the financial management requirements of the MFMA and applicable National Treasury and Provincial Treasury requirements

49. Going concern (continued)

The ability of the municipality to continue as a going concern is dependent on a number of factors.The most concerning of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

The indicators or conditions that may be concerning, individually or collectivelyare as follows:

Financial indicators

The current assets at period end exceeded the current liabilities resulting in a positive net current asset position. The current asset ratio at year end is 2.46 (**2025:** 2.05). The Municipality's solvency ratio is 3.80 (**2025:** 3.39).

Management will continue to put measures in place to ensure that the municipality's current assets are in excess of its current liabilities. Expenditure patterns and budget control measures will be enforced to reduce the expenditure that leads to an increase in current liabilities.

The municipality is experiencing very low payment percentages from consumers which is very indicative of the economic environment in the municipal area.

Significant financial ratios at 30 June 2026:

Creditors days - 421 days (**2025:** 27 days)
Debtors days - 545 days (**2025:** 452 days)
The municipality is not paying its creditors within the prescribed period of 30 days. The municipality is taking longer than a year to collect its debtors while we pay creditors within 63 days. This results in cashflow management problems during the year (financial pressures).

Debtor days by class of debtors
Debtor days - consumer days - 454 days (**2025:** 472)
Debtor days - other receivables - 454 days (**2025:** 472)

Other indicators

The municipality has incurred unauthorised, irregular and fruitless and wasteful expenditure as shown in the notes above.

There are material contingent liabilities on each respective reporting period. Refer to note 60 below.

DORA
The municipality is guaranteed to receive grants as per the gazetted DORA allocations for the next 3 year. This further stregthens the municipality's ability to provide basic service delivery and sustain its operations for the foresseable future.

Assessment

The financial results indicate that the municipality is a going concern.

50. Events after the reporting date

There were no events after reporting period.

Disclose for each material category of non-adjusting events after the reporting date:
- nature of the event.
- estimation of its financial effect or a statement that such an estimation cannot be made.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

51. Irregular expenditure

Opening balance as previously reported	84 483 791	21 909 804
Add: Irregular expenditure - prior period error correction	18 833 439	58 607 136
Restated opening balance	**103 317 230**	**80 516 940**
Add: Irregular expenditure - current	76 953 555	68 254 145
Less: Amount written off - current	(82 388 376)	(64 287 294)
Closing balance	**97 882 409**	**84 483 791**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

51. Irregular expenditure (continued)

Amount recovered

Amount written-off

The Irregular expenditure was investigated by the MPAC and a recommendation was made to Council on completion of the said investigations.

52. Fruitless and wasteful expenditure

	2026	2025
Opening balance as previously reported	13 157 094	344 286
Add: Fruitless and wasteful expenditure identified - current	10 506 655	13 228 255
Less: Amount written off - current	(1 866 961)	(415 447)
Closing balance	**21 796 788**	**13 157 094**

The Fruitless and wasteful expenditure was investigated by the MPAC and a recommendation was made to Council on completion of the said investigations.

Notes to the Annual Financial Statements

Figures in Rand		2026	2025

52. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
SARS -PAYE, UIF and SDL	None taken	33 141	89 526
Eskom	None taken	788 222	277 146
Auditor General	None taken	27 753	-
SALA	None taken	913	-
Eskom debt relief	None taken	9 628 873	12 861 583
Aloe Travel	None taken	27 753	-
		10 506 655	**13 228 255**

52. Fruitless and wasteful expenditure (continued)

Amount written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of 1 866 961 from the total fruitless and wasteful expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

Recoverability steps taken/criminal proceedings

No disciplinary steps or criminal proceedings were instituted.

Disciplinary steps taken/criminal proceedings

No disciplinary steps or criminal proceedings were instituted.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

53. Deviation from supply chain management regulations

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Approved deviations from Supply Chain Management Regulations were identified on the following categories:

Deviations from the Supply Chain Management Regulations per Directorate:

	2026	2025
Budget and reporting	255 116	241 168
Corporate Services	74 057	2 013 451
Technical Services	371 632	735 567
Community Services	41 400	31 940
Accounting Officer	-	197 484
	742 205	**3 219 610**

The reasons for the deviations can be summarised as follows:

	Emergency	Impractical	Sole Supplier	Total
Budget and treasury	-	-	255 116	255 116
Community services	-	41 400	-	41 400
Corporate services	-	74 057	-	74 057
Engineering services	371 632	-	-	371 632
	371 632	**115 457**	**255 116**	**742 205**

Deviations from the Supply Chain Management Regulations per Supplier:

Supplier	Emergency	Impractical	Sole Supplier	Total
Arena Holdings	-	74 057	-	74 057
Landis and GYR	155 112	-	-	155 112
Adapt IT	-	-	255 116	255 116
Eyethu Entertainment Centre	-	41 400	-	41 400
Surge Elektro	216 520	-	-	216 520
	371 632	**115 457**	**255 116**	**742 205**

54. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2026	2025
Opening balance	14 200 835	14 141 507
Current year subscription / fee	2 605 614	2 503 752
Amount paid - current year	(2 503 752)	(2 444 424)
	14 302 697	**14 200 835**

Audit fees

	2026	2025
Opening balance	101 281	6 168 937
Current year invoices	5 676 137	6 489 713
Amount paid - current year	(5 758 744)	(11 808 200)
Discount received	-	(1 749 762)
RMDA Grant	1 059 607	1 000 593
	1 078 281	**101 281**

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

54. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE and UIF

Opening balance	3 095 003	2 911 073
Payments due to SARS	40 672 316	36 472 595
Interest and penalties	331 211	89 526
Amount paid - current years	(37 341 834)	(33 467 118)
Amount paid - previous years	-	(2 911 073)
	6 756 696	**3 095 003**

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2026:

30 June 2026	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor N N Yanta	1 192	53 938	55 130
Councillor P Ntengu	766	33 313	34 079
Councillor S Tokwe	798	10 551	11 349
Councillor E Lombard	1 972	1 173	3 145
Councillor E Bantam	1 313	28 375	29 688
Councillor M Mahleza	1 341	48 395	49 736
Councillor CA Auld	4 095	39 656	43 751
Councillor S Lento	909	6 824	7 733
	12 386	**222 225**	**234 611**

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Disclosures by municipal entity on intergovernmental and other allocations

55. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note
Controlled entities	Raymond Mhlaba Economic Development Agency
Members of key management	Ms U Malinzi (Municipal Manager)
	Mr M Ngxowa (Chief Financial Officer)
	Mr D Mlenzana (Director Technical Services)
	Ms N Speelman (Director Community Services)
	Mrs T Ncapayi
	Dr L Hanabe

56. Segment information

General information

Notes to the Annual Financial Statements

56. Segment information (continued)

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 operates throughout the Gauteng Province in ten cities. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Gauteng were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

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

Reportable segment	**Goods and/or services**
Public safety	Traffic control and law enforcement
Waste management	Refuse removal and landfill sites
Energy sources	Electricity services

Notes to the Annual Financial Statements

Figures in Rand

56. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2026

	Energy sources	Solid waste removal	Law enforcement	Non segments	Total
Revenue					
Service charges	95 979 365	39 866 734	-	-	135 846 099
Rental of facilities	-	-	-	1 067 476	1 067 476
Interest received - receivables from exchange transactions	-	-	-	24 626 629	24 626 629
Licences and permits	-	-	2 848 864	-	2 848 864
Interest - Investment	-	-	1 932 957	-	1 932 957
Commisions received	2 010 543	-	-	-	2 010 543
Other income	-	-	-	1 565 112	1 565 112
Property rates	-	-	-	110 317 074	110 317 074
Property rates - Interest received	-	-	-	46 003 298	46 003 298
Government grants and subsidies	3 129 000	-	-	349 382 461	352 511 461
Fines and penalties	-	-	279 003	-	279 003
Debt forgiveness	99 826 335	-	-	435 261	100 261 596
Gains and losses	-	-	-	7 659 643	7 659 643
Fair value adjustments	-	-	-	2 593 211	2 593 211
Total segment revenue	**200 945 243**	**39 866 734**	**5 060 824**	**543 650 165**	**789 522 966**
Entity's revenue					**789 522 966**

Notes to the Annual Financial Statements

Figures in Rand

56. Segment information (continued)

	Energy sources	Solid waste removal	Law enforcement	Non segments	Total
Expenditure					
Employee related costs	(3 933 473)	(15 218 031)	(14 912 262)	(203 506 581)	(237 570 347)
Remuneration of councillors	-	-	-	(22 487 974)	(22 487 974)
Depreciation and amortisation	(6 122 503)	(10 773 956)	-	(17 774 070)	(34 670 529)
Finance costs	(1 153 567)	(1 983 075)	-	(5 261 622)	(8 398 264)
Bad debts impairment	(127 881)	(51 975 179)	-	(13 547 321)	(65 650 381)
Bulk purchases	(117 403 677)	-	-	-	(117 403 677)
debt impairment	-	-	-	(455 116 522)	(455 116 522)
Contracted services	(4 996 402)	(636 210)	-	(20 458 608)	(26 091 220)
Grants and subsidies paid	-	-	-	(2 599 863)	(2 599 863)
Operational expenditure	(3 016 724)	(302 504)	(597 031)	(66 572 931)	(70 489 190)
Loss on PPE	-	-	-	(1 008 595)	(1 008 595)
Impairment loss	-	-	-	(788 393)	(788 393)
Total segment expenditure	**(136 754 227)**	**(80 888 955)**	**(15 509 293)**	**101 110 564**	**(132 041 911)**
Total segmental surplus/(deficit)	**64 191 016**	**(41 022 221)**	**(10 448 469)**	**644 760 729**	**657 481 055**
Assets					
Cash and cash equivalents	4 201	-	-	2 077 158	2 081 359
Receivables from non exchange transactions	-	-	-	503 984 594	503 984 594
Receivables from exchange transactions	118 586 646	236 158 361	-	125 824 659	480 569 666
VAT receivable	-	-	-	72 221 219	72 221 219
Investment Properties	-	-	-	52 462 649	52 462 649
Property, plant and equipment	123 364 811	77 975 642	-	636 046 613	837 387 066
Heritage assets	-	-	-	70 000	70 000
Total segment assets	**241 955 658**	**314 134 003**	**-**	**1 392 686 892**	**1 948 776 553**
Total assets as per Statement of financial Position					**1 948 776 553**

Notes to the Annual Financial Statements

Figures in Rand

56. Segment information (continued)

	Energy sources	Solid waste removal	Law enforcement	Non segments	Total
Liabilities					
Payables from exchange transactions	-	-	-	(255 469 422)	(255 469 422)
Payables from non-exchange transactions	-	-	-	(7 542 360)	(7 542 360)
VAT Payable	-	-	-	(54 501 557)	(54 501 557)
Employee benefit obligation - current liability	-	-	-	(26 811 122)	(26 811 122)
Unspent conditional grants	-	-	-	(1 753 112)	(1 753 112)
Provisions- current liability	-	(15 018 806)	-	-	(15 018 806)
Provision- non current liability	-	(34 573 287)	-	-	(34 573 287)
Employee benefit obligation - non current liability	-	-	-	(48 716 846)	(48 716 846)
Payables from exchange transactions nin current	(99 826 335)	-	-	-	(99 826 335)
Total segment liabilities	**(99 826 335)**	**19 554 481**	**-**	**(394 794 419)**	**(475 066 273)**
Total liabilities as per Statement of financial Position					**(475 066 273)**

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies, except that pension expense for each segment is recognised and measured on the basis of cash payments to the pension plan.

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

57. Contingencies

The municipality were exposed to the following contingent liabilities at year end:

Contingent Liabilities		
IMATU obo Nomnqa / Raymond Mhlaba Local Municipality	606 485	606 485
Wayne Channon / Raymond Mhlaba Local Municipality	5 444 765	5 444 765
Vivienne Buyiswa obo Vuyisa Mhlana / Raymond Mhlaba Local Municipality	5 700 000	5 700 000
Nqagwana Trading (Pty) LTD / Raymond Mhlaba Local municipality	931 739	931 739
Petronella Wentzel obo Chevandre Wentzel / Raymond Mhlaba Mhlaba	1 200 000	1 200 000
Peugair Border CC / Raymond Mhlaba Local Municipality	633 626	633 626
Ngcwelekazi Hill / Raymond Mhlaba Local Municipality	300 000	-
Inzalo Enterprise / Raymond Mhlaba Local Municipality	50 000	-
Alice Business Development Forum / Raymond Mhlaba Local Municipality	150 000	-
	15 016 615	**14 516 615**

57. Contingencies (continued)

Alice Business Development Forum / Raymond Mhlaba Local Municipality

This matter relating to an appeal in respect of judgement against Adv Sellem

Estimated legal fees R150 000

Ngcwelekazi Hill / Raymond Mhlaba Local Municipality

This matter relating to a review in respect of judgement against Ngcwelekazi Hill, case no: 2026-01333.

Estimated contingent liability is estimated at R300 000

Peugair Border CC / Raymond Mhlaba Local Municipality

This is a matter whereby the plaintiff claims that payments of an amount R483 626.09 in respect of repairs to municipality vehicles.

Contingent liability is estimated at R483 626.09 and estimated legal costs are R150 000.00

Nqagwana Trading (Pty) LTD / Raymond Mhlaba Local Municipality, Grahamstown High Court Case No.4541 / 2016

This is a matter whereby the Plaintiff's claim an amount of R731 739.00 against the municipality in respect of a service level agreement.

Estimated contingent liability is R731 739.00 and legal fees are estimated at R200 000.00

Inzalo Enterprise / Raymond Mhlaba Local Municipality

This is a tender dispute which is ongoing. The likely financial impact cannot be determined at this and the legal fees are estimated at R50 000.00.

IMATU obo Nomnqa / Raymond Mhlaba Local Municipality

IMATU obo Nomnqa / Raymond Mhlaba Local Municipality - Labour Court Case. The municipality launched an application to review and set aside the arbitration award.

Estimated contingent liability R506 485.00 and the estimated legal fees are R100 000.00

Wayne Channon / Raymond Mhlaba Local Municipality

Wayne Channon / Raymond Mhlaba Local Municipality - Labour court case. The applicant referred a claim for damages to the Labour Court for unfair discrimination.

Estimated contingent liability R5 244 763.92 and the legal fees are estimated at R200 000.00

Vivienne Buyiswa obo Vuyisa Mhlana / Raymond Mhlaba Local Municipality

Vivienne Buyiswa obo Vuyisa Mhlana / Raymond Mhlaba Local Municipality - High Court Case. The plaintiff instituted an action against the municipality on behalf of her minor child for damages resulting from the electrocution of the minor child from an open electricity transformer.

The estimated contingent liability is R5 500 000 and the estimated legal costs are R200 000.00

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

57. Contingencies (continued)

Petronella Wentzel obo Chevandre Wentzel/Raymond Mhlaba Municipality-Makhanda High Court Case No's 1998/2021

The plaintiff instituted act in the Makhanda High Court on behalf of her minor child for damages in the amount of R1 000 000 plus interest and costs, resulting from the alleged electrocution of the minor child from an open electricity transformer box.
Th cost estimate is R200 000.000

58. Accounting by principals and agents

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

Details of the arrangment(s) is|are as follows:

Department of Transport

The municipality is the agent for the Department of Transport.

1. Motor Vehicle Registration
The Municipality undertakes to handle Motor Vehicle licence issuing on behalf of the Department of Transport and collects a commission of 19% p;us VAT. The municipality collects motor registration fees on behalf of Provincial Administration. Payments are made mnthly based on the eNatis reports. Agency fees to the value of 19% plus VAT is withheld from the payment to the Province.

2. Drivers Licence Applications
The municipality undertakes to handle Drivers licence applications on behalf of the Department of Transport. The value of application fees is determined by the Provincial administration. The municipality recognise all fees collected as agency fees.

3. Drivers Licence cards.
The municipality undertakes to issue Drivers licence cards on behalf of the Department of Transport. The municipality collect all application fees on behalf of Provincial Administration behalf of the Department of and recognise the revenue as agency fees. The cost for the production of a drivers licence card, for each successful applicant, is paid by the Municipality to the service provider appointed by Provincial Administration based on an invoice of RTMC (Road Traffic Management Company).

Provincial Department of Human Settlements
Administration of the upgrading of informal settlements.
The Human settlements Department has an agreement with the municipality to administer the process for building of houses for third parties in terms of Chapter 3 of the National Housing Code. For the year under review Raymond Mhlaba Municipality was the Agent for the following housing projects: UPGRADING OF INFORMAL SETTLEMENT IN RAYMOND MHLABA MUNICIPALITY.
Raymond Mhlaba Municipality does not have the power to determine the significant terms and conditions of the transactions, Department of Human Settlements is responsible for the construction of houses and is responsible for preparing contracts and project agreements and Appointing contractors for housing development.
Raymond Mhlaba Municipality, is only the fund administrator, therefore Raymond Mhlaba Municipality does not have the ability to use resources from the transactions substantially for its own benefit.
Department of Human Settlement is responsible for fulfilling the rights and obligations under the contractual arrangement entered into with contractors and/or other service providers. Thus, Raymond Mhlaba Municipality is not exposed to variability in the result of the transactions

Provincial Department of Roads.

Paving of Healdtown Access Road
The municipality is acting as an implementing agent for the construction of Healdtown Access Road for the Department of Roads. The municipality does not earn any commission from the implementing the abovementioned contract. No Commision is recieved by the municipality from this arrangement

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

58. Accounting by principals and agents (continued)

Entity as agent

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is 1 854 961 (2025: 1 761 387).

Liabilities and corresponding rights of reimbursement recognised as assets

Liabilities incurred on behalf of the principals that have been recognised by the entity are listed below:

Corresponding rights of reimbursement that have been recognised as assets are listed below:

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

	2026	2025
Provincial Department of Roads		
Opening balance	3 009 829	3 115 365
Revenue collected on behalf of the Department	16 381 175	15 922 680
Commissions earned on collections	(5 581 420)	(5 778 478)
Amounts transferred to the principal	(8 195 560)	(10 249 738)
	5 614 024	**3 009 829**

	2026	2025
Provincial Department of Roads		
Opening balance	1 238 861	1 238 861

	2026	2025
Human Settlement		
Opening balance	2 166 437	1 517 215
Expenses incurred on behalf of the principal	30 471 970	86 699 869
Cash paid on behalf of the principal	(30 906 685)	(86 050 647)
Commission received	(1 731 722)	-
	-	**2 166 437**

	2026	2025
All categories		
Opening balance	6 415 127	5 871 441
Expenses incurred on behalf of the principal	46 853 145	102 622 549
Cash paid on behalf of the principal	(36 488 105)	(91 829 125)
Amounts transferred to the principal	(9 927 282)	(10 249 738)
	6 852 885	**6 415 127**

Entity as principal

The resources have been recognised/have not been recognised by the agent in its financial statements. [Choose as appropriate]

The remittance of resources during the period [State details].

The expected timing of remittance of remaining resources by the agent to the entity, are [State timing and details].

The expected timing of remittance of remaining resources by the agent to third parties, are [State timing and details].

Resource or cost implications for the entity if the principal-agent arrangement is terminated, are [State information/discussion].

Notes to the Annual Financial Statements

Figures in Rand	2026	2025

58. Accounting by principals and agents (continued)

[Provide additional info as appropriate]

Fee paid

Fee paid as compensation to the agent	647 020	1 489 603

The resource and/or cost implications for the entity if the principal-agent arrangement is terminated, are [State information/discussion].

[Provide additional info as appropriate]

59. Commissions received

Department of Transport - agency fees earned	2 010 543	1 761 387

This relates to commisions earned from the Department of Transport for licensing of Motor Vehicles on their behalf. The commission is earned at a rate 19% of revenue collected on motor vehicle registrations.

60. Unauthorised expenditure

Add: Unauthorised expenditure - current	106 293 178	-

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	27 252 176	-
Cash	79 041 002	-
	106 293 178	**-**

Unauthorised expenditure: Budget overspending – per municipal department:

Community services	8 497 550	-
Technical services	13 525 977	-
Finance	83 779 529	-
Council	490 123	-
	106 293 179	**-**

Recoverability steps taken/criminal proceedings

No disciplinary steps or criminal proceedings were instituted.

Disciplinary steps taken/criminal proceedings

No disciplinary steps or criminal proceedings were instituted.

61. Trading with employees in service of the State

During the period under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45):

Asanda Nojoko - Employee at the Department of Human Settlements	-	296 884
V S Tukani - Ezamacirha General Trading (Spouse)	-	13 500
	-	**310 384**

2025/ 2026

DRAFT ANNUAL PERFORMANCE REPORT

CONTACT DETAILS:

CONTACT	THE MUNICIPAL MANAGER
Postal address	P. O. Box 36, KWAMAQOMA, 5200
Physical address	8 Somerset Street, KWAMAQOMA, 5720
Telephone	046 645 7400
Website	http:/www.raymondmhlaba.gov.za

CONTENTS

AFFIRMATION BY THE MUNICIPAL MANAGER

I am pleased to present the Draft Annual Performance Report of Raymond Mhlaba Local Municipality for the 2025/2026 financial year.

The contents of this report are aligned with the with the requirements of Section 46 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000). The report provides an overview of the municipality's performance and service delivery outcomes during the financial year under review.

In presenting this report, I acknowledge the significant progress made by the municipality in advancing its strategic objectives and improving service delivery to communities during the 2025/2026 financial year. At the same time, I recognize the challenges that continue to impact municipal operations and development. These challenges present opportunities for growth, innovation and improved performance.

The municipality remains committed to promoting good governance, sound financial management, accountability and sustainable development. Through the collective efforts of Council, Management, employees and the community, we will continue to strive towards improving the quality of life of all residents within the Raymond Mhlaba Local Municipality.

____

Ms. U.T. Malinzi

Municipal Manager

Date: 31/08/2026

QUALITY CERTIFICATE

I, UNATHI T. MALINZI (Full Names), the Municipal Manager of Raymond Mhlaba Municipality herby certify that the **Draft Annual Performance Report** of Raymond Mhlaba Local Municipality, for the full-year period ended 30 June 2026 has been prepared in accordance with the Local Government: Municipal Finance Management Act 56 of 2003 and regulations made under the Act, and in terms of section 46 of Local Government: Municipal Systems Act 32 of 2000).

Ms. U.T. MALINZI

MUNICIPAL MANAGER

31/08/2026
DATE

SECTION 1

1.1 OVERVIEW

This Annual Performance Report is submitted by the Municipal Manager in terms of section 121 of the Municipal Finance Management Act 56 of 2003, read with the Municipal Systems Act 32 of 2000, section 46 (1) and (2), as well as the Municipal Finance Management Act Circular 11 on annual reporting.

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, and measure and review performance indicators to ensure efficiency and effectiveness and the impact of service delivery by the municipality. Therefore, performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organization and its employees, are met. At local government level performance management is institutionalised through legislative requirements on the performance management process for Local government.

This report reflects performance information for the period 01 July 2025 to 30 June 2026 with specific focus on implementation of the Service Delivery and Budget Implementation Plan (SDBIP), linked to the objectives entrenched in the Municipality's Integrated Development Plan (IDP) for the year under review. The report reflects the actual performance of the Municipality as measured against the performance indicators and targets set in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2025/ 2026. Furthermore, this report not only reflects on milestones and challenges experienced, but also on-going commitment to progressively strengthen accountability to citizens of the whole Raymond Mhlaba Municipal Area.

In view of the foregoing, Section 46 (1) of the Local Government: Municipal Systems Act 32 of 2000, a municipality must prepare for each financial year an annual report consisting of –

(a) A performance report reflecting -

  (i) the municipality's, and any service providers, performance during that financial year, also in comparison with targets of and with performance in the previous financial year.

(ii) the development and service delivery priorities and the performance targets set by the municipality for the following financial year; and measures that were or are to be taken to improve performance.

1.2 LEGISLATIVE REQUIREMENTS

1.2.1 The SDBIP is defined in terms of Section 1 of the Local Government: Municipal Finance Management Act 56 of 2003, and the format of the SDBIP is prescribed by the MFMA Circular 13 from National Treasury.

1.2.2 Section 41 (1) (e) of the Local Government: Municipal Systems Act 32 of 2000, prescribes that a process must be established for regular reporting to Council. This process is detailed in the Performance Management Policy of the Municipality.

1.2.3 Section 46 (1) of the Local Government: Municipal Systems Act 32 of 2000 dictates that at the end of each financial year that a municipality must prepare an annual report that will be inclusive of an annual performance reporting – reflecting how a municipality performed in the previous financial year.

1.2.4 The Annual Report is [also] defined in terms of Section 121, 127 of the Local Government: Municipal Finance Management Act 56 of 2003.

1.3 INSTITUTIONAL PERFORMANCE MANAGEMENT PROCESS OVERVIEW

During the 2025/2026 financial year, Raymond Mhlaba Local Municipality made every effort to ensure compliance with the legislative requirements governing the development and implementation of a Performance Management System (PMS) that is aligned with the institutional service delivery objectives contained in the Integrated Development Plan (IDP). The municipality continued to maintain and strengthen the effective operation of the following performance management mechanisms;

1.3.1 the current Integrated Development Plan included strategic objectives, strategies and outcome based key performance indicators as required by the Municipal Systems Act 32 of 2000;

1.3.2 the 2025/ 2026 budget for implementation of the IDP was approved within the prescribed timelines in the Municipal Finance Management Act 56 of 2003;

1.3.3 after approval of the budget, the SDBIP was developed to integrate the IDP and the budget to ensure effective implementation of the institutional strategies;

1.3.4 performance agreements with performance plans were developed, signed and approved by the Mayor as required by the Municipal Planning and Performance Regulations (2001 and 2006);

1.3.5 quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager

1.3.6 quarterly performance reports were objectively and independently audited by the Internal Audit Unit to verify and to confirm performance information as reflected in the reports, the unit also confirmed the credibility of evidence that was submitted quarterly;

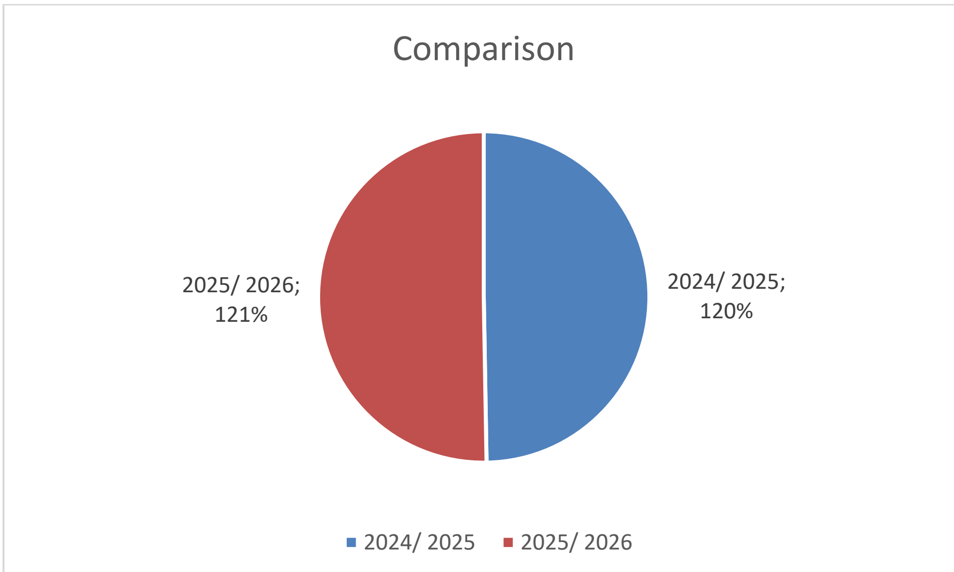
1.3.7 Lastly, performance assessments for managers directly accountable to the Municipal Manager, were conducted on quarterly basis .

SECTION 2

COMPARISON SUMMARY OF 2024/ 2025 AND 2025/ 2026 FINANCIAL YEAR'S

COMPARISON OF 2024/ 2025 AND 2025/ 2026 FINANCIAL YEARS

The following graph indicates the Municipality's performance in terms of the National Key Performance Indicators required in accordance with the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These Key Performance Indicators are linked to the National Key Performance Areas.



Section 46(1)(b) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) requires municipalities to prepare an Annual Performance Report at the end of each financial year, reflecting the municipality's performance during the year under review and comparing it with performance achieved in the preceding financial year.

A comparison of the municipality's overall performance indicates an improvement during the 2025/2026 financial year. During the year under review, the municipality achieved an overall performance rating of **121%** compared to **120%** in the 2024/2025 financial year. This improvement demonstrates the municipality's continued commitment to achieving its strategic objectives, improving service delivery and strengthening institutional performance.

Section 3

OVERALL MUNICIPAL PERFORMANCE ON THE IMPLEMENTATION OF THE SDBIP 2025/ 2026

<u>Planned targets vs actual performance results for the 2025/ 2026 financial year</u>

This section of the Annual Performance Report provides an assessment of the Municipality's actual performance against the planned targets as set out in the Integrated Development Plan (IDP) and implemented through the Service Delivery and Budget Implementation Plan (SDBIP). In line with the National Key Performance Areas (KPAs) for local government, Raymond Mhlaba Local Municipality reports its performance against the five (5) prescribed key performance areas.

For the 2025/2026 financial year, Raymond Mhlaba Local Municipality set itself a total of **92 predetermined targets.** These targets were designed to drive service delivery improvements, strengthen governance and financial sustainability, promote local economic development and enhance institutional capacity. Overall, the institution recorded satisfactory performance across the Key Performance Areas, reflecting its commitment to effective service delivery, accountability, and good governance.

2025/ 2026 ACTUAL PERFORMANCE

Overalls score is calculated as presented below;

Performance without CCRs

For 2025/ 2026 financial year, RMLM has scored 89% (**score without CCR's**) against the overall performance.

KPA scores = 111,627 x 80% = **89%**

With CCRs

80% that constitutes KPA weight and 20% that constitute Core Competence Requirement (CCR) weight. For 2025/ 2026 financial year, RMLM has scored **121 %** (**score with CCR's**) against the overall performance.

(111.627 x 80% = 89%) + (160 x 20% = 32%) = **121 %**

A detailed analysis of the Municipality's performance against each key performance area is provided in the section that follow. This analysis highlights achievements made during the 2025/2026 financial year, identifies areas requiring improvement and provides an overall assessment of progress towards the Municipality's strategic objectives.

KPA 1 : MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT														
Priority Area	**Strategic Objective**	**Key Performance Indicator**	**Baseline**	**Means of Verification**	**2024/ 2025 Annual Target**	**2024/ 2025 Actual Performance**	**2025 - 2026**	**Budget**	**Outcome**	**2025/ 2026 Actual Performance**	**Rating**	**Reasons for Variances**	**Remedial Actions**
Human Resources	To ensure effective and efficient workforce by aligning institutional arrangements to the overall strategy to deliver quality services by 2027	Number of female representatives from employment equity groups employed submitted to the Municipal Manager	20	Quarterly report reflecting the number of female recruited. Appointment letters. Employment Equity Plan.	4	15 females appointed	4	Employee Costs	Achieved	12 females appointed	5	n/a	n/a
	To ensure effective and efficient workforce by aligning institutional arrangements to the overall strategy to deliver quality services by 2027	Number of people living with disability from employment equity groups employed submitted to the Municipal Manager	1	Quarterly report reflecting number of people living with disability recruited. Appointment Letters. Employment equity.	1	0	1	Employee Costs	Not Achieved	0 – There are no individuals with disability appointed	2	The municipality indicated in the adverts that it is committed to the Employment Equity and encouraged people living with disability to apply, however no applicants were received	The municipality will engage NGOs for people with disabilities to assist those who qualify to apply. Furthermore, the municipality will create a database people with disabilities.

	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Reviewed and approved organizational structure by Council	8	Quarterly Report; Reviewed organisational structure approved by Council and Council Resolution	1	Organizational structure approved by council	1	Operational budget	Achieved	Organizational structure approved by council	3	n/a	n/a
	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Workplace skills Plan submitted and approved	8	Quarterly Report; Approved and submitted WSP, Proof of submission	1	1 WSP submitted and approved	1	Operational budget	Achieved	1 WSP submitted and approved	3	n/a	n/a
	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Number of workplace skills plan programmes implemented	8	Quarterly report; Report on implementation of WSP; Attendance registers	12	12 WSP programmes implemented	12	R1 000 000	Achieved	12 WSP programmes implemented	3	n/a	n/a
	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Number of wellness programmes facilitated	32	Quarterly report on wellness programmes; Approved implementation plan by the director	4	8 Wellness programmes facilitated (1 Men's Indaba, 3 Wellness sporting activity, 2 Health productivity management, 1 spiritual wellness and 1 males indaba conducted)	4	R490 000	Achieved	(8 wellness programmes implemented) 1 Heritage, 1 psychosocial, 1 spiritual, 2 physical and 3 employee wellness related programmes implemented	5	There are 4 additional programmes implemented with no cost to the municipality	n/a

Policies	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Number of policy workshops facilitated	13	Quarterly Report; Report on the workshop facilitated. Attendance register. List of policies.	2	1 Employee and 1 councillor policy workshop conducted	2	Operational budget	Achieved	2 servers upgraded	3	n/a	n/a
ICT	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Number of Servers Upgraded	15	Quarterly Reports, Expenditure reports, system generated test report, picture of installed server and Server Installed	2	4 servers upgraded	2	R1 400 000	Achieved	Digital Transformation Strategy approved by council	3	n/a	n/a
Fleet Management	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Number of individual vehicle maintenance report submitted and approved by the Director.	138	Quarterly comprehensive fleet report on a Fuel use, accidents, controls and breakdowns.	46	75 individual vehicle assessments conducted	46	R1 781 000	Achieved	46 municipal vehicles maintained	3	n/a	n/a
Administration	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Developed Satellite Office Model	New indicator	Quarterly Reports. Developed Satellite Model approved by the MM	New Indicator		1	Operational budget	Not Achieved	No Satellite Office Model Developed	2	The Satellite Office Model is in the draft form. This was an omission not included in the councillor workshop in (June) for discussion.	The Satellite model concept will be discussed in Council in the second quarter.

Financial Reporting	To ensure effective and efficient workforce by 2027	Number of reviewed budget related policies	New indicator	Quarterly Reports . 12 Budget Related Policies Council Resolution	12	12 Budget related Policies approved by Council	12	Operational budget	Achieved	12 Budget related Policies approved by Council	3	n/a	n/a
Performance Management System	To ensure effective and efficient workforce by 2027	Number of organizational performance assessments conducted	12	Quarterly organizational performance reports	4	4 Organizational performance assessments conducted	4	Operational budget	Achieved	4 Organizational performance assessments conducted	3	n/a	n/a
Special Programmes	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Developed SPU Model	New indicator	Final Approved SPU Model. Quarterly Report. Council Resolution	New Indicator		1	Operational budget	Achieved	SPU Model approved by Council	3	n/a	n/a
Language Policy	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Developed and approved Language policy	New indicator	Final Language Policy. Council Resolution	Developed and approved Language policy	1 Approved Language Policy	1	Operational budget	Achieved	Final Language Policy approved by Council .	3	n/a	n/a

Electricity	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Reviewed electricity master plan	New indicator	Reviewed Electricity Master plan, Quarterly Report and Council resolution	New Indicator		1	Operational budget	Not Achieved	No electricity master plan reviewed.	1	The municipality advertised and called providers, however, no contractors submitted as a result procurement was unsuccessful.	A new process will be initiated to call for providers to submit proposals by September 2026.
Environmental Management	To ensure a safe, friendly and sustainable environment by 2027	Developed Environmental Management Plan	0	Developed EMP. Quarterly Report. Confirmation of funding close out report. Council resolution	New Indicator		1	Operational budget	Achieved	Developed and approved Environmental Management Plan	3	n/a	n/a
Safety and Security	To ensure proactive, mitigation and response to evolving security threats	Number of security programmes implemented	12	Quarterly Report, Assessment report approved by the MM	4	4 Monitoring reports on security management	4	Operational budget	Achieved	4 Monitoring reports on security management	3	n/a	n/a
Land and Human Settlements	To ensure coordinated, inclusive, and sustainable land use development to optimize resource allocation and infrastructure investment.	Reviewed SDF	New indicator	Reviewed SDF, Quarterly Report, and Council resolution	1	0	1	Operational budget	Achieved	Spatial Development Framework approved by council	3	n/a	n/a

	To ensure coordinated, inclusive, and sustainable land use development to optimize resource allocation and infrastructure investment.	Developed Land Use Scheme	New indicator	Developed LUMS, Quarterly Report, and Council resolution	New Indicator		1	Operational budget	Not Achieved	No land scheme developed	1	The target could not be met due to limited institutional constraints (capacity and budget)	The target is anticipated to be achieved during the second quarter of 26/ 27
	To ensure coordinated, inclusive, and sustainable land use development to optimize resource allocation and infrastructure investment.	Developed Encroachment Plan	New indicator	Developed Encroachment Plan, Quarterly Report and Council resolution	New Indicator		1	Operational budget	Not Achieved	No Encroachment Plan developed	1	The target could not be met due to limited institutional constraints	The target is anticipated to be achieved during the third quarter of 26/ 27
KPA 2: BASIC SERVICES DELIVERY AND INFRASTRUCTURE													
Priority Area	**Strategic Objective**	**Key Performance Indicator**	**Baseline**	**Means of Verification**	**2024/ 2025 Annual Target**	**2024/ 2025 Actual Performance**	**2025 - 2026**	**Budget**	**Outcome**	**2025/ 2026 Actual Performance**	**Rating**	**Reasons for Variances**	**Remedial Actions**
Facilities	To ensure accessible and safe municipal facilities by 2027	Number of Community halls maintained	4	Approved maintenance plan, Expenditure report, Quarterly report, Completion report	2	2 halls renovated (Hillside community hall and Bedford town hall)	2	R1 000 000,00	Achieved	2 Community Halls maintained (Kolomane and Old Age halls)	3	n/a	n/a

	To ensure a safe, friendly and sustainable environment by 2027	Number of Municipal Office building maintained	New indicator	Approved maintenance plan. Expenditure report. Quarterly report Completion report	1	2 buildings renovated (Alice Firebase and Corporate Services Block)	1	R1 000 000,00	Achieved	2 municipal office buildings maintained: (i) Testing Station Office in KwaMaqoma and (ii) Community Services Office in KwaMaqoma	5	The amount budgeted for office maintenance was able to cater for 2 office (minor repairs.	n/a
Waste Management	To ensure a safe, friendly and sustainable environment by 2027	Number of clean-up campaigns conducted	36	Quarterly reports, Before and after photos; Schedule of campaigns	28	77 clean up campaigns conducted	12	R780 000,00	Achieved	126 clean up campaigns conducted	5	The municipality partnered with CWP, Schools and Community Members and was able to do more than planned	Revise the plan based on the achievement in the next financial year (2026/2027) based on baseline (mid-term adjustment)
	To ensure a safe, friendly and sustainable environment by 2027	Number of landfill sites maintained	New indicator	Quarterly reports. Before and after pictures	3	4 landfill site rehabilitations conducted (Alice and Bedford)	2	R780 000,00	Achieved	3 Landfill sites maintained (Alice, Middledrift and Bedford)	5	The municipality planed 2, however, the amount charged for the 2 was below the budget as a result, an additional landfill site was added.	n/a

Law enforcement	To ensure reduced road traffic accidents by enforcing traffic laws consistently and promoting road safety by 2027	Number of Functional Vehicle testing stations	2	Quarterly report. Pictures. Systems generated reports.	1	The VTS has been refurbished and machinery has been installed. DoT has inspected the VTS, provisional approval has been obtain	1	Operational budget	Achieved	1 Functional Vehicle Testing Station (KwaMaqoma).	3	n/a	n/a
	To ensure reduced road traffic accidents by enforcing traffic laws consistently and promoting road safety by 2027	Number of traffic enforcement operations to ensure orderly road traffic control	432	Detailed Report on Roadblock Conducted. Register (encapsulating car registration). Report on any fines issued.	144	238 roadblocks conducted	144	Operational budget	Achieved	205 traffic enforcement operations conducted	5	n/a	n/a
Cemeteries	To ensure a safe, friendly and sustainable environment by 2027	Number of new established cemeteries	New indicator	Environmental Impact Assessment (EIA) approval letters from DEDEAT. Expenditure report. Pictures. Quarterly progress reports.	1	0	1	R2 500 000,00	Not Achieved	0 (No) new cemeteries established. Service provider to conduct the assessment have been appointed.	2	The establishment of the new cemetery was delayed due to the outstanding EIA approval. Environmental authorization took longer than anticipated.	The municipality will expedite the authorization of the EIA with the Department of Environment and the relevant authorities by September 2026.
Electricity	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage of INEP projects implemented	100%	Quarterly reports. Progress reports. Expenditure report. Verification reports. Pictures	100%	(Projects implemented/ total projects*100) 5/5*100= 100%	100%	R3 129 000,00	Achieved	100% of planned project for INEP was implemented (Implemented/ total*100) 1/1*100= 100%	3	n/a	n/a

	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Number of illegal connection audits conducted	12	Quarterly Report. Connection report signed by the Director. Job Card	4	4 illegal connection audits conducted	4	Operational budget	Achieved	4 illegal connection audits conducted	3	n/a	n/a
	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage of new connections within 21 days of application	100%	Quarterly reports. Job cards . Listing of new connections conducted	100%	(New connection/ total applications) 35/35*100=100%	100%	R10 000 000,00	Achieved	100% of new connections were attended within 21 days. (Connected/ applications*100) 25/25*100= 100%	3	n/a	n/a
	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage of unplanned outages restored within 4 hours	70%	Quarterly Report. Outage report highlighting cause of outage and restoration . Job cards.	70%	(Restored within 4 hours/ total outages*100) 21/23*100=91%	70%	R10 000 000,00	Achieved	(Restored/ outages*100) 17/17*100= 100%	3	n/a	n/a
	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Number of planned preventative maintenance activities implemented	3	Quarterly Report. Maintenance report highlighting repair contents. Job cards .	1	1 Planned electricity maintenance conducted	1	R10 000 000,00	Achieved	1 Planned preventative maintenance activity implemented	3	n/a	n/a
Roads	To ensure safe, efficient, and sustainable road network by 2027.	Number of km maintained (gravel roads)	900km	Quarterly reports. Progress reports . Before and after pictures. Listing of roads maintained. Job cards	300	522km gravel roads maintained	300	R2 000 000,00	Achieved	308 KM of gravel roads maintained	3	n/a	n/a

	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Number of streets where stormwater system has been maintained	500	Quarterly reports. Before and after pictures. Listing of streets maintained. Job cards.	160	391 streets where stormwater system has been maintained	160	Operational budget	Achieved	239 Streets where stormwater system has been maintained	5	There was an additional personnel appointed through EPWP that assisted	n/a
	To ensure safe, efficient, and sustainable road network by 2027.	Number of road marking conducted	150	Quarterly Report. Report on marked roads inclusive of street names and areas. Job cards	50	54 road markings maintained	50	R2 000 000,00	Achieved	60 Road Markings conducted	4	n/a	n/a
Land and Human Settlements	To ensure coordinated, inclusive, and sustainable land use development to optimize resource allocation and infrastructure investment.	Updated Land Audit	0	Quarterly Report. Approved Land Audit Report.	1	0	1	Operational budget	Not Achieved	No land audit undertaken	1	The Municipality focused more on the reviewal of the SDF	The target is anticipated to be achieved during the second quarter of 2026/2027 financial year.
	To ensure adherence to building regulations by 2027.	Percentage of Approved Compliant Building Plans	100%	Quarterly report. list of building plans received	100%	(Approved/ total applications*100) 34/34*100%	100%	Operational budget	Achieved	(Approved/ Application*100) 38/38*100=100%	3	n/a	n/a
	To ensure coordinated, inclusive, and sustainable land use development to optimize resource allocation and infrastructure investment.	Percentage of Approved Compliant Land Use Applications	100%	Quarterly report. List of land use applications received.	100%	(Approved/ total applications*100) 6/6*100%	100%	Operational budget	Achieved	(Approved/ Application*100) 7/7*100=100%	3	n/a	n/a

	To ensure that projects are aligned with an organization's overall strategic goals and are implemented on time.	Percentage of Human Settlements projects implemented	100	Quarterly reports. Progress reports. Expenditure report. Pictures.	100%	(Projects implemented/ total projects*100) 4/4*100= 100%	100%	R507 551 499,00	Achieved	(Implemented/ total projects*100) 4/4*100= 100% projects implemented	3	n/a	n/a
Project Management	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage MIG Capital projects implemented	100%	Quarterly reports. Progress reports. Expenditure report. Pictures	100%	(Projects implemented/ total projects*100) 8/8*100= 100%	100%	R48 097 000,00	Achieved	(Implemented/ total projects) 10/10*100= 100%	3	n/a	n/a
Disaster Management	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage of MDRG (Disaster) projects implemented	100%	Quarterly reports. Progress reports. Expenditure report. Pictures	100%	(Projects implemented/ total projects*100) 8/8*100= 100%	100%	R27 416 000,00	Achieved	(Implemented/ total projects) 12/12*100= 100%	3	n/a	n/a
Free Basic Services	To ensure adequate access to free basic services by 2027	Percentage of qualifying indigents benefiting	90%	Updated indigent register. List on beneficiaries from the system	New Indicator		90%	R3 600 000,00	Achieved	(Beneficiaries/ indigents*100) 14 366/ 14 366* 100= 100%	3	n/a	n/a
KPA 3: LOCAL ECONOMIC DEVELOPMENT													
Priority Area	**Strategic Objective**	**Key Performance Indicator**	**Baseline**	**Means of Verification**	**2024/ 2025 Annual Target**	**2024/ 2025 Actual Performance**	**2025 - 2026**	**Budget**	**Outcome**	**2025/ 2026 Actual Performance**	**Rating**	**Reasons for Variances**	**Remedial Actions**

Unemployment	To ensure sustainable Local Economic Development by 2027	Number of jobs created through LED programmes within the municipality.	500	Quarterly reports. Confirmation of employment from the employer. Listing of people employed.	50	50 jobs created through LED initiatives	50	Operational budget	Achieved	67 jobs created through LED initiatives	4	n/a	n/a
	To ensure sustainable Local Economic Development by 2027	Number of jobs created through Capital Projects	1200	Quarterly reports. Contracts of people employed. Listing of people employed.	100	224 jobs created through capital projects	100	Operational budget	Achieved	215 jobs created through MIG Capital projects and disaster infrastructural projects	5	This is as a result of additional funding on disaster infrastructure projects	n/a
	To ensure sustainable Local Economic Development by 2027	Number of jobs created through Expanded Public Works Programme	1078	Quarterly reports. Contracts of people employed. Listing of people employed.	200	617 jobs created through Expanded Public Works Programme	200	Operational budget	Achieved	309 jobs created through EPWP	4	n/a	n/a

	To ensure sustainable Local Economic Development by 2027	Number of economic activities supported	15	Quarterly reports. Expenditure Report. Pictures. Concept document approved by the MM. (Cooperative Indaba, Cultural Week, SMME day, Market Day, Agricultural Week)	6	6 economic activities supported (2 Wholesale retail SETA workshop, 1 fruit development project, 1 market day supported, 1 fully comprehensive market was conducted in Adelaide and 1 Youth Business Summit conducted)	6	R1 370 000,00	Not Achieved	There were 3 economic activities supported	2	3 economic activities were not supported, the municipality opted to train communities on gardening to prepare them for the garden festival.	The municipality will partner with other stakeholders in the sector on economic activities, eg Wind Farms in the area.
SMMEs	To ensure sustainable Local Economic Development by 2027	Number of SMMEs supported by the Municipality	193	Quarterly reports. Attendance Register. Proof of support provided.	10	605 SMME's supported in various programmes	10	R140 000,00	Achieved	10 SMME's supported	3	n/a	n/a
	To ensure sustainable Local Economic Development by 2027	Number of tourism master plan activities implemented	New indicator	Quarterly Reports on number of activities implemented. Approved tourism master plan	New Indicator		4	R140 000,00	Not Achieved	2 Tourism master plan activities implemented (Music in the Snow and Wars of resistance)	2	The township gardeners have not been working on their gardens as a results, there were not ready to receive the support.	The municipality will facilitate the support for the festival and ensure that they part take in the following year.

	To ensure sustainable Local Economic Development by 2027	Number of Home Stays assisted & (registered) through out RMM	New indicator	Quarterly reports on number of Home Stays assisted. Listing. Expenditure reports	New Indicator		2	R350 000,00	Achieved	4 Homestays assisted with wall mounted signage boards (Amanda, KwaNtibane, KwaDudu and KwaThembisa)	4	n/a	n/a
	To ensure sustainable Local Economic Development by 2027	Number of successfully registered informal traders	New indicator	Quarterly reports on registered informal traders. Listing. Registration reports. Updated Database	New Indicator		20	Operational budget	Achieved	41 informal traders registered	5	The municipality conducted awareness drives to encourage informal traders to register their businesses	n/a
Supply Chain Management	To ensure the sustainable Local Economic Development by 2027	Percentage of tenders below R300 000 awarded to local SMME's and Vulnerable groups	90%	Quarterly reports. List of tenders awarded.	80%	(Awarded/ total tenders*100) 238/276*100= 86%	90%	Operational budget	Achieved	(Awarded/ total*100) 130/142*100=91%	3	n/a	n/a
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage of tenders above R300 000 awarded to local SMME's and Vulnerable groups	70%	Quarterly reports; List of tenders awarded with vulnerable categories;	45%	(Awarded/ total tenders*100) 14/25*100= 56%	40%	Operational budget	Achieved	(Awarded/ total*100= 11/22*100=50%	3	n/a	n/a

Cooperative	To ensure sustainable Local Economic Development by 2027	Percentage of business licenses approved	New indicator	Quarterly report. Listing of business License application. Business licenses	100%	(Application approved/ total applications received*100) 3/3*100=100%	100%	Operational budget	Achieved	(Approved/applications*100) 15/15*100= 100%	3	n/a	n/a
KPA 4: MUNICIPAL FINANCIAL VIABILITY													
Priority Area	**Strategic Objective**	**Key Performance Indicator**	**Baseline**	**Means of Verification**	**2024/ 2025 Annual Target**	**2024/ 2025 Actual Performance**	**2025 - 2026**	**Budget**	**Outcome**	**2025/ 2026 Actual Performance**	**Rating**	**Reasons for Variances**	**Remedial Actions**
Integrated Development Plan and Budget	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Number of MTREF Budget developed	2	Draft Budget. Final Budget. Budget Adjustment	1	1 MTREF budget developed and approved	1	Operational budget	Achieved	Final MTREF budget developed and approved by Council	3	n/a	n/a
Revenue Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage of total collection on outstanding debts	60%	Quarterly report encapsulating billing vs cash collected	70%	35% Collected	80%	Operational budget	Achieved	(Total receipt/ total billing*100) R93 176 394.65/ R187 286726.01*100= 85%	3	n/a	n/a
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage of fines collected through infringement of by-laws	New indicator	Quarterly report. List of fines. System generated report on fines collected	70%	33% of fines collected	25%	Operational budget	Achieved	(Collected/ total summons*100) 60/ 78= 76,9%	5	n/a	n/a

Expenditure Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage spent on FMG operating grant	100%	Quarterly reports System Generated Report	100%	(Expenditure/ budget*100) R2 800 000/R2 800 000*100=100%	100%	R2 800 000,00	Achieved	(Expenditure/ budget*100) R2 800 000/ 2 800 000= 100%	3	n/a	n/a
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage spent on MIG Capital grant	100%	Quarterly reports . System Generated Report	0	(Expenditure/ budget*100) R45 699 000/ R45 699 000*100=100%	100%	R48 097 000,00	Achieved	(Expenditure/ budget*100) R48 097 000/ R48 097 000* 100= 100%	3	n/a	n/a
	To ensure that projects are aligned with an organization's overall strategic goals and are implemented on time	Percentage spent of MDRG (Disaster)	New indicator	Quarterly reports. System Generated Report	100%	(Expenditure/ budget*100) R27 415 000/ R27 415 000* 100= 100%	100%	R27 416 000,00	Achieved	(Expenditure/ budget*100) R68 096 000/R68 096 000*100= 100 %	3	n/a	n/a
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage spent on INEP Capital grant	100%	Quarterly reports . System Generated Report	100%	(Expenditure/ budget*100) R409 000/ R409 000*100= 100%	100%	R3 129 000,00	Achieved	(Expenditure/ budget*100) R3 129 000/ R3 129 000= 100%	3	n/a	n/a

	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage spent of EPWP grant	100%	Quarterly reports. System Generated Report	1	(Expenditure/ budget*100) R2 983 000. /R2 983 000*100= 100%	100%	R3 002 000,00	Achieved	Budget for EPWP fully spent. (Expenditure/ budget*100) R3 002 000/ R3 002 000* 100= 100%	3	n/a	n/a
Financial Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage of valid invoices paid within 30 days of invoice date	90%	Quarterly reports; List of invoices paid; Creditors age Analysis from the system	100%	7,71% of invoices paid within 30 days	100%	Operational budget	Not Achieved	27,5% of invoices on average were paid within 30 days	2	The municipality was unable to pay valid invoices within 30 days due to low revenue collection	Revenue collection will be intensified
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Number of procurement plans developed and approved	8	Developed procurement plan; Proof of approval by the MM	1	1 Institutional procurement plan developed and approved	1	Operational budget	Achieved	1 Institutional procurement plan developed and approved	3	n/a	n/a
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage of savings achieved on implementation of cost containment measures	New indicator	Quarterly reports; List of Cost containment measures; system generated report.	50%	78% cost contained	25%	Operational budget	Achieved	(Overall Amount of Savings/ Sum of Original Budget Amount*100) R4 852 143,25/ R6 214 847*100= 78%	5	n/a	n/a

	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage of procurement transactions compliant with SCM regulations	New indicator	Quarterly Report; List of transactions; Compliance report with the listing; compliance register	New Indicator		100%	Operational budget	Achieved	(Complaint/ total transaction) 28/ 28*100= 100%	3	n/a	n/a
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage reduction on irregular expenditure	New indicator	Quarterly Report; Register on Irregular; Report submitted council and Council Resolution	New Indicator		100%	Operational budget	Not Achieved	Prior year (24/25) (81 941 193) - Current year (25/26) (56 147 626,17) = 25 793 566.8 (25 793 566.8 / 81 941 193*100= 31%)	2	The municipality has identified other irregular from the previous years undisclosed	These will be investigated by MPAC for actioning by Council.
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Number of submitted Annual Financial Statements	2	Submitted Annual Financial Statements; Proof of submission to AG	1	Annual Financial Statements submitted	1	R1 739 130,00	Achieved	1 Annual Financial Statements developed and approved	3	n/a	n/a
Asset Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Number of approved Annual Asset Management Plan	2	Approved Annual Asset Management Plan. Quarterly reports; Proof of approval by the MM	1	Approved annual Asset Management Plan	1	Operational budget	Achieved	1 Developed and approved annual asset management plan	3	n/a	n/a

	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Number of GRAP Compliant Asset Registers	1	Quarterly Reports; Loss register and new acquisitions register and Updated Assets register	1	Updated GRAP register	1	Operational budget	Achieved	1 Updated GRAP register	3	n/a	n/a
Waste Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Number of skip bin acquired	New indicator	Quarterly report. Expenditure Reports. Pictures. Delivery note.	New Indicator		4	R780 000,00	Achieved	6 Skip bins acquired	4	n/a	n/a
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION													
Priority Area	**Strategic Objective**	**Key Performance Indicator**	**Baseline**	**Means of Verification**	**2024/ 2025 Annual Target**	**2024/ 2025 Actual Performance**	**2025 - 2026**	**Budget**	**Outcome**	**2025/ 2026 Actual Performance**	**Rating**	**Reasons for Variances**	**Remedial Actions**
Integrated Development Plan	To entrench the culture of good governance by 2027	Developed and approved Integrated Development Plans	2025/26	Final Reviewed Integrated Development Plan. Council Resolution.	1	IDP approved by Council	1	Operational budget	Achieved	IDP approved by Council	3	n/a	n/a
Governance	To entrench the culture of good governance by 2027	Developed and approved Annual Reports	2023/2024	Quarterly Report. Final Annual Report. Council Resolution.	1	Annual Report developed and approved by Council	1	Operational budget	Achieved	Annual Report developed and approved by Council	3	n/a	n/a

	To entrench the culture of good governance by 2027	Percentage of actions implemented on the audit action plan (Institutional)	2024/ 2025 Management letter	Quarterly Report; Progress report on the Implementation of Audit Action; Internal Audit report on the audit action plan.	100%	(Implemented/ AG issues) 36/ 59*100= 61%	100%	Operational budget	Achieved	100% of issues raised by AG were attended to (Implemented/ findings*100) 64/64*100= 100%	3	n/a	n/a
	To entrench the culture of good governance by 2027	Number of unqualified audit opinions obtained from the Auditor General	2	Audit Report	Unqualified	Qualified	1	Operational budget	Not Achieved	1 Qualified audit opinion	2	There are other additional matters raised by AG.	Audit Auction was developed and the results will be tested in the 2025/2026 financial year.
	To entrench the culture of good governance by 2027	Number of councillors who have declared their financial interests	45	Signed declaration forms. Report on declaration forms.	45	45	45	Operational budget	Achieved	45 councillors declared financial interests	3	n/a	n/a
	To entrench the culture of good governance by 2027	Percentage of internal audit recommendations implemented	100%	Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	100%	(Resolved/ recommendations) 31/31*100= 100%	100%	Operational budget	Not Achieved	(Implemented/ raised*100) 14/18*100= 78%	2	Few action dates were revised	n/a

	To entrench the culture of good governance by 2027	Percentage of AC resolutions implemented	100%	Quarterly Reports. AC resolution matrix.	100%	(Resolved/ recommendations) 26/35*100= 74%	100%	Operational budget	Achieved	(Resolved/ total recommendations) 54/54*100= 100%	3	n/a	n/a
	To ensure proper governance, accountability and public participation by 2027.	Number of risk assessment conducted	8	Quarterly report. Risk assessment report. Attendance Register.	1	1 Institutional Risk assessment conducted	1	Operational budget	Achieved	1 Institutional Risk assessment conducted	3	n/a	n/a
General Valuation	To ensure proper governance, accountability and public participation by 2027.	Developed and approved general valuation	New indicator	Quarterly reports. General valuation roll	New Indicator		1	Operational budget	Achieved	1 Developed General Valuation Roll	3	n/a	n/a
Public Participation	To improve municipal responsiveness to service delivery breakdowns by 2027.	Percentage of official complaints responded to through the municipal complaint management system	100%	Quarterly reports. Reconciliation of complaints received and attended to.	100%	(Responded/ total complain*100) 508/ 508*100= 100%	100%	Operational budget	Achieved	(Responded/ total complain*100) 440/440*100= 100%	3	n/a	n/a
	To improve municipal responsiveness to service delivery breakdowns by 2027.	Number of average days in responding to complaints received	3	Quarterly Reports. System Generated report on number of days taken to respond.	3	Complaints responded too within 3 days	3	Operational budget	Achieved	Complaints were responded too within 3 days	3	n/a	n/a

	To improve community participation by 2027.	Number of community consultations conducted	16	Quarterly reports. Attendance Register.	4	17 public consultations conducted (1 MBD, 1 initiation programme, 1 IDP/Budget, 1 MPAC and 13 FBS)	4	R625 000,00	Achieved	14 Community Consultations conducted	5	This is due to more FBS awarenesses conducted	n/a
	To improve community participation by 2027	Number of civic education conducted	4	Quarterly reports. Attendance Register.	4	8 Civic education consultations conducted	4	Operational budget	Achieved	4 Civic education conducted	3	n/a	n/a
	To improve community participation by 2027.	Percentage of ward community meetings convened	23	Quarterly reports. Attendance Register. List of meeting convened.	100%	(convened/ total wards*100) 23/23*100=100%	100%	Operational budget	Achieved	(Convened/ Total wards*100) 23/23*100=100%	3	n/a	n/a
	To improve information sharing to communities RMM by 2027.	Number of communication programs implemented as per the Communication Plan	15	Quarterly reports. Pictures. Copy of the publication. Communication Plan.	4	4 reports on the implementation of the communication plan	4	Operational budget	Achieved	127 programmes supported	5	n/a	n/a
	To maintain healthy trusted brand by 2027.	Developed Municipal profile	3	Quarterly Reports. Developed Municipal Profile	1	2 umhlali newsletter developed	1	Operational budget	Achieved	Digitalisation of data on tourism and related as a contributor to the municipal profile was done	3	n/a	n/a

Intergovernmental Relations	To ensure proper governance and accountability by 2027.	Number of IGR meetings convened	20	Quarterly reports. Attendance Register. Resolution Matrix	4	4 IGR meetings convened	4	R80 000,00	Achieved	4 IGR meetings conducted	3	n/a	n/a
Sport	To entrench social cohesion through vulnerable groups by 2027.	Number of sport programmes implemented	12	Quarterly reports.	4	3 sports programmes implemented (1 Heritage tournament coordinated, 1 Ngumbela cricket tournament supported and 1 Mayors Cup conducted)	4		Achieved	4 Sport programmes implemented	3	n/a	n/a
Special Programmes	To entrench social cohesion through vulnerable groups by 2027.	Number of vulnerable groups programme implemented	12	Quarterly reports. Attendance Register. Expenditure report	5	7 Special programmes implemented	5		Achieved	5 Special programmes implemented	3	n/a	n/a
Law enforcement	To ensure proper governance, accountability and public participation by 2027.	Number of by-laws developed	14	Quarterly reports with supporting evidence	New Indicator		3	Operational budget	Not Achieved	0 – no By-laws were developed	1	Only policies were developed.	By laws will be developed in the 3rd quarter of 2026/2027 financial year.

SERVICE PROVIDER PERFORMANCE

SERVICE PROVIDER PERFORMANCE SCHEDULE								
Name of Entity & Purpose	**(a) Service Indicators**	**Year 2024/2025**			**Year 2025/2026**			
		Target	**Actual**	**Performance**	**Target**		**Actual**	**Performance**
	(b) Service Targets	**Previous Year**			**Previous Year**	**Current Year**		
(i)	**(ii)**	**(iii)**	**(iv)**		**(v)**	**(vi)**	**(vii)**	
MUNICIPAL INFRASTRUCTURE GRANT: CONSTRUCTION								
Chizama Trading JV Kwakho Trading Construction Of Mfiki Community Hall In Ward 16	Construction Of Mfiki Community Hall In Ward 16	$320m^2$ Construction of ablution blocks	$320m^2$ Construction of ablution blocks	Satisfactory	Nil	Nil	Nil	Satisfactory
Faku Chayi Trading Construction Of Jojozi Community Hall In Ward 15	Construction Of Jojozi Community Hall In Ward 15	$320m^2$ Construction of ablution blocks	$320m^2$ Construction of ablution blocks	Satisfactory	Nil	Nil	Nil	Satisfactory
Maqrula Pty (Ltd) Paving Of Old Seymour In Ward 4	Paving Of Old Seymour In Ward 4	1km	1km	Satisfactory	1km	1km	1km	Satisfactory

Skeelo Holdings Construction Of Quthubeni Community Hall In Ward 1	Construction Of Quthubeni Community Hall In Ward 1	$320m^2$ Construction of ablution blocks	$320m^2$ Construction of ablution blocks	Satisfactory	Nil	Nil	Nil	Satisfactory
SSK Cleaning Services Paving Of Mount Pleasant Internal Streets In Ward 21	Paving Of Mount Pleasant Internal Streets In Ward 21	1km	1km	Satisfactory	1km	1km	1km	Satisfactory
Bulls and Kings Paving Of Mbewu Nohashe Internal Streets In Ward 3 & 19	Paving Of Mbewu Nohashe Internal Streets In Ward 3 & 19	1km	1km	Satisfactory	Nil	Nil	Nil	N/A
Nkonki Brands Paving of Red Location Internal Streets	Paving of Red Location Internal Streets	1km	1km	Satisfactory	Nil	Nil	Nil	N/A
Jusbern Consultants Installation Of High Mast Light	Energising Of High Mast Lights In Raymond Mhlaba	Energizing	Energizing	Satisfactory	Nil	Nil	Nil	N/A

(Energising) In Raymond Mhlaba								
Nkonki Brands Regravelling of Dikidikana Internal Streets	Regravelling of Dikidikana Internal Streets	Nil	Nil	N/A	Nil	1km	1km	Satisfactory
Vaxobyte Paving Of Ntselamanzi Internal Streets	Paving Of Ntselamanzi Internal Streets	Nil	Nil	N/A	Nil	1km	1km	Satisfactory
Kwakho Fencing, Painting Of Qhomfo and construction of ablution facilities	Fencing, Painting Of Qhomfo and construction of ablution facilities	Nil	Nil	N/A	Nil	Construction of ablution and fencing	Construction of ablution and fencing	Satisfactory
Tati Group Paving Of Temlet Internal Streets	Paving Of Temlet Internal Streets	Nil	Nil	N/A	Nil	1km	1km	Satisfactory
Maqrula Pty (Ltd) Regraveling of Ward 9 Internal Streets	Regraveling of Ward 9 Internal Streets	Nil	Nil	N/A	Nil	1km	1km	Satisfactory

Pegasus Sky Trading Pty Ltd Paving of Ward 8 Internal Street	Paving of Ward 8 Internal Street	Nil	Nil	N/A	Nil	1km	1km	Satisfactory
Nkonki Brands Paving of Jacaranda Internal Streets	Paving of Jacaranda Internal Streets	Nil	Nil	N/A	Nil	550 m	550 m	Satisfactory
Bulls and Kings Paving Of Mbewu Nohashe Internal Streets Phase 2	Paving Of Mbewu Nohashe Internal Streets Phase 2	Nil	Nil	N/A	Nil	550 m	550 m	Satisfactory

CONCLUSION

The Municipality remains persistent in its commitment to its vision of being **"A Service Excellence Driven Municipality"**. During the year under review, the Municipality focused on maintaining existing infrastructure while investing in new infrastructure projects aimed at enhancing service delivery and supporting sustainable development. Despite facing various operational and financial challenges, the Municipality remained committed to ensuring that available resources were utilized effectively, efficiently and economically. The Municipality acknowledges that there are areas requiring further improvement and remains committed to addressing service delivery challenges and financial sustainability.

Yours in Good Governance

MS. U.T. MALINZI
MUNICIPAL MANAGER
RAYMOND MHLABA LOCAL MUNICIPALITY