RAYMOND MHLABA MUNICIPALITY

IMANYASO KUPHUHLISO

AGENDA

SPECIAL EXCO MEETING

DATE : 29 AUGUST 2022

TIME : 10H00

VENUE: MAYOR'S BOARDROOM, ALICE

1. OPENING

2. NOTICE OF THE MEETING

3. CONSIDERATION OF APPLICATIONS FOR LEAVE OF ABSENCE

4. ADOPTION OF THE AGENDA

5. COMMUNICATION BY THE CHAIRPERSON

6. REPORTS

7. CLOSURE

RAYMOND MHLABA MUNICIPALITY

EMANYANO EMPHELENG

NOTICE OF THE MEETING

NOTICE IS HEREBY GIVEN THAT A SPECIAL EXECUTIVE COMMITTEE MEETING OF RAYMOND MHLABA LOCAL MUNICIPALITY WILL BE HELD ON MONDAY, THE 29TH AUGUST 2022, AT 10H00 IN THE MAYOR'S BOARDROOM, ALICE

CLLR. ZM. RASMENI
CHAIRPERSON:
EXECUTIVE COMMITTEE

26/08/2022

DATE

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SPECIAL EXCO MEETING OF RAYMOND MHLABA MUNICIPALITY

29 AUGUST 2022

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99/2022	**PERFORMANCE AGREEMENTS OF SECTION 57 DIRECTORS**	**321-461**
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ITEM: 97/2022

UNAUDITED ANNUAL REPORT FOR THE YEAR ENDING JUNE 2022

1. PURPOSE

To request the Executive Committee to note and to recommend to Council to note the Unaudited Annual Reports of the Raymond Mhlaba Municipality and Raymond Mhlaba Economic Development Agency for the year ending June 2022.

2. BACKGROUND

The Annual Report is one of the key instruments of transparent governance and accountability. It is a post financial year document which provides an overview of the process of financial and non-financial performance in respect of the previous financial year. In accordance with MFMA circular 63, the Annual Report of a municipality and its municipal entity must be tabled in the municipal council on or before 31 August each year. In order to enhance oversight functions of Councils, please note that this must be interpreted as an outer deadline; hence municipalities must submit the Annual Reports as soon as possible after year end, namely, August. The entire process is concluded in the first or second week of December for all municipalities, the same year in which the financial year ends and not a year later.

Section 121 (1) of the Municipal Finance Management Act mandates every municipality and every municipal entity to prepare an annual report. In terms of section 121 (2) of the same act the purpose of the annual report is;

a) To provide a record of the activities of the municipality during the financial year to which the report relates to.
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.

In line with the above legislation, the municipality has prepared the draft Annual Report which entails a record of activities of the municipality during the year under review, annual financial statements and annual performance report.

3. LEGAL REQUIREMENT

Local Government: Municipal Systems Act 32 of 2000
Local Government: Municipal Finance Management Act 56 of 2003)
National Treasury Circular 63

4. FINANCIAL IMPLICATIONS

None

5. ANNEXURES

- Draft Unaudited Annual Report of Raymond Mhlaba Municipality
- Draft Unaudited Annual Performance Report of Raymond Mhlaba Municipality
- Draft Unaudited Annual Financial Statements of Raymond Mhlaba Municipality
- Draft Unaudited Annual Report of Raymond Mhlaba Economic Development Agency.
- Draft Unaudited Annual Financial Statements of Raymond Mhlaba Economic Development Agency.

6. RECOMMENDATIONS:

It is **RECOMMENDED** that;

5.1 That the 2021/2022 Draft Unaudited Annual Report of Raymond Mhlaba Local Municipality be noted together with 2021/ 2022 annual performance report and the annual financial statements.

5.2 That the 2021/2022 Draft Unaudited Annual Report of Raymond Mhlaba Economic Development Agency together with the Unaudited Annual Financial Statement be noted.

5.3 That the Draft Unaudited Annual Report mentioned above in 5.1 and 5.2 be referred to the Municipal Public Account Committee for oversight.

RAYMOND MHLABA LOCAL MUNICIPALITY

DRAFT
ANNUAL REPORT
2021/2022

CONTACT DETAILS:

CONTACT	THE MUNICIPAL MANAGER
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Telephone	046 645 7400
Website	http:/www.raymondmhlaba.gov.za

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1. 2021/ 2022 Annual Financial Statements
2. 2021/2022 Annual Performance Report

CHAPTER 1: EXECUTIVE SUMMARY

1.1 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

1.1.1. INTRODUCTION TO BACKGROUND DATA

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. The municipality was formally established in 2016, through the merger of the Nkonkobe and Nxuba Local Councils following the local government elections in that year. Alice town is a legislative seat and Fort Beaufort is the administrative head of the municipality. The municipal area covers approximately 6 474 km^2, with major towns being Alice, Adelaide, Bedford, Fort Beaufort and Middledrift. Smaller settlements include Hogsback, Seymour, Balfour, Blinkwater and Debenek.

Main access corridors are the R63 from King Williams Town through Alice and Fort Beaufort 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 157 000 of which the majority about 72% resides in rural villages and farms.

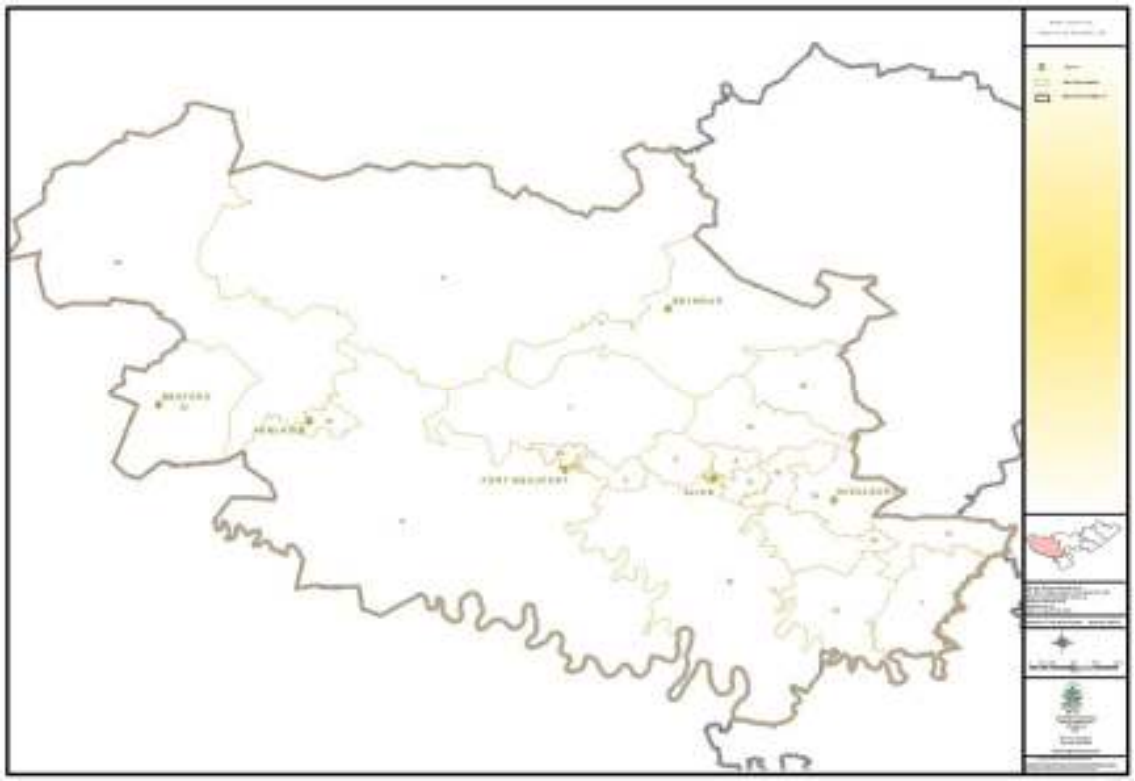
Urbanization is concentrated in Alice, Adelaide, Bedford and Fort Beaufort. The municipal area includes parts of the former Ciskei homeland and Cape Provincial Administration (CPA) areas, which means that it has a history of land expropriation and disposition in many parts due to the consolidation of land to create Ciskei in the 1960s. A distinct land tenure and land use system prevails with two distinctly different systems in the former Ciskei homeland and Cape Province areas.

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. The tourism sector remains largely unsupported and underexploited in a municipality with iconic natural resources in the form of the Amathole Mountains and national significant heritage sites. Some of the major challenges facing Raymond Mhlaba LM include infrastructure challenges and high levels of unemployment and poverty.

The municipality is the second largest local municipality covering 6 474 km2, of the surface area of the Amatole District Municipality. The municipality has the following satellite offices – Middledrift, Hogsback, Alice, Seymour, Adelaide and Bedford. The Raymond Mhlaba area is

neighboured by the boundaries of Makana Local Municipality, Blue Crane Local Municipality, Amahlathi Local Municipality, Ngqushwa Local Municipality, Enoch Mgijima Local Municipality and the Buffalo City Metropolitan Municipality.

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



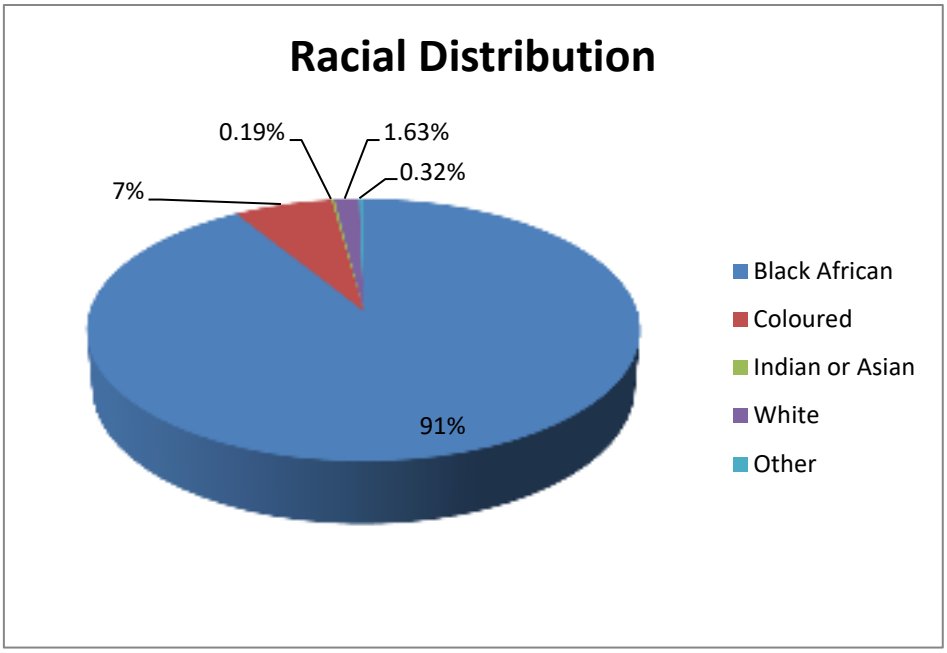
1.1.2 DEMOGRAPHIC INDICATORS

1.1.2.1 TOTAL POPULATION

The 2020 IHS Markit Regional eXplorer indicates that the total population in Raymond Mhlaba Municipality is 163 000. The municipality has 23 wards; and it is dominated by large populace which is indigent. The majority of the population of Raymond Mhlaba of just over 70% resides in both villages and farms, and minorities are located in urban dwellings. Urbanisation is mainly concentrated in Alice, Fort Beaufort, Adelaide and Bedford.

1.1.2.2 RACIAL DISTRIBUTION

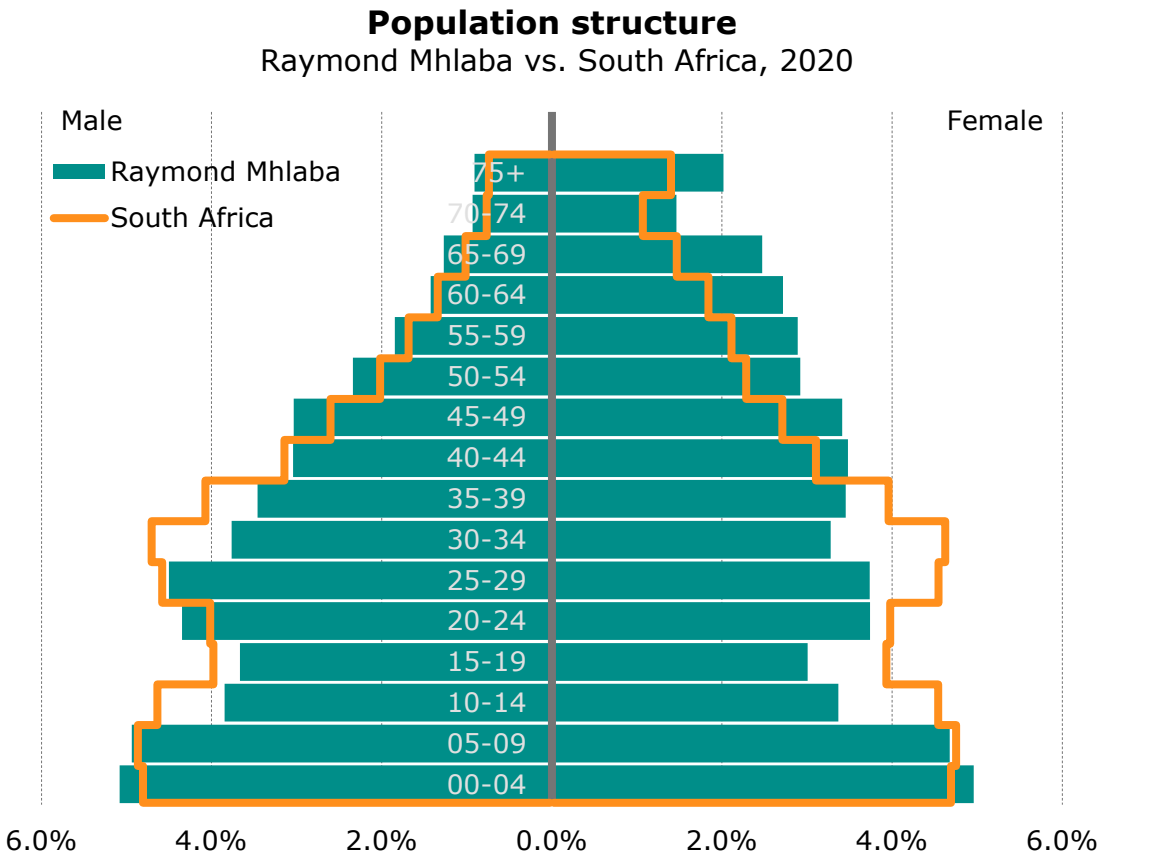
The results from the pie chart foreshadowed (below) indicate that Black Africans form majority of the total population in Raymond Mhlaba Local Municipality, whereas there is small Coloured population sporadically populated around the municipal area and Indians/ Asians and Whites being the least represented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



Source: Community Survey, 2016

1.1.2.3 POPULATION GROWTH RATE

In 2020, the Raymond Mhlaba Local Municipality's population consisted of 91.39% African (149 000), White (2 330), Coloured (11 300) and Asian (451) people. The largest share of population is within the young working age (25-44 years) age category with a total number of 46 900 or 28.7% of the total population. The age category with the second largest number of people is the babies and kids (0-14 years) age category with a total share of 26.9%, followed by the older working age (45-64 years) age category with 33 600 people. The age category with the least number of people is the retired / old age (65 years and older) age category with only 14 800 people, as reflected in the population pyramids below.



Source: IHS Markit Regional eXplorer version 2103

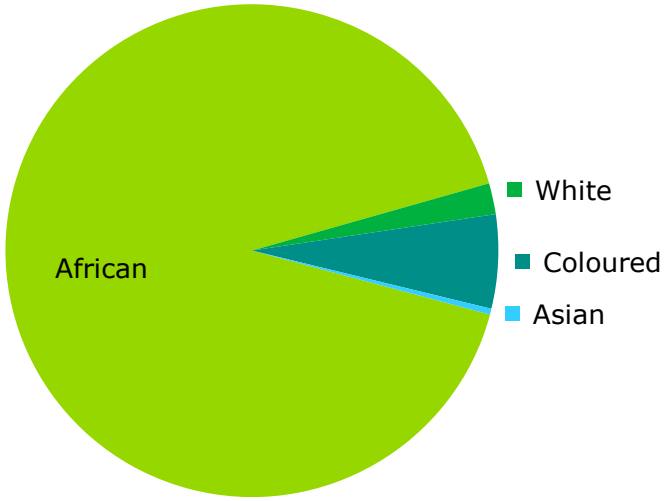
The population pyramid above, indicates that the population of Raymond Mhlaba Local Municipality is dominated by youth and women, ages from 25-44.

1.1.2.4 NUMBER OF HOUSEHOLDS

For the year under review, the municipality comprised of 45 700 households. This equates to an average annual growth rate of 0.46% in the number of households from 2010 to 2020. With an average annual growth rate of 0.53% in the total population, the average household size in the Raymond Mhlaba Local Municipality is by implication increasing. This is confirmed by the data where the average household size in 2010 increased from approximately 3.7 individuals per household to 3.8 persons per household in 2020. The composition of the households by population group consists of 91.4% which is ascribed to the African population group with the largest number of households by population group. The Coloured population group had a total composition of 6.2% (ranking second). The White population group had a total composition of

2.0% of the total households. The smallest population group by households is the Asian population group with only 0.4% in 2020.

Number of Households by Population group
Raymond Mhlaba, 2020



Source: IHS Markit Regional eXplorer version 2103

Natural Resources	
Major Natural Resource	**Relevance to Community**
Fresh Water Systems	Mariculture and Aquaculture
Biodiversity and Natural Forest	Land based projects and environmental projects
National Heritage Sites	recreation and tourism, research, education and cultural values

1.2 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

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

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

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

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

1.3 FINANCIAL OVERVIEW

The original budgeted revenue amounted to R 417 million excluding capital transfers and no adjustments for revenue were performed million. At year end revenue amounted to R 427 million, variance amounted to R10 million.

Budgeted expenditure by type amounted to R414 million and adjusted upwards to accommodate depreciation, debt impairment and other expenditure. The adjusted budget amounted to R 427 million and actual spending amounted to R443 million, variance amounted

to R 16 million. The budgeted capital expenditure amounted to R39 million, actual spent amounted to R60 million, variance R21 million.

Financial Overview: 2021/22			R' 000
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income:			
Grants	199,643,650	199,643,650	200,169,983
Taxes, Levies and tariffs	181,175,758	181,175,758	177,360,152
Other	37,061,000	37,061,000	50,074,172
Sub Total	417,880,408	417,880,408	427,604,307
Less: Expenditure	414,739,992	427,176,095	443,604,508
Net Total*	3,140,416	-9,295,687	-16,000,201
** Note: surplus/(defecit)*			*T 1.4.2*

1.4 ORGANISATIONAL DEVELOPMENT PERFORMANCE

Raymond Mhlaba Municipality acknowledges that the realisation of its growth and development objectives as well as the provision of acceptable levels of service delivery depends on the existence of an effective workforce. In acknowledging this reality, the Municipality takes a holistic approach to human resource management and development. Priority is given to skills and capacity development initiatives, change management, development and implementation of policies that support individual development while also striving to create an exciting workplace for full realization of everyone's potential in order to improve competencies and efficiencies. The ability to evolve and respond to individual employee needs is also a critical imperative for the Municipality.

1.5 AUDITOR GENERAL REPORT FOR 2021/2022

THE INFORMATION WILL BE AVAILABLE ONCE THE AUDIT HAS BEEN CONCLUDED.

1.6 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft 201/2022 Annual Report to Internal Audit and Audit Committee	August
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities	
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	September – December
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	
12	Municipalities receive and start to address the Auditor General's comments	
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	

1.7 COMMENTS ON THE ANNUAL REPORT PROCESS:

This Annual Report reflects on the performance of the Raymond Mhlaba Local Municipality as well as the achievement obtained and challenged encountered by the municipality during the

year under review. This Annual Report provides a full reporting version as required by National Treasury's MFMA Annual Report Circular 63 and is structured as follows:

Chapter 1: Mayor's Foreword and Executive Summary

Chapter 2: Governance

Chapter 3: Service delivery performance

Chapter 4: Organizational development performance

Chapter 5: Financial performance

Chapter 6: Auditor-General Audit Findings

APPENDICES

CHAPTER 2 – GOVERNANCE

2.1 INTRODUCTION TO GOVERNANCE

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

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

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

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.2 INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

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

Manager and 5 Directors which constitutes a Senior Management Committee (SMC) that is chaired by the Municipal Manager. The committee sits every first Tuesday of each month, (Monthly basis) to address both strategic and operational matters.

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

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

2.3 POLITICAL GOVERNANCE

2.3.1 INTRODUCTION TO POLITICAL GOVERNANCE

The political arm is comprised of 46 Public elected representatives (Councillors) The elected public representatives represent the views of their political parties in Council. The Council is made up of three (3) political parties namely, the African National Congress (ANC) Democratic Alliance (DA) and the Economic Freedom Fighters (EFF).

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

MAYOR: COUNCILLOR ZINGISWA RASMENI

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

SPEAKER OF COUNCIL: COUNCILLOR THOZAMA NGAYE

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

CHIEF WHIP OF COUNCIL: COUNCILLOR NONKAZIMLO MLAMLA-KLAAS

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

POLITICAL STRUCTURE

MAYOR
Cllr Zingiswa Rasmeni

SPEAKER
Cllr Thozama Ngaye

CHIEF WHIP
Councillor Nonkazimlo Mlamla-Klaas

EXECUTIVE COMMITTEE:

Cllr Zingiswa Rasmeni
Cllr Bukelwa Tyali
Cllr Nomhle Sango
Cllr Portia Sabane
Cllr Anele Ntsangani
Cllr Sinethemba Mjakuca
Cllr Sithembela Zuka
Mhlangabazi Nombombo
Cllr Ernst Lombard

2.3.2 COUNCILLORS

The Raymond Mhlaba Council is composed of 45 councillors of which 23 are Ward Councillors and the remaining Councillors are Proportional Representatives Councillors (PR). Councillors of Raymond Mhlaba Municipality contribute to the strategic direction of the municipality through their participation in the development in the development and review of the Integrated Development Plan. Furthermore, Council received a Government Gazette appointing 10 traditional leaders to participate in the municipality in line with the provisions of section 83 of the Local Government Municipal Structures Act, 1998 as amended, read with Traditional Leadership and Governance Framework Act 2003. The traditional leaders participate in all council committees except the Executive Committee. Council adopted a schedule of meetings which provided for the meetings of Council to be held at least 4 times a year, except where circumstances require the convening of a special meeting of Council.

2.3.3 COMMITTEES OF COUNCIL

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

The following Councillors are chairpersons of the above mentioned committees:

NO.	NAME	COMMITTEE
1.	Cllr B. Tyali	Corporate Services Committee
2.	Cllr N. Sango	Engineering Services
3.	Cllr A. Ntsangani	Finance Committee
4.	Cllr S. Zuka	Community Services Committee
5.	Cllr S. Mjakuca	Strategic Planning and LED Committee
6.	Cllr P.Sabane	Sports and recreation Committee

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

1. Municipal Public Accounts Committee (MPAC)

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

2. Petitions committee

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

3. Ethics Committee

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

4. Rules Committee

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

5. Women Caucus

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

2.3.3.2 Performance and Audit Committee

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

- Internal audits

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

COMPOSITION OF THE PEFRORMANCE & AUDIT COMMITTEE AND ATTENDANCE OF MEETINGS

List of Members and meetings held during as end June 2022:

NO	*Name of members*	*Meeting dates and Description of meeting*	*Attendance*
1.	Mr Wayne Manthe (Chair): ***Chairperson of the Audit Committee***	29/09/2021 24/11/2021 06/04/2022	All members
2.	Mr Samkelo Mxunyelwa: ***Chairperson of Performance Audit Committee***		
3.	Ms Sisanda Lehlehla		
4.	Dr Ngwadi Mzamo		
5.	Mr Mxolisi Skosana		

2.3.4 POLITICAL DECISION-TAKING

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

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

delivery. Council resolutions are taken on the basis of reports and recommendations made by the Committees.

2.4 ADMINISTRATIVE GOVERNANCE
INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

2.4.1 INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Administrative Arm of the municipality is driven by the Municipal Manager: Ms U.T Malinzi as the Accounting Officer. The Municipal Manager is supported by a team of five (5) Directors. The municipal administration has the overall responsibility for management and strategic direction of the municipal business affairs. Other duties of the Municipal Administration include planning, reporting and accountability, enforcing internal controls revenue enhancement etc.

TOP ADMINISTRATIVE STRUCTURE

MUNICIPAL MANAGER

Ms Unathi Malinzi

DIRECTORS:

Director Corporate Services
Mr Mzwandile Nini

Director Engineering Services
Mr Daluxolo Mlenzana

Acting Director Community Services
Ms Nosimphiwo Speelman

Chief Financial Officer
Mr Mveleli Ngxowa

Director Strategic Planning & LED
Dr. Lulamile Donacious Hanabe

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.5 INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Raymond Mhlaba Local Municipality has fostered Intergovernmental Relations (IGR) to ensure the coordinated delivery of services to citizens. This aligns with the Intergovernmental Relations Framework Act, Act No 13 of 2005, which requires all spheres of Government to coordinate, communicate, align and integrate service delivery to ensure effective access to services. The IGR is a forum that is chaired by the Mayor, and includes Portfolio Heads, Senior Managers of departments in Raymond Mhlaba Municipality as well as Senior managers within the municipality. Government departments in this forum present their programmes within the municipal space for the year as well as programmes they want the municipality to be involved in.

2.5.1 PROVINCIAL INTERGOVERNMENTAL STRUCTURES

The Municipal Manager seats in the provincial structure called the Ministers and Members of Executive Council meeting (MuNIMEC). This is where all Ministers, MECs, Municipal Managers, Mayors and Heads of Departments sit. In terms of the value obtained from the meetings; it is challenging to quantify it. There are thorny issues that the municipality has over the years raised in the local structures, and these have been escalated to both the DIMAFO (Mayor's forum) and the provincial IGR structure (MuNIMEC).

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.6 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

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

The following consultations were facilitated, among others:

- IDP and Medium-term Revenue and Expenditure Framework (MTREF)

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

2.6.1 COMMENT ON SATISFACTION LEVELS:

Raymond Mhlaba Local is committed to effective and efficient delivery of services. Accordingly, the municipality acknowledges that this can only be achieved by engaging residents so as to understand their concerns and priorities. Through the ongoing outreach processes, the municipality aims to build a collective and shared vision of the future of the entire Raymond Mhlaba jurisdiction. The processes enable stakeholders to express their interests, concerns, fears and aspirations for the future of Raymond Mhlaba.

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. The Raymond Mhlaba Municipality has ward committees members in each ward. They are always invited to participate in municipal activities as required in terms of the Municipal Systems Act, No 32 of 2000.

2.8 IDP PARTICIPATION AND ALIGNMENT

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

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

COMPONENT D: CORPORATE GOVERNANCE

2.9 RISK MANAGEMENT

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

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

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

The strategic risk profile for 2021-22 had 14 risks which were monitored and managed on an ongoing basis through various risk governance structures. Operational risk profiles were also developed and monitored for all departments.

Below is the list for top 5 high strategic risks:

No	LINK TO STRATEGIC OBJECTIVE(S)	RISK DESCRIPTION	ROOT CAUSES	CURRENT CONTROLS	LIKELIHOOD	IMPACT	EXPOSURE	RESULT
1	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2022	Poor service delivery	1. Ailing infrastructure, 2.Poor/ Lack maintenance of infrastructure. 3. Lack of upgrading as the demand increases 4. Insufficient budget allocation	1. Maintenance plans in place 2. Human Capital 3. Plant and Machinery	4	4	16	High
2	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2022	Inability to implement effective infrastructure project.	1. Poor performance of service providers 2. Financial constraints 3. Lack of in-house capacity 4. Poor Monitoring of projects	1. Technicians for monitoring projects 2. Project plan is in place. 1.Hygiene protocols: Distribution and careful placement of COVID-19 related posters; Provision of hand sanitizers and masks; All staff and students to adhere to screening protocols at entrances to campuses and facilities;	4	4	16	High

3	To ensure effective and efficient workforce by aligning institutional arrangements to the overall strategy to deliver quality services by 2022	Increase employee cost in comparison to current budget	1. Amalgamation	1. Organogram in place	4	4	16	High
4	To ensure sustainable Local Economic Development (LED) by 2022	1. Inability to facilitate programmes that may provide support to LED initiatives. 2. Non existence of LED strategy	1.No prioritization of funding applications 2.Parallel structures of farmers 3.Insufficient Budget	1. Memorandum of understanding with UFH 2. Partnerships with local farmers 3. Business forums in place	4	5	20	High
5	To ensure financial sustainability in order to fulfil the statutory requirements by 2022.	Low revenue base	1. Rural state of municipality 2. Increase in indigent debtors/unemployment rate 3. Financial burdens caused by amalgamation	1. Additional revenue from different sources/investors	4	4	16	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 30% of procurement to be prioritized for local SMME's. The municipality has met this target for the financial year. The municipality has also targeted that 70% of its procurement should be for vulnerable groups e.g women, youth, disabled and military veterans for threshold under R200 000.00. In the 2021/22 financial year the municipality has procured more than 76% from local SMME's.

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

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

The municipality is planning on capacitating its local SMME's by conducting a supplier day in the begging of the following year.

2.11 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

Capital Expenditure Year 2021/2022: ICT Services					
Capital Projects	**2021/2022**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
ICT Server and Website	786520		786520,00		

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

Information Communication Technology Unit has ensured that stability of business systems and network infrastructure within the organization is maintained, which required constant performance monitoring. The Municipal website was upgraded with continuous maintenance. To improve corporate governance of ICT, new policies were developed and submitted to Council for approval and are reviewed continuously. An Internet service upgrade has been performed in all municipal offices including the previously disadvantaged sites i.e. Hogsback and Seymour. Continuous upgrade of ICT Infrastructure in a phased approach is implemented. A functional ICT Steering Committee was established to enhance ICT monitoring and performance.

2.12 CUSTOMER CARE

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

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1 INTRODUCTION

This chapter presents the performance of the Municipality over the 2021/2022 financial year. In the main, the focus is on performance against predetermined objectives as presented in the SDBIP scorecard approved by Council. The Municipality identified the following strategic pillars to anchor its development objectives and guide the implementation of programmes for effective service delivery:

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

Over the financial year under review, the Municipality committed to improve effectiveness in the provision of basic services in order to restore the living conditions of disadvantaged residents while maintaining good service standards in the affluent and previously serviced areas. The provision of roads and storm water networks, waste management, electricity, housing, disaster management, emergency services such as firefighting, social programmes for the elderly and other vulnerable groups were all identified as priority focus areas.

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

COMPONENT A: BASIC SERVICES

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

3.2 INTRODUCTION TO BASIC SERVICES

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

3.3 INTRODUCTION TO ELECTRICITY

Electricity department is expected to execute applications of new connections and reconnections to Raymond Mhlaba residence (Fort Beaufort, Adelaide and Bedford) within in the municipality area of electricity supply .The departments executes the maintenance of the electrical infrastructure within the municipality area of supply, this includes maintenance of streetlights and highmast lights .

The top 3 deliveries that the municipality prioritised are;

1. New connections
2. Electrical infrastructure maintenance
3. Electricity meter audits and meter reading

The table below shows the annual progress as at end June 2022;

Number of faults attended	Streetlights maintenance (Adelaide, Bedford, Fort Beaufort, Seymour, Alice and Middledrift	Highmastlights maintenance (Adelaide ,Bedford, Fort Beaufort ,Seymour, Alice and Middledrift)
5000	490	33

BASIC SERVICE DELIVERY						
REF	**PRIORITY AREA**	**STRATEGIC OBJECTIVE**	**Outcome Based Indicator**	**Baseline**	**2021 - 2022 Annual Target**	**2021/ 2022 Actual performance**
BSD 19	Electricity	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2022	Number of illegal connection audits conducted	4	4	4 illegal electricity connections have been conducted
BSD 20		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2022	Percentage of new connections and reconnections completed	100%	100%	100% new connections and reconnections completed **(33/ 33*100= 100%)**

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The Electricity section of RMLM deals with day-to-day maintenance and repairs of the electrical infrastructure in Fort Beaufort, Adelaide and Bedford. These include, but not limited to, maintenance of highmast and streetlights, providing supply for new customers,

maintaining/replacing faulty meters, attending to cable/line faults etc. Some parts of the electrical network are vulnerable and requires upgrade to mitigate power outages.

Eight new highmasts have been erected in different areas (Alice-1,Middledrift-1, Fort Beaufort-3, Seymour-2 and Adelaide-1) of which 3 are to be connected to the electrical network of the municipality and the other 5 are awaiting connection from Eskom.

3.4 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

Waste Management is the primary function of the municipality as enshrined in the Constitution of RSA, 1996, Part B Schedule 5. The municipality collects refuse on a weekly basis in the following areas: Fort Beaufort, Alice, Middledrift, Hogsback, Seymour, Adelaide and Bedford. The service is rendered only in urban areas. Refuse in businesses and households is collected as per the municipal refuse schedule which is based on the volume of waste generated. Only a few number of business premises have proper refuse storage facilities and there have been campaigns made to encourage them to construct such storage facilities. Businesses are also encouraged to call the municipality when they have consumed large volume of waste to avoid refuse being put in front of their shops, but that is still a challenge as some of the are still doing it. The waste that is collected is disposed off to the waste disposal sites namely; Alice, Middledrift and Bedford. All these disposal sites are permitted but need to be reconstructed I order to comply with the National Environmental Waste Act (NEMWA). During the year under Peace Officers have been able to enforce by-laws on problem areas identified within the central business and urban areas.

Recycling initiative

Four recycling initiatives have been operational in different towns namely; Bedford, Adelaide, Fort Beaufort and Alice. Business plan have been submitted to DEA and DEDEAT for funding. However, the process has been put on hold due to funding applications cycle that has passed. The municipality has also entered in a partnership with SPRUCE UP to assist in the recycling initiatives. The structure is complete within the Alice disposal site that will serve as an area where recycling will take place, Eskom is busy with the installation of electricity. A training on

Co-operatives in Waste Management:

The municipality has appointed 4 co-operatives for waste management and refuse collection in Alice, Fort Beaufort, Seymour, Hogsback and Middledrift. These co-operatives provide refuse trucks, personnel and issuing of bin liners to each household in areas they are servicing.

These co-operatives are contracted for a period of twenty four months as means of encouraging economic growth to SMME's within Raymond Mhlaba.

Projects funded by the Department of Forestry, Fisheries and Environment:

Fify eight (58) participants were employed for a period of 6 months to assist the municipality with cleaning and mopping of areas affected by the recent floods. A workshop to reduce Waste generation and promote recycling was conducted on 9 June 2022 at Fort Beaufort town hall.
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3.5 HOUSING

One of the serious problems facing South Africa is the backlog in low cost housing provision, and Raymond Mhlaba Local Municipality is no different from the national reality. The Raymond Mhlaba Local Municipality is a Category B Municipality which means when it comes to the provision of low cost housing it is mainly responsible for the coordination and ensuring adequate provision of housing for its residents through amongst other things Beneficiary administration, ensuring land availability and suitability then the Department of Human settlements is the one responsible for the actual implementation of the projects.

Human Settlements (Shelter) is unarguably one of the basic inevitabilities of the human race. It used to be ranked second after food in the hierarchy of human needs. Raymond Mhlaba Local Municipality is striving with the challenge of ensuring access to adequate human settlements to all its inhabitants. Delivery of human settlements is underpinned by the principles of promoting sustainable dignified communities, economic viability and urban integration.

The major challenges are inter alia with:

- Upgrading of informal settlements.
- Identify land for human settlements development.
- Facilitate integration and viability of sustainable human settlements.
- Spatial integration primarily through infill development.
- Revitalization of small towns within the Local Municipality
- Promotion of medium density housing, such as, Community Residential Units (CRUs) and Social Housing

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Raymond Mhlaba LM has a free basic services unit which is discharged at ensuring that all indigent households within the jurisdiction of the municipality receive free basic services. There is an indigent policy in place which regulates the whole indigent beneficiary programme. A register of qualifying beneficiaries is maintained on a monthly basis and only person(s) in this

register gets the subsidy. As of June 2022 all qualifying indigent households who registered in the database of the municipality have received the indigent support. The services rendered under this programme are as follows;

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

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

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

COMPONENT B: ROADS AND STORMWATER

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

3.7 INTRODUCTION TO ROADS

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

All the households have the access to gravel or surfaced roads. The gravel roads are maintained according to the work schedule of the Engineering Department and also immediately after rainstorms. The surfaced roads are maintained from the operating maintenance budget. The quality and standards of the roads are in a poor condition.

Stormwater drainage: 2021/2022		
Outcome Based Indicator	**TARGET**	**ACTUAL PERFORMANCE**
Number of stormwater drainage maintained	100	898

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

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

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

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

3.8 INTRODUCTION TO PLANNING AND DEVELOPMENT

Town Planning and Land Use Management is a very important component in ensuring coordinated and proper development as well as investor attraction within the Municipality as in its nature ensures compliance with relevant statutory framework as well as guides development through the development of the Spatial development Frameworks, development and enforcement of By-Laws . In view of the above, in June 2022, the municipality developed and approved its Land Use scheme (LUMS) in accordance with the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013). This scheme considers various aspects such as integration, topography, infrastructure, environmental concerns, existing and future developments. It will have direct impact on property values, business development and ultimately rates income for the municipality. It would also introduce a more uniform and development facilitation land management system that could form the basis for sustainable development in the municipality for a long-term period.

3.9 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

3.9.1 INTRODUCTION TO ECONOMIC DEVELOPMENT

The outbreak of the Covid-19 pandemic in March, 2020, found a susceptible South African Economy, to this effect; the pandemic deepened the economic crisis and had significant impact particularly on Small Enterprises and Formal Sectors. Many people lost their jobs, many have gone without income for extended periods, job losses concentrated among low income earners, deteriorating already undecorated inequalities despite the government's decisive and pro-poor response with transfer programs that partially mitigating the damaging impacts of the

pandemic. Low-wage workers suffered almost multiple times more job losses than high-wage earners and Raymond Mhlaba Municipality was no exception as many of these workers depend on seasonal jobs (citrus)

Furthermore, the Country has led efforts to keep children safe in classrooms, as much as possible, since the COVID-19 outbreak, however, there has been a gradual improvement in the level of education in Raymond Mhlaba and the population is relatively well educated compared with other municipal areas in the province, The overall education levels are still quite low. There is a large proportion of the population who are unable to be fully economically active members of the community due to the fact that they are unemployable. This impacts on income levels of the community and reduces the potential for economic growth. Another could be the lack of employment opportunities for more skilled workers, which reduces the incentives for further study. Skilled people are more likely to leave the area to look for work or higher paying work elsewhere, reducing the skills available in the area.

The municipality is in the process of reviving the LED forum for all stakeholders to participate in local economic development issues within the area. A long term and shared vision on how to develop and drive a robust and inclusive local economy with a view to create job opportunities and eradicate poverty should be realized by the LED forum. It is imperative that systematic baseline data (for example, socio-economic data) must be gathered before the initiation of a policy project and on-going monitoring process must take place throughout the lifespan of the project and even after its completion in order to enable effective evaluation of that project.

Generally, cooperatives in Raymond Mhlaba are black owned, run by the elderly individuals who barely have any skill capacity, and the legacy still continues to exist, and this leaves cooperatives unsustainable even if they are skilled, they suffer from natural attrition due to old age. Most cooperatives and group enterprises are started with unemployed people, often with low technical skill capacity levels and no prior business experience in economically marginal areas; hence their chance of success is reduced to the absolute minimum. The Cooperative Act No.14 of 2005 spells out how cooperatives should operate and as such the Municipality has assisted local cooperatives in the form of training and legal registration. However, there is new amendment Act No. 6 of 2013 which seeks to address the strengthening of Cooperative governess, adhering to cooperative regulations as per cooperative constitution and to ensure the effective directorship, leadership and management of the cooperative.

Furthermore, to enhance the effective, financial viability and stability, the Department of Trade and Industry, Eastern Cape Development Corporation, SEDA and DEDEAT has got funding for SMME development and the municipality has explored these funding opportunities by assisting SMME in developing their business plans for funding. Auditing of SMME’s is of essence to ensure that the municipality has statistical information of its SMME’s. A need to

develop an SMME strategy is still a priority and for sustainable projects. The municipality is working hand in hand with RMEDA for registration of new SMME's.

Tourism focuses on the following targets, to develop and promote tourism, social history and heritage. The rate of loss of employment is threatening to exacerbate the poverty levels. LED is a sub-national action within the context of a local Labour market. The assumption is that the intervention by local authority, and its community and private sector partners, can assist in creating an environment and infrastructure conducive to investment, and can provide seed funding and give advice that contributes towards Agric - Tourism development. In order to strengthen tourism development and marketing, Raymond Mhlaba Municipality is working in partnership with the Community Tourism Organization and Raymond Mhlaba Municipality Local Tourism Organization, the two structures play a crucial role on driving tourism development. To explore hunting, game farming, eco-tourism and promote adventure tourism in Raymond Mhlaba Municipality. To leverage off existing and potential tourism products in Raymond, Raymond Mhlaba Local Tourism Organization in partnership with tourism unit has developed and designed a tourism marketing brochure, in order to market Raymond Mhlaba Municipality as leading tourist destination in Amathole District Municipality.

Tourism sector was virtually decimated by the COVID Lockdown, which affected the value chain connected to the industry, like catering, retail, agriculture, transport etc, however, the tourism unit has developed ever since and also promoted tourism products to stimulate the local economy with a view of creating employment opportunities. The Tourism Unit in partnership with Raymond Mhlaba Crafters Association has converted and refurbished the Arts and Craft Shop in Alice Tourism Offices Complex whereby all the handmade arts and craft items produced in Raymond Mhlaba will be displayed and sold. Raymond Mhlaba Municipality in partnership with the Eastern Cape Parks and Tourism Agency have established a homestays project in Alice. Homestays refers to the experience of tourists or visitors living together with a selected host family while interacting and experiencing the day to day life of the family, including their cultural lifestyle. It is a private residence that accommodates paying guests who enjoys staying in the comfort and security of family home. The homestays are intended to provide visitors with accommodation, a taste of township, village and urban lifestyle attempting to provide authentic cross cultural experience. The tourism unit is supporting the emerging tourism entrepreneurs and facilitating the capacity building programmes in partnership with other relevant stakeholders.

LOCAL ECONOMIC DEVELOPMENT						
REF	**PRIORITY AREA**	**STRATEGIC OBJECTIVE**	**Outcome Based Indicator**	**Baseline**	**2021 - 2022 Annual Target**	**2020/ 2021 Actual performance**
LED 1	Unemployment	To ensure sustainable Local	Number of jobs created	200	200	439

		Economic Development by 2022	through Capital Projects			
LED 2		To ensure sustainable Local Economic Development by 2022	Number of jobs created through EPWP	New Indicator	200	691
LED 3		To ensure sustainable Local Economic Development by 2022	Number of jobs created through LED initiatives	92	50	0
LED 4		To ensure sustainable Local Economic Development by 2022	Number of economic activities supported	4	4	3 economic activities supported
LED 5	SMMEs	To ensure sustainable Local Economic Development by 2022	Number of SMMEs supported by the Municipality	13	10	44 SMME's supported

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.10 INTRODUCTION TO COMMUNITY

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

3.10.1 Cemeteries

Raymond Mhlaba Municipality currently has a total of eleven (11) cemeteries that are located in urban areas. All of the cemeteries are almost full to capacity as such the municipality has identified new sites through the assistance of the town planning section in all our towns and as such the Environmental Impact Assessment needs to be conducted in ensuring that the identified sites meets the required standards. The municipality continues to roll out the fencing of rural cemeteries. This is done in consultation with ward councillors. Their responsibility is to identify which cemetery to be fenced. The fence is procured and later erected per identified

space making use of local youth.This is to ensure that the project is owned by the communities while the same youth receives income.

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. All the municipal halls need major renovations and as such the office has been receiving numerous complaints about the conditions of such properties. During the year under review, four halls were renovated namely; Adelaide, Fort Beaufort, Alice and Bedford town hall. The Bedford Hall was done with assistance from Amakhala Emoyeni Wind Farm**.**

3.10.3 Libraries

Raymond Mhlaba Municipality has eight public libraries in the following areas; Bedford x 1, Adelaide x 2, Alice x 1, Fort Beaufort x 3 and Seymour which the municipality is rendering the service on behalf of the Department of Sport, Recreation, and Arts & Culture (DSRAC). On a yearly basis the municipality is requested to submit a business plan which outlines the activities that will be carried out within these libraries for DSRAC to fund those. The municipality is also required to enter into an MOA with Department which outlines the responsibilities of each party. Renovations in Alice Library has been completed and facility is in use by the public. Town Library is also under renovations which is funded by the Department of Public Works. Challenges relating to the arrangement is that the subsidy received to deliver this service do not cover 100% of the expenses of library services. This impact negatively on the rolling out of programmes of the library services to communities. Also, the municipality is experiencing vandalism in these facilities due to the lack of security.

3.12 INTRODUCTION TO CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

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

COMPONENT E: HEALTH

This component includes: clinics and hospitals.

3.13 INTRODUCTION TO HEALTH

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

COMPONENT F: DISASTER AND SAFETY

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

3.14 FIRE SERVICES
INTRODUCTION TO FIRE SERVICES

Raymond Mhlaba Municipal Fire & Rescue Department as a first responder to incidents is dedicated to protecting and serving the entire community with a commitment to professionalism and performance excellence. Prevention of human life from fire and other hazards, advance public safety through fire prevention, investigation and education is amongst the core responsibility of the unit.

Fire Prevention:
Improve quality of life through pro-active services, including education, inspection and awareness campaigns.
Fire Administration:
Provide leadership and visionary and direction for the Raymond Mhlaba Fire and Rescue Services.

PERFORMANCE IMPROVEMENT:

i. Trained staff appointed
ii. One Rapid Response Vehicle to attend to rescue related incidents,
iii. One medium pumper with the capacity of 6 000 L of water
iv. Main Fire base in Fort Beaufort operational,
v. Adelaide satellite base opened and operational,
vi. Alice satellite fire station established and operational.

Fire Service Data

	Details	2020/ 2021	2021/ 2022		2023/2024
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires *attended* in the year	48		80	
2	Total of other incidents attended in the year	72		50	
3	Average turnout time - urban areas	30 minutes		30 minutes	3min to 15 minutes
4	Average turnout time - rural areas	60 minutes		60 minutes	60 minutes
5	Fire fighters in post at year end	7		8	12
6	Total fire appliances at year end	2		2	2
7	Average number of appliance off the road during the year	2		2	3

After hours the crew is placed on stand by and responds from home, making turnout time very long. The time between the caller and the departure time from the base is extended by the fact that responders are to be fetched from home.

3.15 INTRODUCTION TO TRAFFIC SERVICE

Traffic services unit is responsible to carry the following functions;

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

Traffic Service Data

	Details	2020/ 21	2021/ 2022		2023/ 2024
		Actual No.	Estimate No.	Actual No.	Estimate No.
1.	Number of road traffic accidents during the year	109	200	100	120
2.	Number of by-law infringements attended	11	14	9	12
3.	Number of traffic officers in the field on an average day	9	9	9	9
4.	Number of traffic officers on duty on an average day	9	9	9	9

COMPONENT G: SPORT AND RECREATION

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

3.16 INTRODUCTION TO SPORT AND RECREATION

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

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

INTRODUCTION

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

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

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, Vacancies AND Turnover rate

Raymond Mhlaba Municipality currently employs 1063 (including contract employees) officials, who individually and collectively contribute to the achievement of municipality's objectives. The primary objective of the Human Resources Management is to render an innovative HR service that addresses both skills development and an administrative function.

4.1.1 EMPLOYEE TOTALS

Description	2021/2022	2020/2021			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Municipal Manager Office	2	2	2	0	100%
Communications	3	4	3	1	25%
Internal Audit	3	4	3	1	25%
Office of the Speaker	7	9	7	2	22%
Office of the Mayor	3	4	3	1	0%
Strategic Planning and Local Economic Development	18	26	18	6	23%
Local Economic Development	15	20	15	5	25%
IDP & PMS	3	4	3	1	25%
Finance	2	2	1	0	0%
Budget	4	4	4	0	0%
Asset	2	5	2	1	60%

Revenue	28	34	28	6	18%
Expenditure	4	5	4	1	20%
Supply Chain	8	10	10	0	0%
Corporate Services Director & Secretary	2	2	2	1	50%
Council Support and Records Management	18	19	18	1	5.3%
ICT	4	5	4	1	20%
Administration	40	50	40	8	16%
Human Resources	13	14	13	1	7.6%
Fleet	21	37	21	16	43%
Community Services	2	2	2	2	0%
Waste and Social Needs	91	104	96	8	7.7%
Fire and Disaster Management	8	33	8	25	76%
Law Enforcement Manager	1	1	1	1	0%
Peace Officer	6	10	6	4	40%
Traffic & Admin	16	38	18	18	32%
Rangers	07	07	07	0	0%
Pound Master	4	7	7	3	43%
Security	39	44	39	5	11%
Engineering	1	2	2	2	0%
Housing and Landuse	22	38	22	16	42%
PMU	5	6	5	1	20%
Civil Works	31	37	37	6	16%
Roads and Storm water	39	55	53	2	3.6%
Electricity Services	26	38	28	12	32%
Council	03	03	03	0	0%
Totals	**499**	**706**	**533**	**142**	

4.1.2 VACANCY RATE

Vacancy Rate: 2020/2021			
Designations	***Total Approved Posts** **No.**	***Vacancies (Total time that vacancies exist using fulltime equivalents)** **No.**	***Vacancies (as a proportion of total posts in each category)** **%**
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	4	1	25%
Other S57 Managers (Finance posts)	0	0	0%
Security officers	44	10	23%
Fire fighters	25	18	72%
Senior management: Levels 13-15 (excluding Finance Posts)	21	5	24%
Senior management: Levels 13-15 (Finance posts)	6	3	50%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	81	7	8.6%
Highly skilled supervision: levels 9-12 (Finance posts)	18	7	38.8%
Total	**201**	**51**	25%

4.1.3 TURN-OVER RATE

Turn-over Rate			
Details	**Total Appointments as of beginning of Financial Year** **No.**	**Terminations during the Financial Year** **No.**	**Turn-over Rate***
Year 2019/20	120	11	9.1%
Year 2020/21	120	20	20.4%
Year 2021/22	1	21	2.1%

COMMENT ON VACANCIES AND TURNOVER:

The institution encountered 7 Deaths, 6 resignations, 5 dismissal and 3 retirements.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	**Completed %**	**Reviewed %**	**Date adopted by council or comment on failure to adopt**
1	Whistle Blowing	x	100%	22 May 2022
2	Internal Sport & Recreation	x	100%	22 May 2022
3	Housing& Rental for Staff	x	100%	22 May 2022
4	Imprisonment	x	100%	22 May 2022
5	Councillor Employee Assistant Programs	x	100%	22 May 2022
6	Records Management	x	100%	22 May 2022
7	S & T	x	100%	30 August 2021
8	Employee Assistance / Wellness	x	100%	30 August 2021
9	Employment Equity Plan	x	100%	30 August 2021
10	Exit Management	x	100%	30 August 2021
11	Grievance Procedures	x	100%	30 August 2021
11	HIV/Aids	x	100%	30 August 2021
12	Human Resource and Development	x	100%	30 August 2021
13	Information Technology	x	100%	30 August 2021
14	Job Evaluation	x	100%	30 August 2021
15	Leave	x	100%	30 August 2021
16	Occupational Health and Safety	x	100%	30 August 2021
17	Smoke	x	100%	30 August 2021
18	Substance Abuse	x	100%	30 August 2021
19	Attendance & Punctuality	x	100%	30 August 2021
20	ICT users access Management	x	100%	30 August 2021
21	ICT Security Management	x	100%	30 August 2021
22	ICT Email	x	100%	30 August 2021
23	Telephone	x	100%	30 August 2021
24	Recruitment & Selection	x	100%	30 August 2021
25	Dress code	x	100%	30 August 2021
26	Bursary	x	100%	30 August 2021
27	Sexual Harassment	x	100%	30 August 2021
28	Skills Development	x	100%	30 August 2021

29	Insurance	x	100%	30 August 2021
30	Succession	x	100%	30 August 2021
31	Exit Management	x	100%	30 August 2021
32	Danger Allowance	x	100%	30 August 2021
33	Performance Management and Development	x	100%	30 August 2021

4.3 INJURIES, SICKNESS AND SUSPENSIONS

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

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**	**Estimated cost** **R' 000**
Lower skilled (Levels 1-2)						
Skilled (Levels 3-5)	250	30%	102	173	2	
Highly skilled production (levels 6-8)	286	20%	89	198	1	
Highly skilled supervision (levels 9-12)	109	25%	48	99	1	

Senior management (Levels 13-15)	74	15%	13	21	4	
MM and S57	9	20%	2	6	1	
Total	**728**	**105%**	**254**	**497**	9	

COMMENT ON INJURY AND SICK LEAVE:

One employee got injured on duty during this financial year. The case was attended to and reported to the Department of Labour.

Number and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**
Payroll Officer	Financial misconduct	February-2020	Suspension extended in June to August 2021 for hearing	Hearing held in July 2021
Payroll Officer	Financial Misconduct	November 2021	Case has been reported outside	In progress
HR Manager	Alleged misconduct	15 December 2021	August 2022	In progress

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	**Nature of Alleged Misconduct and Rand value of any loss to the municipality**	**Disciplinary action taken**	**Date Finalised**
Payroll Officer	Financial misconduct (R 100 000.00)	On Suspension	In progress
Payroll Officer	Financial misconduct (4 000 000.00)	On Suspension	In progress

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

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

4.4 PERFORMANCE REWARDS

No performance rewards were paid under the period under review.

4.5 DISCLOSURES OF FINANCIAL INTERESTS

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

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

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

One of the key programmes was the implementation of the Workplace Skills Plan wherein employees and previously disadvantaged persons were trained on acquire skills. A plan was developed and submitted to the LGSETA on time. Programs were implemented for both Councillors and employees through Institution of Higher Learning by providing education assistance. Unemployed learners were taken through learnership.

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target
MM and s57	Female	1	0	1	1	1				0	1		1	2
	Male	3	1							1	2		1	2
Councillors, senior officials and managers	Female	25	0						19	3	3		3	3
	Male	40	0						28	4	4		4	4
Technicians and associate professionals *	Female	68	0							2	2		2	2
	Male	38	4							8	9		8	9
Professionals	Female	34	1	11	15					6	6		17	21
	Male	29	4	10	15					2	2		2	2
Sub total	Female	128	1	12	16					11	12		23	28
	Male	110	9	10	15					15	17		15	17
Total		238	10	44	62	0	0	0	47	52	58	0	76	90

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	1
Chief financial officer	1	0	1	0	0	1
Senior managers	4	0	4	0	0	4
Any other financial officials	8	0	8	0	0	8
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	0	0	1

Supply chain management senior managers	0	0	0	0	0	0
TOTAL	**15**	**0**	**15**	**0**	**0**	**15**

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

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

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

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

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

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

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

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

4.6 EMPLOYEE EXPENDITURE

FINANCIAL YEAR	BUDGETED	ACTUAL
2019/20	R138 450 000	R137 041 312
2020/21	R 149 305 713	R 149 322 711
2021/22	R 164 678 151	R 166 771 031

COMMENT ON WORKFORCE EXPENDITURE:

4.7 DISCLOSURES OF FINANCIAL INTERESTS

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

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The municipal revenue at year end including operating and capital grants at year end amounted to R 487 million and the total operating expenditure amounted to R 443 million; the net deficit for the year amounted to R44 million. The largest sources of revenue include grants, property rates, service charges and interest on outstanding debtors. The municipality developed a financial recovery plan. The liquidity ratio of 0,3 this is an indication that the municipality is unable to pay all its current or short term obligations, this is mainly due to the Eskom debt. In addressing the liabilities, the municipality has put in place the following measures:

- Payment arrangement entered into with Eskom
- Set-off arrangement to be entered into with Amatole District
- Revision of the existing payment arrangement plan with Auditor General.
- Payment arrangement to be entered into with SALGA

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Reconciliation of Table A1 Budget Summary

Description	2021/22											2020/21			
R thousands	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	110,360,400	0	110,360,400			110,360,400	100,082,404			91%	91%				103,628,797
Service charges	70,815,358	0	70,815,358			70,815,358	77,277,748			109%	109%				84,487,542
Investment revenue	330,000	0	330,000			330,000	1,414,766			429%	429%				1,552,952
Transfers recognised - operational	199,643,650	0	199,643,650			199,643,650	200,169,983			100%	100%				235,700,018
Other own revenue	36,731,000	0	36,731,000			36,731,000	48,659,405			132%	132%				38,704,461
Total Revenue (excluding capital transfers and contributions)	**417,880,408**	**0**	**417,880,408**			**417,880,408**	**427,604,306**			**102%**	**102%**				**464,073,770**
Employee costs	196,703,048	6,692,238	203,395,286			203,395,286	198,351,905			98%	101%				189,467,804
Remuneration of councillors	19,997,252	1,397,074	21,394,326			21,394,326	19,037,190			89%	95%				18,464,737
Debt impairment	25,000,000	-22,119,462	2,880,538			2,880,538	78,757,514			2734%	315%				75,717,040
Depreciation & asset impairment	30,855,871	0	30,855,871			30,855,871	4,826,064			16%	16%				29,795,265
Finance charges	18,695,000	1,739	18,696,739			18,696,739	8,075,185			43%	43%				13,435,402
Materials and bulk purchases	45,600,000	5,946,173	51,546,173			51,546,173	37,103,914			72%	81%				69,393,436
Transfers and grants	11,200,000	-162,770	11,037,230			11,037,230	7,657,123			69%	68%				9,459,905
Other expenditure	66,688,821	20,681,111	87,369,932			87,369,932	89,795,614			103%	135%				138,658,061
Total Expenditure	**414,739,992**	**12,436,103**	**427,176,095**			**427,176,095**	**443,604,509**			**104%**	**107%**				**544,391,650**
Surplus/(Deficit)															
Transfers recognised - capital	39,266,350	0	39,266,350			39,266,350	60,043,580			153%	153%				75,249,011
Contributions recognised - capital & contributed assets			0			0									
Surplus/(Deficit) after capital transfers & contributions															
Share of surplus/ (deficit) of associate			0			0									
Surplus/(Deficit) for the year	**42,406,766**	**-12,436,103**	**29,970,663**			**29,970,663**	**44,043,377**								**-5,068,869**
Capital expenditure & funds sources															
Capital expenditure															
Transfers recognised - capital	39,266,350		39,266,350			39,266,350	60,043,580								75,249,011
Public contributions & donations			0			0									
Borrowing			0			0									
Internally generated funds			0			0									
Total sources of capital funds	**39,266,350**	**0**	**39,266,350**			**39,266,350**	**60,043,580**								**75,249,011**
Cash flows															
Net cash from (used) operating	49,726,870	-15,032,880	34,693,990			34,693,990	70,699,596								
Net cash from (used) investing	-76,590,700	-12,660,796	-89,251,496			-89,251,496	69,028,667								
Net cash from (used) financing	218,095	-68,000	150,095			150,095	-1,535,092								
Cash/cash equivalents at the year end	-17,491,029	-20,389,029	-37,880,058			-37,880,058	16,663,189								

T 5.1.1

R '000						
Description	2020/21	2021/22			2021/22 Variance	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustment Budget
Operating Cost						
Water	0	0	0	0		
Waste Water (Sanitation)	0	0	0	0		
Electricity	160,343,595	77,973,604	93,965,823	98,881,523	21.14%	4.97%
Waste Management	30,359,494	17,974,714	17,088,056	35,915,187	49.95%	52.42%
Housing	0	0	0	0		
Component A: sub-total	190,703,089	95,948,318	111,053,879	134,796,710	28.82%	17.61%
Waste Water (Stormwater Drainage)	0	0	0	0		
Roads	61,747,989	45,752,372	31,021,604	31,599,806	-44.79%	1.83%
Transport	0	0	0	0		
Component B: sub-total	61,747,989	45,752,372	31,021,604	31,599,806	-44.79%	1.83%
Planning	0	0	0	0		
Local Economic Development		0	0			
Component B: sub-total	0	0	0	0		
Planning (Strategic & Regulatary)	15,794,574	56,215,867	60,181,750	22,615,436	-148.57%	-166.11%
Local Economic Development	0	0	0	0		
Component C: sub-total	15,794,574	56,215,867	60,181,750	22,615,436	-148.57%	-166.11%
Community & Social Services	14,333,710	7,211,168	10,392,810	1,022,195	-605.46%	-916.72%
Enviromental Proctection	0	0	0	0		
Health	0	0	0	0		
Security and Safety	10,752,315	28,665,665	23,226,117	48,088,977	40.39%	51.70%
Sport and Recreation	3,642,443		2,006,549	5,902,870	100.00%	66.01%
Corporate Policy Offices and Other	247,417,530	180,946,602	162,518,139	199,578,514	9.34%	18.57%
Component D: sub-total	276,145,998	216,823,435	198,143,615	254,592,556	14.84%	22.17%
Total Expenditure	**544,391,650**	**414,739,992**	**400,400,848**	**443,604,508**	**6.51%**	**9.74%**

Original budget for opex was increased during the financial year, the actual spending amounted to R443 million. The adjustments are mainly due to employee related costs, depreciation, bulk purchases, debt impairment and other expenditure.

5.2 GRANTS

Grant Performance						R' 000
Description	2020/21	2021/22			2021/22 Variance	
	Actual	Budget	Adjustment Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	274,898,084	236,760,000	236,760,000	237,591,838	0%	0%
Equitable share	218,472,782	189,927,000	189,927,000	189,927,000	0%	0%
Municipal Systems Improvement	0			0		
Department of Water Affairs	0			0		
Levy replacement	0			0		
Municipal Finance Management grant	2,500,000	2,600,000	2,600,000	2,600,000	0%	0%
Municipal Infrastructure grant	31,546,000	41,333,000	41,333,000	41,333,000	0%	0%
Intergrated National Electrification Program	16,554,000	0	0	0		
Energy Efficiency and Demand Management Side				0		
Expanded Public Works Programme	3,309,000	2,900,000	2,900,000	2,900,000	0%	0%
Municipal Disaster Relief grant	0			0		
National Treasury Audit fees grant 1%	2,283,789			569,866	100%	100%
LG Seta	232,513			261,972	100%	100%
Provincial Government:	36,050,945	2,150,000	2,150,000	22,621,726	90%	90%
Health subsidy	0			0		
Housing	1,499,263	0	0	0		
Ambulance subsidy	0			0		
Sports and Recreation	1,650,000	1,650,000	1,650,000	1,650,000	0%	0%
	0			0		
	4,641,941	500,000	500,000	288,939	-73%	-73%
	15,003,331					
	13,256,410			20,682,787	100%	100%
District Municipality:	0	0	0	0		
[insert description]						
Other grant providers:	0	0	0	0		
[insert description]						

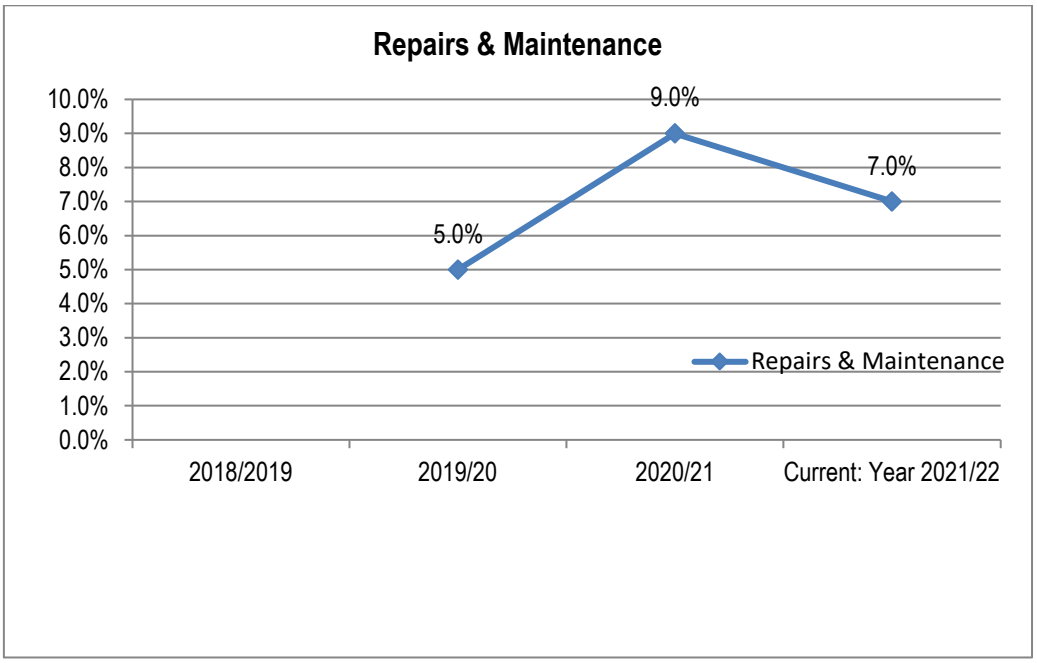
The grants and subsidies amounted to R260 million from National and Provincial government against the budgeted amount for grants of R 238 million. The variance is due to the National Treasury Audit fees grant, LG SETA and Department of Roads (purpose is to assist the municipality to upgrade roads). The municipality spent 100% of National allocations, unspent funds pertain to Provincial allocations.

5.2 ASSET MANAGEMENT

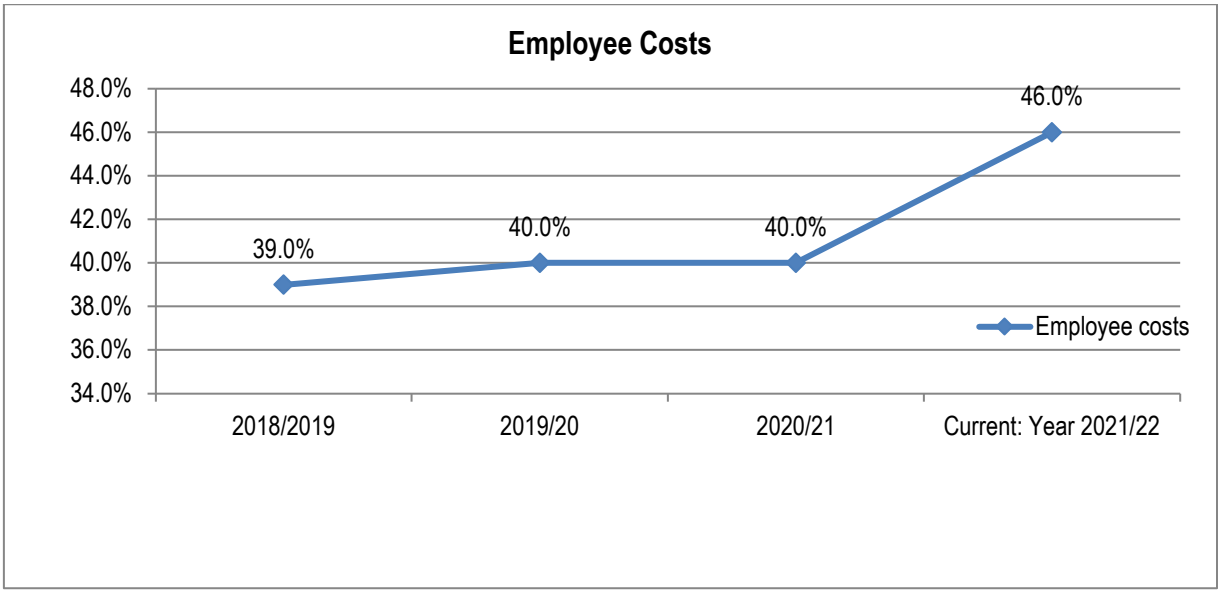
TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2021/22				
Asset 1				
Name	Paving of Bedford Access Road - Phase 3			
Description	Paving of Bedford Access Road - Phase 3			
Asset Type	Roads			
Key Staff Involved	PMU Unit staff			
Staff Responsibilities	to make sure project is implemented, constructed and completed			
	Year -3	Year -2	Year -1	Year 0
Asset Value				7,516,701.44
Capital Implications				
Future Purpose of Asset	to provide community wiith a good quality road network			
Describe Key Issues	Road was constructed fom block paving and has cement stormwater drainage			
Policies in Place to Manage Asset	Asset management Policy			
Asset 2				
Name	Supply and installation of High Mast light on Turnkey for Raymond Mhlaba			
Description	Instalation of High mast Lighting			
Asset Type	Electricity			
Key Staff Involved	PMU Unit staff			
Staff Responsibilities	to make sure project is implemented, constructed and completed			
	Year -3	Year -2	Year -1	Year 0
Asset Value				5,038,315.72
Capital Implications				
Future Purpose of Asset	To ensure street lighting and safety			
Describe Key Issues	To High mast light were installed in Key areas that were indentified			
Policies in Place to Manage Asset	Asset management Policy			

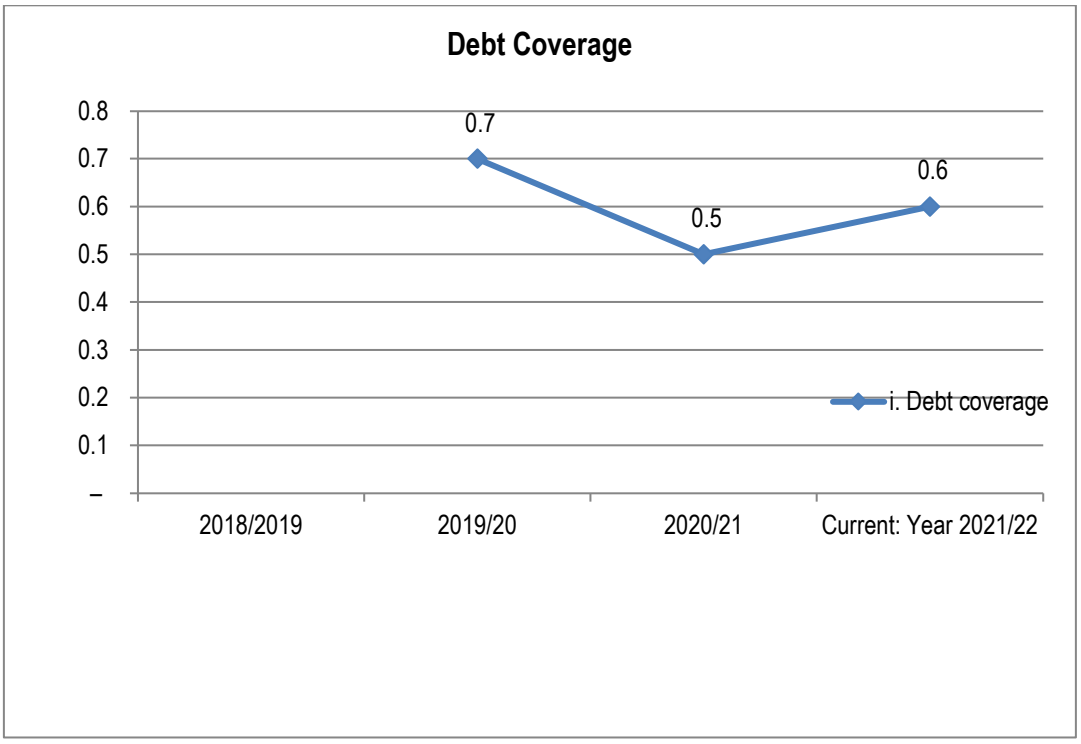
Repair and Maintenance Expenditure: 2021/22				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	19,080,000	30,922,058	32,163,610	-69%
				T 5.3.4

The repairs and maintenance ratio is 7% which is below the norm of 8 %,this indicates the insufficient funds being spent on repairs to the extent that it could increase impairment of useful assets. The budgeted repairs amounted to R30 million and actual spent R 32 million, variance amounts to R 1,2 million.



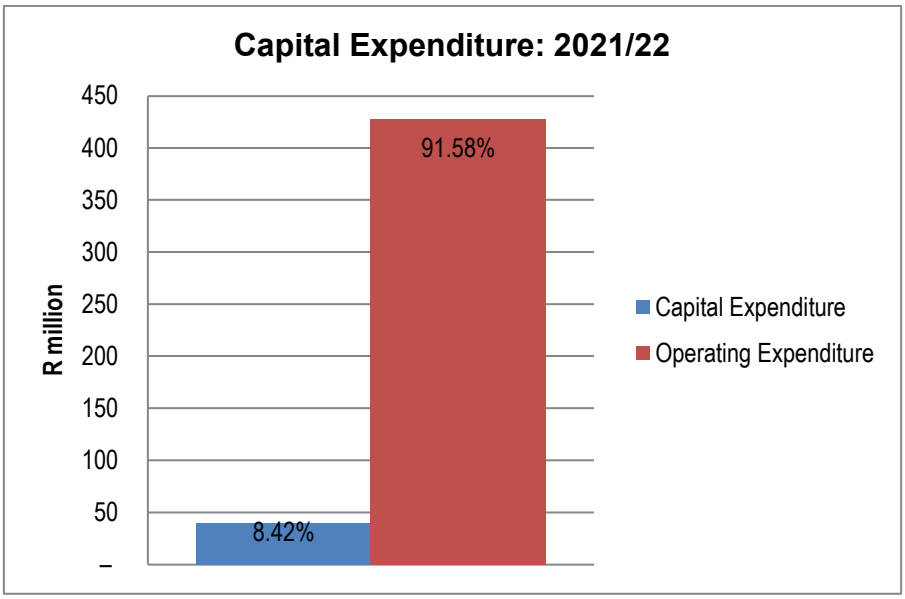
Data used from MBRR SA8





Data used from MBRR SA8

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET



Capital Expenditure - Funding Sources: 2020/21 to 2021/22							R' 000
Details		2020/21	2021/22				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans						
	Public contributions and donations						
	Grants and subsidies	69,028,667	39,266,350	39,266,350	59,431,600	0.00%	51.36%
	Other						
Total		**69,028,667**	**39,266,350**	**39,266,350**	**59,431,600**	**0.00%**	**51.36%**
Percentage of finance							
	External loans	0.0%	0.0%	0.0%	0.0%	#DIV/0!	0.0%
	Public contributions and donations	0.0%	0.0%	0.0%	0.0%	#DIV/0!	0.0%
	Grants and subsidies	100.0%	100.0%	100.0%	100.0%	#DIV/0!	100.0%
	Other	0.0%	0.0%	0.0%	0.0%	#DIV/0!	0.0%
Capital expenditure							
	Water and sanitation						
	Electricity	1,562	2,000,000	2,000,000	5,038,315	0.00%	151.92%
	Housing	0					
	Roads and storm water	1,352	37,277,350	37,277,350	33,381,645	0.00%	-10.45%
	Other	54,694,817					
Total		**54,697,731**	**39,277,350**	**39,277,350**	**38,419,960**	**0.00%**	**141.47%**

R' 000					
Name of Project	2021/22			Variance: 2021/22	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Resurfacing of Bedford	3,000,000	3,000,000	7,516,701	-151%	0%
Highmast	2,000,000	2,000,000	5,038,315	-152%	0%
Gomma Gomma	3,000,000	3,000,000	4,364,690	-45%	0%
Newtown	6,254,228	6,000,000	5,619,378	10%	4%
Takalani	3,000,000	3,000,000	2,823,053	6%	0%

COMPONENT C : CASH FLOW MANAGEMENT AND INVESTMENT

Cash Flow Outcomes				R'000
Description	2020/21	Current: 2021/22		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	135,765,154	136,819,253	136,819,253	138,092,844
Government - operating	232,909,851	199,643,650	199,643,650	199,881,045
Government - capital	89,992,601	39,266,350	39,266,350	55,360,793
Interest	12,304,511	0	330,000	8,566,202
Dividends				
Payments				
Suppliers and employees	-381,832,257	-328,989,121	-328,989,121	-331,134,537
Finance charges	-8,980,358	-18,695,000	-18,695,000	-405,852
Transfers and Grants	-9,459,905	-11,200,000	-11,200,000	-7,657,123
NET CASH FROM/(USED) OPERATING ACTIVITIES	**70,699,597**	**16,845,132**	**17,175,132**	**62,703,372**
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	-69,028,667	-39,266,350	-39,266,350	-59,431,600
NET CASH FROM/(USED) INVESTING ACTIVITIES	**-69,028,667**	**-39,266,350**	**-39,266,350**	**-59,431,600**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits	222,600	-2,473,837		166,019
Payments				
Repayment of borrowing	-1,757,692			-687,896
NET CASH FROM/(USED) FINANCING ACTIVITIES	**-1,535,092**	**-2,473,837**	**0**	**-521,877**
NET INCREASE/ (DECREASE) IN CASH HELD	**135,838**	**-24,895,055**	**-22,091,218**	**2,749,895**
Cash/cash equivalents at the year begin:	**16,527,353**	**16,527,353**	**16,527,353**	**16,663,189**
Cash/cash equivalents at the year end:	**16,663,189**	**-8,367,702**	**-5,563,865**	**19,413,084**
Source: MBRR A7				*T 5.9.1*

Cash receipts for the year amounted R401 million and payments R339 excluding capital assets. The Cash and cash equivalents at the end of the year amounted to R19,4 million comprising of call deposits and bank accounts, mainly due to conditional grants that were unspent of R11,1 million.

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: 2020/2021

Number	Area	Finding	Proposed Solution
1	**Investment Properties**	The municipality incorrectly classified the investment properties as property, plant and equipment and other property, plant and equipment as investment properties. Therefore, the investment property was overstated by 6,8 million and PPE was understated by the same amount - 15 236 810	Management will ensure that all the investment properties are recognised in accordance with GRAP 16
			Management will ensure that all those investment properties (where there are RDP houses) are correctly classified
			Management will conduct physical verification for all investment properties and obtain the list of assets that do not meet the definition of investment property and recommend the transfer of those assets to Council

2	**Bulk Purchases**	The municipality did not have an adequate system in place to verify the number of units of electricity purchased and that the units were actually received (Limitation misstatement)	Management will ensure that they install check meter to make sure that Eskom is billing the municipality correctly
		The misstatement identified is due to the inability to confirm the system in place by the municipality to confirm the actual receipt of electricity paid for and used to determine the distribution losses (Limitation misstatement) R 13 619 480	Management will ensure that meter readings are taken upon receiving electricity Bill from Eskom
3	**Irregular Expenditure**	The municipality did not have proper systems in place to identify and disclose the irregular expenditure as required in terms of S125 (2)(d) of the MFMA. The disclosure was incomplete for the irregular expenditure.	Management will review all transactions for 202021 for irregular and ensure that all transaction that are irregular are recorded properly to ensure completeness of irregular expenditure disclosed
			Management ensures that SCM processes are followed by putting control measures in the system
			Management ensures that all SCM related documents are reviewed and stored in a safe place
			Management will ensure that irregular expenditure is reported on monthly and on a quarterly basis
4	**AOPO**	The source information for measuring the planned indicator was not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions	Ensure that all information presented in the APR is adequately reviewed for validity, accuracy and completeness and ensure that the performance reported in the APR are supported by adequate, complete, and clear evidence

		The planned targets were not consistent with the actual achievements reported in the Service Delivery Budget Implementation Plan (SDBIP	
5	**Expenditure Management**	Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.	Ensure that invoices are processed within 30 days. Improved on cashflow management.
		Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with SCM regulations.	Develop monthly report on irregular expenditure and establish consequence management principles and reporting.
		Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R19,4 million, as disclosed in note 46.2 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties on late payments	Develop monthly report on fruitless and wasteful expenditure.
7	**Consequence Management**	Unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) and (b) of the MFMA	Implement SOP on consequence management and ensure monitoring and adherence by management
			Monthly report be submitted to the accounting officer with full detail of the consequences to be followed to deal with unauthorised, irregular and fruitless expenditure

8	**SCM and Contact Management**	Some contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding and quotations, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year	Management needs to ensure that evaluation criteria before the advert is issued is reviewed for correctness by the BAC to ensure that the evaluation criteria is objective to avoid changes at the evaluation and adjudication stages
		The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. This non-compliance was also identified in the procurement processes for the Turnkey Service for design and upgrade of electrical infrastructure in Adelaide and Paving of Takalani, TYoks and Mpolweni internal Streets Ward.	Municipality will ensure that the performance of contractors is monitored on a monthly basis. SCM Manager will develop a performance system for all contracts.
		The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.	
		Awards were made to providers who were in the service of other state institutions or whose directors / principal shareholders were in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM	All service providers that are in business with the municipality have signed the declaration form and Management ensures that once a service provider is picked by AG CAATS system that contract or service is declared irregular and that the municipality do not conduct any business with those service providers again unless there is a proof that

		process, as required by SCM regulation 38(1).	they are no longer in the service of the state

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2021/2022

THE INFORMATION WILL BE AVAILABLE ONCE THE AUDIT HAS BEEN CONCLUDED.

APPENDIX A: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

Councillors, Committee Allocations and Council Attendance					
Council Member	Full Time / Part Time FT/PT	Committee Allocations	Elected as Other Party Representative	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
[illegible]	FT	Mayor	[illegible]	[illegible]	[illegible]
[illegible]	FT	Speaker	[illegible]	[illegible]	[illegible]
[illegible]	FT	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	FT	Finance	[illegible]	[illegible]	[illegible]
[illegible]	FT	Rural Areas and Culture	[illegible]	[illegible]	[illegible]
[illegible]	FT	Lighting	[illegible]	[illegible]	[illegible]
[illegible]	FT	Strategic Planning and LED	[illegible]	[illegible]	[illegible]
[illegible]	FT	Community Services	[illegible]	[illegible]	[illegible]
[illegible]	FT	Engineering	[illegible]	[illegible]	[illegible]
[illegible]	FT	Corporate Services	[illegible]	[illegible]	[illegible]
[illegible]	FT	LED/Tourism	[illegible]	[illegible]	[illegible]
[illegible]	FT	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	FT	Finance/Culture	[illegible]	[illegible]	[illegible]
[illegible]	FT	Tourism	[illegible]	[illegible]	[illegible]
[illegible]	FT	Community Services	[illegible]	[illegible]	[illegible]
[illegible]	FT	Strategic Planning and LED	[illegible]	[illegible]	[illegible]
[illegible]	FT	Engineering	[illegible]	[illegible]	[illegible]
[illegible]	FT	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	FT	Tourism	[illegible]	[illegible]	[illegible]
[illegible]	FT	Community Services	[illegible]	[illegible]	[illegible]
[illegible]	FT	Community Services	[illegible]	[illegible]	[illegible]
[illegible]	FT	Strategic Planning and LED	[illegible]	[illegible]	[illegible]
[illegible]	FT	Engineering	[illegible]	[illegible]	[illegible]
[illegible]	FT	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	FT	Tourism	[illegible]	[illegible]	[illegible]
[illegible]	FT	Community Services	[illegible]	[illegible]	[illegible]
[illegible]	FT	Community Services	[illegible]	[illegible]	[illegible]
[illegible]	FT	Finance and Culture	[illegible]	[illegible]	[illegible]
[illegible]	FT	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	FT	Engineering	[illegible]	[illegible]	[illegible]
[illegible]	FT	Finance	[illegible]	[illegible]	[illegible]
[illegible]	FT	Strategic Planning and IPTS	[illegible]	[illegible]	[illegible]
[illegible]	FT	Rural Areas and Culture	[illegible]	[illegible]	[illegible]
[illegible]	PT	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	PT	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	PT	Community Services	[illegible]	[illegible]	[illegible]
[illegible]	PT	Finance	[illegible]	[illegible]	[illegible]
[illegible]	PT	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	PT	Strategic Planning and LED	[illegible]	[illegible]	[illegible]
[illegible]	PT	Community Services	[illegible]	[illegible]	[illegible]
[illegible]	PT	Strategic Planning and IPTS/ Finance	[illegible]	[illegible]	[illegible]
[illegible]	PT	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	PT	Strategic Planning and LED	[illegible]	[illegible]	[illegible]
[illegible]	PT	Rural Areas and Culture	[illegible]	[illegible]	[illegible]
[illegible]	PT	Engineering	[illegible]	[illegible]	[illegible]
[illegible]	PT	Engineering	[illegible]	[illegible]	[illegible]
[illegible]	PT	Rural Areas and Culture	[illegible]	[illegible]	[illegible]
[illegible]	PT	Rural Areas and Culture	[illegible]	[illegible]	[illegible]
[illegible]	PT	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	PT	[illegible]	[illegible]	[illegible]	[illegible]

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

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

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

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

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

APPENDIX D – FUNCTIONS OF THE MUNICIPALITY

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

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

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

APPENDIX E – WARD REPORTING

Ward Name (Number)	Functionality of Ward Committee				
	Names 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
1	Cllr. P.N. Ncetu	Yes	9	9	4
	Veliswa Ntyo				
	Xolile Tshiki				
	Xolela Vena				
	Nonglile Vena				
	Nolile Ngxabana				
	Nomalizo Ngcezi				
	Nomonde Mbobotshwa				
	Sakhisa Ngxanasi				
	Nomtha Nomtshi				
	Nomfundiso Mdodi				
2	Cllr. M. Mdingi	Yes	2	3	4
	Nandi Mavi				
	Nolitemba Ngxali				
	Nolitemba Tsaziwali				
	Nobuntu Dukwana				
	Nandi Ndzwanana				
	Nolubabalo Mpongo				
	Nomfundiso Mdodi				
	Nokuthula Ningi				
	Nolusapho Mbobotshwa				
	Nokuthula Mbobotshwa				
3	Cllr. L.L. Klaas	Yes	8	6	0
	Nomawam Jiggi				
	Thobeka Ngwenya				
	Nandipha Ndzwanana				
	Lindiwe Ngxabeke				
	Nobuhle Ntengwe				
	Anele Ndzwana				
	Nokuhle Tshiki				
	Nomawethu Mdodi				
	Lwandiswa Mbobotshwa				
	Nomtha Ngxabeke				
4	Cllr. S. Ngcaiji	Yes	9	8	3
	Nomawe Tshwabisa				
	Nomonde Ngwenya				
	Phindo Sonqwenya				
	Nolitemba Mbomela				
	Nomfuneko Ndzwana				
	Nomonde Tsotsa Mbobotshwa				
	Lwazi Ngcaiji				
	Sakela Ntsele				
	Nonzuzo Dungelile				
	Nomalizo Mbobotshwa				

Ward Name (Number)	Functionality of Ward Development Committee				
	Name of Ward Committee members	Committee established (Yes / No)	Number of committee meetings held during the year	Number of formal reports submitted to Speaker's Office on time	Number of reports published per ward during the year

Ward Name (Number)	Name of Ward Councillor and address of Ward councillor candidates	Political Party	Number of Ward Committee meetings held during the year	Number of report backs given to wards on Ward Committee meetings	Number of public ward meetings held during year
10	[illegible]	[illegible]	[illegible]	0	0
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
11	[illegible]	[illegible]	[illegible]	0	[illegible]
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
12	[illegible]	[illegible]	[illegible]	0	[illegible]
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
13	[illegible]	[illegible]	[illegible]	0	0
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
14	[illegible]	[illegible]	[illegible]	0	[illegible]
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
15	[illegible]	[illegible]	[illegible]	0	0
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				

Functionality of Ward Committees					
Ward Number (Municipality)	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
19	Cllr. M. Mvoko	Yes	8	8	4
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
19	Cllr. L. [illegible]	Yes	8	8	4
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
19	Cllr. Y. Ellis	Yes	8	8	4
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
19	Cllr. S. Tetana	Yes	8	8	4
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				

Functionality of Board Committees					
Year (Series (Previous))	Name of Board Committee and details of Members within committee	Committee established (Yes / No)	Number of meetings Committee held during the year	Number of meetings minutes circulated to Supervisory Directors in time	Number of quarterly public event meetings held during year
[illegible]	[illegible]	Yes	0	0	0
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
[illegible]	[illegible]	Yes	0	0	0
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
[illegible]	[illegible]	Yes	4	3	3
	[illegible]				
	[illegible]				
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	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
[illegible]	[illegible]	Yes	3	4	4
	[illegible]				
	[illegible]				
	[illegible]				
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	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				
	[illegible]				

APPENDIX F – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2021/2022

Municipal Audit Committee Recommendations		
Date of Committee	**Committee recommendations during Year 0**	**Recommendations adopted (enter Yes) If not adopted (provide explanation)**
29/09/2021	AGSA Audit Strategy be presented on the next AC meeting.	Yes
29/09/2021	Audit Committee Charter and be discussed on the next AC meeting.	Yes
24/11/2021	Request AGSA to clarify the status to of the Court Summon; Municipality / AGSA	Yes
24/11/2021	Workings Debtors' and Creditors' age analysis be submitted to AC	Yes
24/11/2021	Financial Recovery Plan be submitted to the AC	Yes
24/11/2021	AG Payment Proposal Plan be presented in the AC meeting.	Yes
06/04/2022	AC be appraise on the progress made on Financial Recovery Plan.	Yes
06/04/2022	AG Payment Proposal Plan be presented in the AC meeting.	Yes
06/04/2022	Contingent, Litigation Liabilities Register be submitted to AC members	Yes
06/04/2022	Signed off IA Reports	Yes
06/04/2022	IA Find Tracking Tool	Yes
07/07/2022	Risk Management Plan	Yes
07/07/2022	Audit Action Plan	Yes
07/07/2022	RMEDA Strategy be submitted to the AC	In progress - strategy will be reviewed by the Board
07/07/2022	AC discussion on legal implication on AG outstanding debt	Yes
07/07/2022	Combine Assurance Model	No- meeting is planned for August 2022

APPENDIX G – MUNICIPAL SERVICE PROVIDER PERFORMANCE SCHEDULE

Municipal Entity/Service Provider Performance Schedule									
Name of Entity & Purpose	**(a) Service Indicators**	**Year 2021/2022**		**Year 2022/23**			**Year 2023/24**	**Year 3 2024/25**	
		Target	**Actual**	**Target**		**Actual**	**Target**		
	(b) Service Targets	***Previous Year**		***Previous Year**	***Current Year**		***Current Year**	***Current Year**	***Following Year**
(i)	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**	**(vii)**	**(viii)**	**(ix)**	**(x)**
Iceboloethu Construction	Alice Road Phase 2 (Ntselamanzi)- Paving (budget maintenance)	nill	nill	600m	100%		N/A	N/A	N/A
Liyema Civils	Paving of Gugulethu Internal Streets (budget maintanance)	nill	nill	400m	100%	N/A	N/A	N/A	N/A
Zamisanani Jv Dalukhanyo	Bedford Access roads Phase 3	800m	100%	700m Paving	100%	N/A	N/A	N/A	N/A
SSK Cleaning Services	Paving of Hillside - Ntoleni Internal Streets (budget maintanance)	nill	nill	600m	100%	N/A	N/A	N/A	N/A
Rosebud Building and Civil	Paving and Greening of Newtown Internal Street Phase 3	1km	100%	550m	69%	N/A	N/A	N/A	N/A
Ilitha Communications Jv L Jacobs Transport	Paving of Seymour Internal Streets Phase 2	1,6km	100%	800m paving	100%	N/A	N/A	N/A	N/A

Manxiwa Group	Installaton of High mast Lights in Raymond Mhlaba Townships Phase 3	4 high mast	100%	8 highmast lights	89% electric connections was not included in the scope	N/A	N/A	N/A	N/A
Bontinite PTY LTD	Fort Beaufort Sport Complex ward 21	Construction of Fort Beaufort Sport Complex	Bontinite was appointed for ablution blocks and change rooms, refurbishment of existing guard house	100%	Complete	N/A	N/A	N/A	N/A
Altitudes Building and Civil Contractors	Fort Beaufort Drivers License Testing Centre	Nill	Nill	100%	Complete	N/A	N/A	N/A	N/A
Alititudes Building and Civil Contractors	Paving of Jampa Internal Street Phase 1	Nill	Nill	Paving of 800m	Complete	N/A	N/A	N/A	N/A
Khulanathi JV	Paving of Gomma Gomma Mike Valley and Kuwait Internal Street Phase 1	800m	100%	Paving of 800m	Complete	N/A	N/A	N/A	N/A
Faku Chayi JV Mafungwashe Trading	Construction of Gqadushe Community Hall	Construction of Gqadushe community hall	99%	Awaiting Eskom connection	99%	N/A	N/A	N/A	N/A
Hlakula Construction	Construction of Rhwantsana Community Hall	Construction of Rhwantsana community hall	100%	Awaiting Eskom connection	Complete				

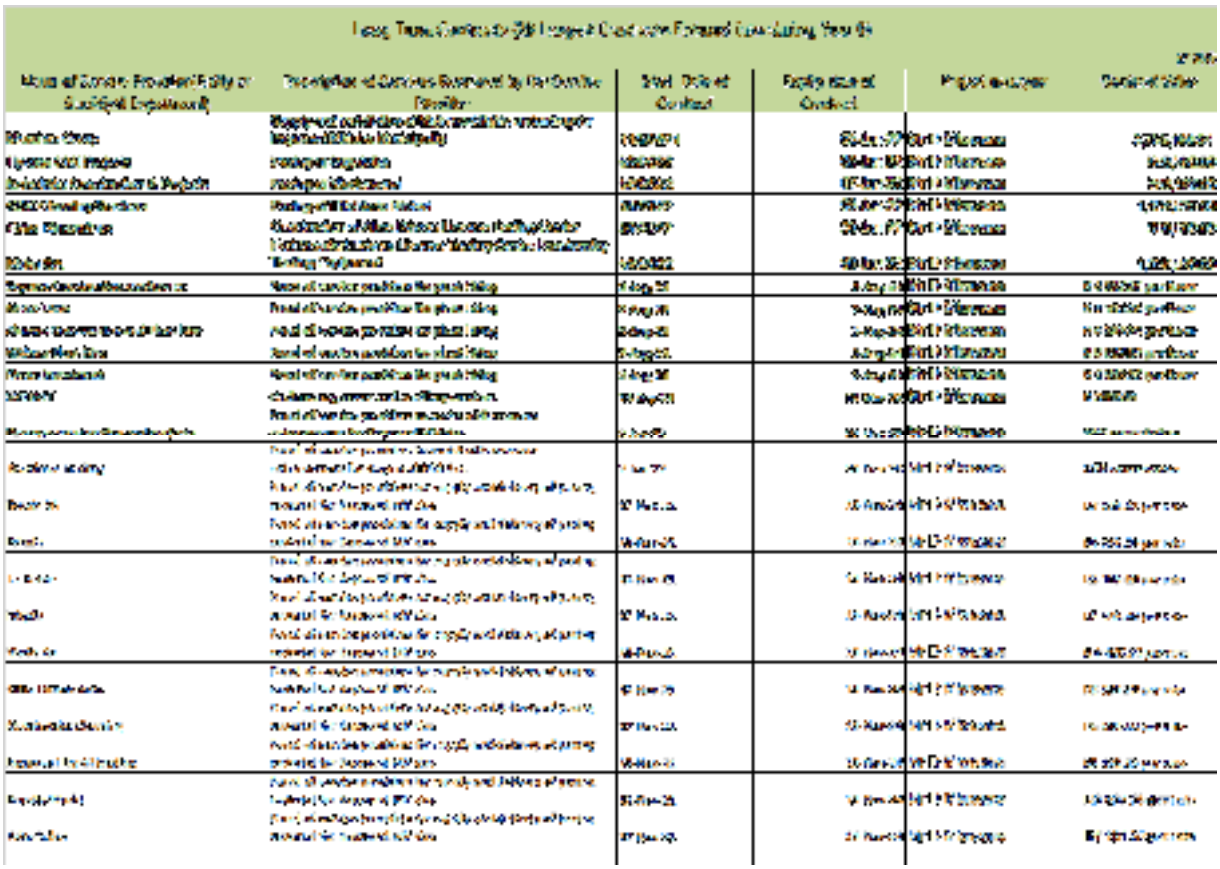
Chizama JV Ranos	Construction of Chris Hani Day Care Centre	Construction of Chris hani Day care centre	100%	complete	100%	N/A	N/A	N/A	N/A
Rosebud Building and Civil	Paving and Greening of Newtown Internal Street Phase 3	Paving of 1km	100%	complete	100%	N/A	N/A	N/A	N/A
Idike Construction	Alice Drivers License Testing Centre	Nill	Nill	the original scope is completed, contractor busy with additional scope.	100%	N/A	N/A	N/A	N/A
SSK Jv Msipa Trading	Paving of Takalani,Tyoks and Mpolweni Internal Street (Ward3) Phase 3	Paving of 1km	100%	Paving of 1km	100%	N/A	N/A	N/A	N/A

APPENDIX H: DISCLOSURES OF FINANCIAL INTEREST

Disclosures of Financial Interests		
Period 1 July 2021 to 30 June 2022		
Position	**Name**	**Description of Financial interests* (Nil / Or details)**
Mayor/ Speaker	Cllr B Ketelo (Mayor)	Land and property, house ERF 4209 Ntselemanzi Alice, GEDF Special Pension.
Members of Exco	Cllr Sabane	Retirement pension
Councillor	Cllr Bantam	Directorship and partnership: Elten Agriculture /Auto Supplier, House in New Town, A plot in Fort Beaufort
	Cllr Kiswa	Director Malwande Investments, House in Port Elizabeth, House in Cape Town
	Cllr Mjo	Department of Higher Education : Centre Manager
	Cllr Mashengqana	Zizamele Agriculture Project
	Cllr Mfondini	Pension from ESKOM
	Cllr Sango	Site and House 1486 Maneli Street
	Cllr Auld	Homestead 1436 m2,Libert Life and Old Mutual Pensions
Municipal Manager		
Chief Financial Officer		
Deputy MM and (Executive) Directors		

Other S56 Officials		

APPENDIX I: LONG TERM CONTRACTS



VOLUME II: ANNUAL FINANCIAL STATEMENTS

2021/2022

ANNUAL PERFORMANCE REPORT

CONTACT DETAILS:

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

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AFFIRMATION BY THE MUNICIPAL MANAGER

I am pleased to submit the Annual Performance Report for Raymond Mhlaba Local Municipality for the 2021/ 2022 financial year.

The contents of the report are consistent with the disclosure principle contained in the guide for the preparation of Annual Performance Report as well as in terms of s46 of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000). This report seeks to outline Raymond Mhlaba Local Municipality's activities during the financial year under review and based on sound underlying departmental/entity and management systems.

In presenting this report, I acknowledge progress made by the municipality during the 2021/ 2022 financial year, as well as the challenges and opportunities that lie ahead for the remainder of the outer financial year.

_____

Ms. U.T. Malinzi

Municipal Manager

Date:_____

QUALITY CERTIFICATE

I, _____ (Full Names), the Municipal Manager of Raymond Mhlaba Municipality herby certify that the **Annual Performance Report** of Raymond Mhlaba Local Municipality, for the full-year period ended 30 June 2022 has been prepared in accordance with the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003) and regulations made under the Act, and in terms of s46 of Local Government: Municipal Systems Act 2000 (Act 32 of 2000)..

_____ _____

MS. U.T MALINZI **DATE**

MUNICIPAL MANAGER

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 (Act 56 of 2003), read with the Municipal Systems Act (Act 32 of 2000), section 46 (1) and (2), as well as the Municipal Finance Management Act Circular 11 on annual reporting.

Raymond Mhlaba Local Municipality has five departments, namely, Budget and Treasury, Community Services, Corporate Services, Engineering Services and Strategic Planning and Local Economic Development. This report will focus on each department's performance in 2021/ 2022 financial year including the office of the municipal manager. In terms of local government agenda, and also in terms of the municipal planning and performance regulations for municipal manager and managers directly accountable to municipal manager (2001 and that of 2006) each manager must contribute to each of the National KPA's. Therefore, performance on each KPA will also be foreshadowed within this report as per contribution made by Municipal Manager, and other managers that are accountable to him/her.

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 covers the performance information from July 01, 2021, to June 30, 2022 and focuses on the implementation of the Service Delivery and Budget Implementation Plan (SDBIP), in relation to the Integrated Development Plan (IDP). Furthermore, this report not only reflects on milestones and challenges experienced, but also on-going commitment to progressively deepen 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 2000 (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 2003 (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 2000 (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 2000 (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 2003 (Act 56 of 2003)

1.3 INSTITUTIONAL PERFORMANCE MANAGEMENT PROCESS OVERVIEW

During 2021/ 2022 financial year, the municipality made every attempt to ensure that it adheres with legislation concerning the development, operation and maintenance of a performance management system that is commensurate to the institutional service delivery objectives captured in the IDP. Raymond Mhlaba Local Municipality has continued to maintain the effective operation of the following mechanisms:

1.3.1 the current Integrated Development Plan included strategic objectives, strategies and outcome based key performance indicators as required by the Municipal Systems Act (Act 32 of 2000);

1.3.2 the 2021/ 2022 budget for implementation of the IDP was approved within the prescribed timelines in the Municipal Finance Management Act (Act 56 of 2003);

1.3.3 after approval of the budget, the SDBIP was developed to integrate the IDP and the budget to ensure effective implementation of the institutional strategies;

1.3.4 performance agreements with performance plans were developed, signed and approved by the Mayor as required by the Municipal Planning and Performance Regulations (2001 and 2006);

1.3.5 quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager

1.3.6 quarterly performance reports were objectively and independently audited by the Internal Audit Unit to verify and to confirm performance information as reflected in the reports, the unit also confirmed the credibility of evidence that was submitted quarterly;

1.3.7 the performance audit committee functioned optimally in the year, in line with the committee's approved terms of reference.

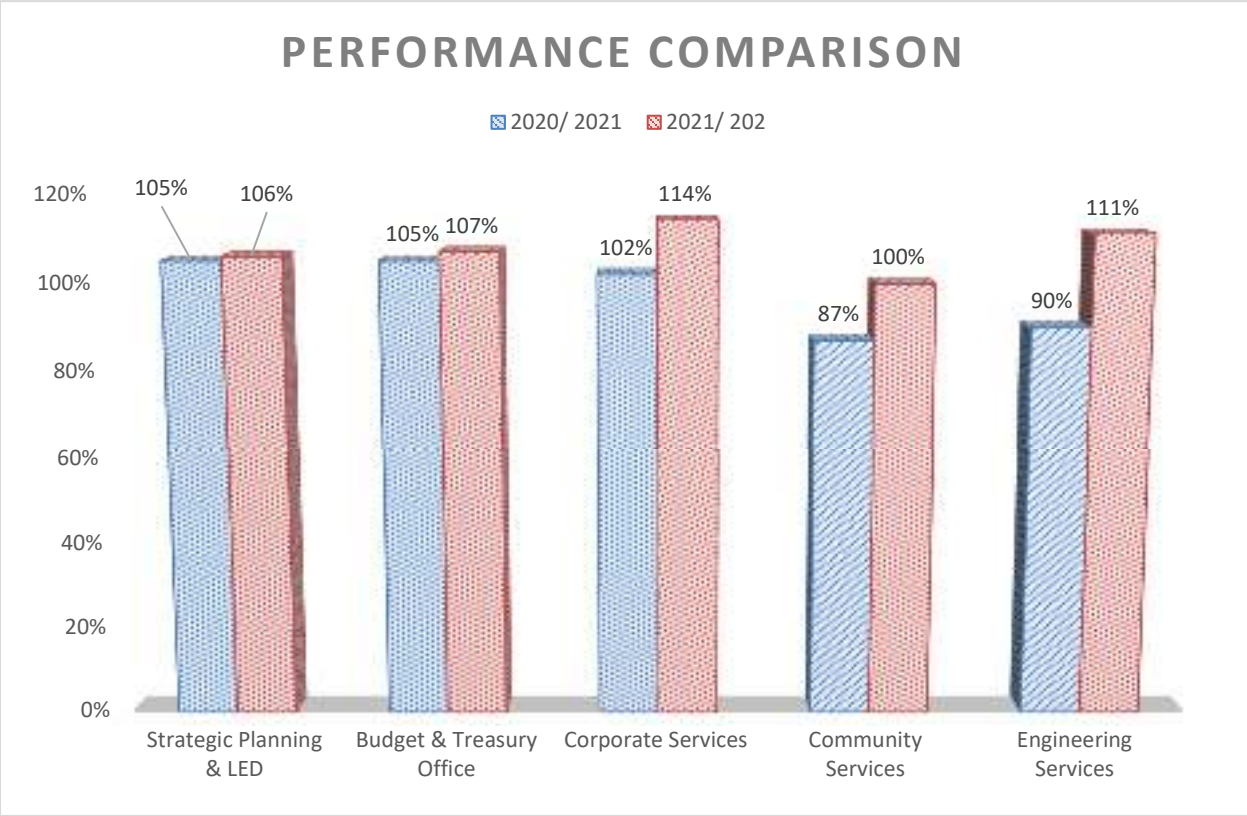
1.3.8 Lastly, performance assessments for managers directly accountable to the Municipal Manager, were conducted on quarterly basis

SECTION 2

COMPARISON SUMMARY OF 2020/ 2021 AND 2021/ 2022 FINANCIAL YEAR'S

COMPARISON OF 2020/ 2021 AND 2021/ 2022 FINANCIAL YEAR'S

The following tables indicate 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



The diagram depicted above relates to the number of KPI's met or not met with regards to two financial years and not to the total scores of the respective performance. This translates to the comparison of **105% of 2020/ 2021 and 111% 2021/ 2022** institutional score rating.

Section 46 (1) (b) of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) requires that at the end of each financial year, a municipality must prepare an annual report that will be inclusive of an annual performance reporting – reflecting how a municipality performed in the previous financial year in contrast with the year under review. Performance comparison is detailed as follows;

- the municipality managed to improve its performance rating from 106% to 111% in the 2021/ 2022 financial year,

- From the above table, *Engineering Services managed to improve results from 90% in the 2020/ 2021 financial year to 111% in the 2021/ 2022*
- *Corporate Services Department improved from 102% to 104%*
- *and Community services also improved from 87% to 100%*
- *Budget and Treasury slightly improved from 105% in the 2020/ 2021 financial year to 107% in the 2021/ 2022*
- *While the Strategic Planning and Local Economic Development Department slightly improved from 105% in the 2020/ 2021 financial year to 106% in the 2021/ 2022 financial year.*

Section 3

OVERALL MUNICIPAL PERFORMANCE ON THE IMPLEMENTATION OF THE SDBIP 2021/2022

Planned targets vs actual performance results for the 2021/ 2022 financial year

This section of the Annual Performance Report will report on the Municipality's actual performance against the planned targets as derived from the Municipality's IDP. Due to the fact that the Municipality is reporting based on the five (5) local government Key Performance Areas (KPA's) the Raymond Mhlaba Local Municipality will report as such.

For the 2021/ 2022 financial year, Raymond Mhlaba Local Municipality set itself 44 predetermined targets to ensure realisation of a broader vision and mission of the Municipality. The performance of the institution on the implementation of KPA is summarised as follows;
Of the 44 indicators set,

- The municipality achieved 29 whilst 15 were not achieved.
- From the below table Municipal Financial Viability had the highest score rating followed by Institutional Transformation & Organisational Development Key Performance Areas
- The three (3) remaining KPA's managed to score over 2 score rating
- The challenges experienced by the respective key performance areas are attributed in the detailed scorecard
- the municipal performance as at end of the year under review was 111%

KEY PERFORMANCE AREAS: NUMBER TARGETS ACHIEVED AGAINST PLANNED			
Key Performance Areas	Achieved	Not Achieved	Total
Institutional Transformation & Organisational Development	3	1	4
Basic Service Delivery	10	5	15
Local Economic Development	4	4	8
Financial Viability	7	1	8
Good Governance and Public Participation	5	4	9

2021/ 2022 Actual Performance with CCR's

Overalls score is calculated as presented below

80% that constitutes KPA weight and 20% that constitute Core Competence Requirement (CCR) weight. For 2021/ 2022 financial year, RMLM has scored 106% (score with CCR's) against the overall performance. (101.22x 80% = 81%) + (149.4 x 20% = 30%) = 111%

The table below presents each KPA performance and actual weight assessment scores

KPA 1: INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT (Weight 15%)													
REF	**PRIORITY AREA**	**STRATEGIC OBJECTIVE**	**Outcome Based Indicator**	**Baseline**	**Means of Verification**	**2020/ 2021 Annual Target**	**2020/ 2021 Actual Performance**	**2020/ 2021 Reasons for variances and Remedial Actions**	**2021 - 2022 Annual Target**	**2021/ 2022 Actual performance**	**Rating**	**Reasons for variances**	**Remedial Actions**
IT 1	Human Resources	To ensure effective and efficient workforce by aligning institutional arrangements to the overall strategy to deliver quality services by 2022	Percentage of females recruited	39%	Quarterly report reflecting the number of females recruited. Appointment letters. Employment Equity Plan	25%	***Achieved***; (females appointed/ total appointments*100) **49/ 95*100 = 47% as at year end**		25%	Achieved; (females appointed/ total appointments*100) 3/3*100= 100%	5		
IT 2		To ensure effective and efficient workforce by aligning institutional arrangements to the overall strategy to deliver quality services by 2022	Percentage of people living with disability	3%	Quarterly report reflecting % of people living with disability	1%	***Achieved***; (people living with disabilities appointed/ total appointments*100) **1/ 95*100= 1,05%**		1%	Achieved; (number of employees with disability/ total employees*100) 19/ 509*100= 3,73%	5		

IT 3		To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2022	Number of draft organogram submitted to council		Reviewed Organizational Structure submitted to Council	1	***Achieved***; 1 Draft organisational structure submitted to council		1	Not Achieved; 0	2	Departments submitted their respective inputs for consideration and thereafter the draft reviewed structured was presented to Council.	Final document will be submitted to Council for approval and implementation in the first quarter.
IT 4	Performance Management	To ensure effective and efficient workforce by 2022	Number of organizational performance assessments conducted	41	1.Quarterly reports	4	***Achieved***; 4 organisational assessments and 4 sections 57 assessments conducted		4	Achieved; 4 organisational performance reports and 4 performance assessments	5		
KPA 2: BASIC SERVICE DELIVERY (Weight 40%)													
REF	**PRIORITY AREA**	**STRATEGIC OBJECTIVE**	**Outcome Based Indicator**	**Baseline**	**Means of Verification**	**2020/ 2021 Annual Target**	**2020/ 2021 Actual Performance**	**2020/ 2021 Reasons for variances and Remedial Actions**	**2021 - 2022 Annual Target**	**2021/ 2022 Actual performance**	**Rating**	**Reasons for variances**	**Remedial Actions**

BSD 1	Community Facilities	To ensure a safe, friendly and sustainable environment by 2022	Number of Community halls renovated	0	Completion report. Approved maintenance plan. Pictures on work done. Expenditure report.	2	***Achieved***; 3 town halls renovated		2	Achieved; 3 (Fort Beaufort, Alice, Adelaide)	4		
BSD 2	Waste Management	To ensure a safe, friendly and sustainable environment by 2022	Number of refuse removal collected from formal households	14 095	Quarterly reports. List of formal households. charged for the service (billing report) Report per town.	14 095	***Achieved***; 14 095 households serviced on refuse collection		14 132	Achieved; 14 132	3		
BSD 3		To ensure a safe, friendly and sustainable environment by 2022	Number of waste disposal facilities rehabilitated	New Indicator	Quarterly report. Pictures on workdone	1	***Not Achieved***; DEDEAT developed an assessment report	DEDEAT developed an assessment report	2	Achieved; 2 (Alice, Bedford)	3		
BSD 4		To ensure a safe, friendly and sustainable environment by 2022	Number of traffic contravention management systems installed	New Indicator	Quarterly reports Pictures on workdone	1	***Not Achieved***; Tender closed on June 18, 2021. Awaiting SCM processes	Tender closed on June 18, 2021. SCM processes to conclude	1	Not Achieved; 0	2	There were delays in the procurement processes.	Procurement processes will be fast tracked and installation of the system will be done in the first quarter of the next financial year (2021/2022) .

BSD 5		To ensure the provision and standardization of fire services by 2022	Number of traffic enforcement operations to ensure orderly road traffic control	144	Quarterly reports. Roadblock register (NREP)	144	***Achieved***; 187 road blocks conducted		144	Achieved; 216	4		
BSD 6	Emergency Services	To ensure a safe, friendly and sustainable environment by 2022	Number of functional firefighting stations	1	Report on Functional fire base (Alice) Pictures on workdone	1	***Not Achieved***; Conversion and renovation of the Old Alice Library is still underway	The building has been leased out to IEC for the preparation of the Local Government Elections whilst renovations are taking place. However, the renovations are still going, emergency services remain visible and active in all administrative towns.	1	Achieved; 1 (Alice)	3		

BSD 7	Cemeteries	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2022	Number of cemeteries sites established	New Indicator	Quarterly reports Erf numbers Pictures of cemetery sites established	1	***Not Achieved***; 0		3	Not Achieved; 0	2	The sites have been identified as per the SDF but not established.	The municipality will conduct an environmental impact assessment on the identified sites. Once the process has been completed then the identified sites will be fenced and labelled for usage by local communities.
BSD 8	Land and Human Settlements	To ensure a safe, friendly and sustainable environment by 2022	Reviewed Spatial Development framework	1	Terms of reference. Spatial Development Framework	1	***Not Achieved***; 0	The department will finalize the terms of reference then the development of the SDF will go on tender	1	Not Achieved; 0	1	Due to budgetary constraints the municipality developed Terms of reference for the Reviewal of the SDF	The department will finalize the terms of reference then the development of the SDF will go on tender. Once all SCM processes have been concluded, then the SDF will be reviewed, and PMS will monitor progress quarterly so as to ensure that all deadlines are adhered to.

BSD 9		To ensure a safe, friendly and sustainable environment by 2022	Developed Land use Management Scheme	1	1. Terms of reference 2. Land Use Scheme	1	***Not Achieved***; 0	The department will finalize the terms of reference then the development of the SDF will go on tender	1	Achieved; 1	3		
BSD 10	Electricity	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2022	Number of illegal connection audits conducted	New Indicator	1. Quarterly reports 2. Register on illegal connections	4	***Achieved***; 4 illegal electricity connections have been conducted		4	Achieved; 4	3		
BSD 11		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2022	Percentage of new connections and reconnections completed	100%	Quarterly reports Job cards. Listing of new connections and reconnections conducted	100%	***Achieved***; (Applications received/ connections and reconnections) **46/ 46*100= 100%**		100%	Achieved; (applications received/ connections made*100) 33/33*100=100%	0		
BSD 12	Roads	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2022	Number of stormwater drainage maintained	300	Quarterly reports. Pictures of workdone . Job cards per town	100	***Achieved***; 168 stormwater drainages maintained		300	Achieved; 898	5	The section received additional personnel from EPWP to assist with stormwater maintenance.	

BSD 13	Project Management	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2022	Percentage of MIG Capital projects implemented	100%	Quarterly reports. Pictures on workdone. Verification reports. Listing of projects implemented. Completion certificate	100%	***Not Achieved***; 67% completed (projects status/ total projects=overall average)	MIG could not be fully spent due to National Government cost reimbursement approach	100%	Not Achieved; (total sum/ count= average) 1547%/ 16= 96,68%	2	There were delays in the delivery of material. Projects are in progress and will be finalized in the quarter of 2021/2022.	Projects will be finalized in the first quarter of 2021/2022 and PMS will monitor progress thereof.
BSD 14	Land Use	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2022	Percentage of compliant land use applications approved	New Indicator	Quarterly reports. Applications received and approved	50%	***Achieved***; (Approved applications/ total applications * 100) 4/**4*100= 100%**		50%	Not Achieved; (approved/ received *100) 1/ 8*100= 12,5%	2		
BSD 15	Expanded Public Works Programme	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2022	Number of Expanded Public Works Programme implemented	New Indicator	1.Quarterly reports on programme implementation	new indicator	new indicator	new indicator	4	Achieved; 9	5		
KPA 3: LOCAL ECONOMIC DEVELOPMENT (Weight 20%)													
REF	**PRIORITY AREA**	**STRATEGIC OBJECTIVE**	**Outcome Based Indicator**	**Baseline**	**Means of Verification**	**2020/ 2021 Annual Target**	**2020/ 2021 Actual Performance**	**2020/ 2021 Reasons for variances and Remedial Actions**	**2021 - 2022 Annual Target**	**2021/ 2022 Actual performance**	**Rating**	**Reasons for variances**	**Remedial Actions**

LED 1		To ensure sustainable Local Economic Development by 2022	Number of jobs created through Capital Projects	New Indicator	Quarterly reports. Employment contracts	200	***Achieved***; 389 jobs created through capital projects	n/a	200	Achieved; 439	5		
LED 2		To ensure sustainable Local Economic Development by 2022	Number of jobs created through EPWP	New Indicator	Quarterly reports. Employment contracts. Employment contracts	new indicator	new indicator	new indicator	200	Achieved; 691	5	The EPWP policy was amended in order to rotate all the EPWP beneficiaries to accumulate more work opportunities within the Raymond Mhlaba Municipality for equal opportunities.	
LED 3	Unemployment	To ensure sustainable Local Economic Development by 2022	Number of jobs created through LED initiatives	92	Quarterly reports Employment contracts	100	***Achieved***; 213 jobs created through LED initiatives	n/a	100	Not Achieved; 0	1	No direct jobs were created through LED initiatives due to financial constraints.	The municipality will partner with external stakeholders to carry out LED programmes in the next financial year and monitor progress thereof.

LED 4		To ensure sustainable Local Economic Development by 2022	Number of economic activities supported	4	Quarterly reports	2	***Achieved***; 3 economic activities supported	n/a	4	Not Achieved; 3	2	The municipality was unable to implement all planned economic activities due to its financial muscle.	The municipality will partner with external stakeholders to carry out LED activities and progress will be monitored quarterly.
LED 5	SMMEs	To ensure sustainable Local Economic Development by 2022	Number of SMMEs supported by the Municipality	13	Quarterly reports. List of SMME's supported	10	***Achieved***; 23 SMME's supported	n/a	10	Achieved; 44	5		
LED 6	Tourism	To ensure sustainable Local Economic Development by 2022	Number of tourism products supported	1	1.Quarterly reports 2. Expenditure requests	2	***Not Achieved***; 1 tourism product supported	Due to financial constraints a new tourism brochure was not developed	2	Not Achieved; 1	2	There were delays in the procurement processes.	The municipality will carry out the target in the next quarter and conclude procurement processes. Thereafter , LED will monitor progress of the target quarterly.
LED 7	Small Towns Revitalization	To ensure sustainable Local Economic Development by 2022	Number of plans to roll over small towns revitalization programmes to other towns	0	1. Concept documents. 2. Report on roll out plans	2	***Not Achieved***; 1 Small town revitalization plan developed	Target rolled over to the next financial year due to budgetary constraints	1	Achieved; 1 Seymour plan	3		

LED 8	Township economy	To ensure sustainable Local Economic Development by 2022	Developed Township Economy Strategy	0	Terms of reference . Township Economy Strategy	1	***Not Achieved***; 0		1	Not Achieved; 0	1		
KPA 4: FINANCIAL VIABILITY (Weight 10%)													
REF	**PRIORITY AREA**	**STRATEGIC OBJECTIVE**	**Outcome Based Indicator**	**Baseline**	**Means of Verification**	**2020/ 2021 Annual Target**	**2020/ 2021 Actual Performance**	**2020/ 2021 Reasons for variances and Remedial Actions**	**2021 - 2022 Annual Target**	**2021/ 2022 Actual performance**	**Rating**	**Reasons for variances**	**Remedial Actions**
MFV 1	Expenditure Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2022	Percentage spent on MIG Capital grant	100%	1. Quarterly reports 2. System Generated Report	100%	***Not Achieved***; R29 303 630, 49/ R38 986 000* 100= 75,16% (total expenditure/ budget*100)		100%	Not Achieved; (Expenditure/ budget*100) R37 470 380,65/ R41 333 000*100= 90,65%	2		
MFV 2		To ensure the financial sustainability in order to fulfil the statutory requirements by 2023	Percentage spent on EPWP	100%	1. Quarterly reports 2. System Generated Report	100%	***Not Achieved***; R11 237 489/ R16 554 000* 100= 67% (total expenditure/ budget*100)		100%	Achieved; (expenditure/ budget*100) R2900000/ R2900000*100= 100%	3		
MFV 3		To ensure the financial sustainability in order to fulfil the statutory requirements by 2022	Percentage spent on FMG operating grant	100%	Quarterly reports	100%	***Not Achieved***; (expenditure/ budget*100) R2 459 884,14/ R2 500 000*100= 98%		100%	Achieved; (expenditure/ budget*100) R2600000/ R2600000* 100= 100%	3		

MFV 4		To ensure the financial sustainability in order to fulfil the statutory requirements by 2022	Percentage of valid invoices paid within 30 days of invoice date	New Indicator	1.Quarterly reports 2. Invoice register	90%	***Achieved***; (paid invoices/ total invoices received*100) 499/ 547*100= 91%)		90%	Achieved;	3		
MFV 5		To ensure the financial sustainability in order to fulfil the statutory requirements by 2022	Percentage of cost containment measures implemented	0	Quarterly reports	50%	***Achieved***		50%	Achieved; 50%	3		
MFV 6	Revenue Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2022	Percentage of total collection on outstanding debts	78%	Quarterly reports. System Generated report on collections	60%	***Achieved***; 99% collected		60%	Achieved; 60,02%	3		
MFV 7	Supply Chain Management	To ensure the sustainable Local Economic Development by 2022	Percentage of tenders below R200 000 awarded to local SMME's and Vulnerable groups	89%	Quarterly reports	70%	***Achieved***; (tenders awarded < R200 000/ total tenders) 75/ 86*100 = 87%		70%	Achieved; (tenders awarded/ total tenders*100) 84/114*100= 73,68	3		
MFV 8		To ensure the financial sustainability in order to fulfil the statutory	Percentage of tenders awarded to local SMME's and Vulnerable groups	89%	1.Quarterly reports 2. List of tenders awarded to local SMME's and Vulnerable groups	30%	***Achieved***; (overall tenders awarded/ total tenders *100) 11/21*100= 52%		30%	Achieved; (tenders awarded/ total tenders*100) 69/115*100= 60%	5		

		requirements by 2022											
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (Weight 15%)													
REF	**PRIORITY AREA**	**STRATEGIC OBJECTIVE**	**Outcome Based Indicator**	**Baseline**	**Means of Verification**	**2020/ 2021 Annual Target**	**2020/ 2021 Actual Performance**	**2020/ 2021 Reasons for variances and Remedial Actions**	**2021 - 2022 Annual Target**	**2021/ 2022 Actual performance**	**Rating**	**Reasons for variances**	**Remedial Actions**
GGP 1	Governance	To ensure proper governance, accountability and public participation by 2022	Percentage of recurring findings reduced since 2017	New Indicator	Management report and audit action plan	100%	***Achieved***		100%	Not Achieved;	2		
GGP 2		To ensure proper governance, accountability and public participation	Percentage of audit committee recommendations implemented	New indicator	1.Quarterly reports 2. Audit Committee resolution matrix	new indicator	new indicator	new indicator	100%	Not Achieved; (Total sum/ count) 125/4=31%	2		
GGP 3		To ensure proper governance, accountability and public participation by 2022	Audit opinion	2019/2020	Audit Report	Unqualified audit opinion with matters of emphasis addressed	***Not Achieved***; Qualified audit opinion		Unqualified audit opinion with matters of emphasis addressed	Not Achieved; Qualified audit opinion	2		

GGP 4		To ensure proper governance, accountability and public participation by 2022	Number of capacity building programmes for Councillors	0	Quarterly Report. Quarterly Timetable. Proof of Attendance	5	***Achieved***; 5 capacity building programmes were implemented for councillors under the year review		5	Achieved; 9	4		
GGP 5		To ensure proper governance, accountability and public participation by 2022	Number of days in responding to complaints received	0	Quarterly reports Complaints register	new indicator	new indicator	new indicator	3 Days	Achieved; 3 days	3		
GGP 6	Public Participation	To ensure proper governance, accountability and public participation by 2022	Number of community consultations conducted	4	Quarterly reports. Attendance registers	4	***Achieved***; 4 community consultations conducted	n/a	4	Achieved; 4	3		
GGP 7	Law enforcement	To ensure proper governance, accountability and public participation	Number of by-laws enforced	14	Quarterly reports	14	***Achieved***; 14	n/a	14	Achieved; 14	3		
GGP 8	Sport	To ensure proper governance, accountability and public participation	Number of sport programmes implemented	2	Quarterly reports	3	***Not Achieved***	Due to COVID 19 pandemic, all sporting activities were suspended	3	Not Achieved; 0	1	Due to budgetary constraints the municipality was unable to implement all planned Sport	The municipality will partner with other government institutions and Sport Council so as to implement all planned sport programmes

												programmes.	and progress will be monitored quarterly.
GGP 9	Special Programmes	To ensure proper governance, accountability and public participation	Number of vulnerable groups programme implemented	New Indicator	Quarterly reports	4	***Not Achieved***; 2 vulnerable group programmes implemented		5	Not Achieved; 4	2	Due to budgetary constraints the municipality was unable to implement all planned SPU activities	The municipality will partner with other government institutions in order to implement all planned SPU activities and progress will be monitored quarterly.

CONCLUSION

The Raymond Mhlaba Municipality is proud to present this Annual Performance Report 2021/ 2022 to the Raymond Mhlaba community. The Municipality remains committed to respond to the expectations of the residents and local business fraternity by providing access to quality and affordable basic services whilst doing utmost to maintain and improve on the existing levels of infrastructure investment. The Raymond Mhlaba Municipality is a well-functioning local government institution because of the effective, efficient, but most importantly, responsible use of its resources.

Yours in Good Governance

_____

MS. U.T MALINZI
MUNICIPAL MANAGER
RAYMOND MHLABA LOCAL MUNICIPALITY

RAYMOND MHLABA LOCAL MUNICIPALITY

EC 129

UNAUDITED

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2022

RAYMOND MHLABA LOCAL MUNICIPALITY

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RAYMOND MHLABA LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Raymond Mhlaba Local Municipality (EC129) performs the functions as set out in the Constitution.

LEGAL FORM

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 122 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.

JURISDICTION

The Raymond Mhlaba Local Municipality includes the following areas:

Alice	Hogsback	Adelaide	Katberg
Middledrift	Seymour	Bedford	
Fort Beaufort	Balfour	Healdtown	

MEMBERS OF THE COUNCIL

Position	Councillor	Ward / Additional Portfolio
Mayor	Zingiswa Rasmeni	PR Councillor
Speaker	Thozama Ngaye	PR Councillor
Chief Whip	Nonkazimlo Primrose Mlamla	PR Councillor
Councillor	Primrose Nosipho Ruselo	Ward 1
Councillor	Mzimkhulu Matayo	Ward 2
Councillor	Sinovuyo Kley	Ward 3
Councillor	Xolani Dyantyi	Ward 4
Councillor	Masixole Tsotsa	Ward 5
Councillor	Unathi Ngcume	Ward 6
Councillor	Kwanele Siduli	Ward 7
Councillor	Evelyn Nompucuko Zizi	Ward 8
Councillor	Nkuthalo Gideon Quilie	Ward 9
Councillor	Simon Justice Xego	Ward 10
Councillor	Luxolo Nqala	Ward 11
Councillor	Mthetheleli Gqokro	Ward 12

RAYMOND MHLABA LOCAL MUNICIPALITY

GENERAL INFORMATION

MEMBERS OF THE COUNCIL (CONTINUED)

Position	Councillor	Ward / Additional Portfolio
Councillor	Sindiswa Magxwalisa	Ward 13
Councillor	Songezo Mashenqana	Ward 14
Councillor	Ntombomzi Klaas	Ward 15
Councillor	Monwabisi Moses Zamo	Ward 16
Councillor	Liziwe Faith Matyolo	Ward 17
Councillor	Thobeka Priscilla Mjo	Ward 18
Councillor	Sindiswa Cynthia Tokwe	Ward 19
Councillor	Zikhona Nandipa Lento	Ward 20
Councillor	Masixole Jonathan Tukani	Ward 21
Councillor	Nolizwi Nomacwerha Yanta	Ward 22
Councillor	Mpho Mahleza	Ward 23
Councillor	Bukelwa Sharon Tyhali	Portfolio Head: Corporate Services
Councillor	Nomhle Beauty Sango	Portfolio Head: Engineering
Councillor	Anele Winifred Ntsangani	Portfolio Head: Finance
Councillor	Sithembele Michael Zuko	Portfolio Head: Community Service
Councillor	Portia Sabane	Portfolio Head: Sports, Arts and Culture
Councillor	Sinethemba Mjakuca	Portfolio Head: Strategic Planning & LED
Councillor	Zikhona Tyali	MPAC Chairperson
Councillor	Ernest Lombard	EXCO (PR Councillor)
Councillor	Mhlangabezi Nombombo	EXCO (PR Councillor)
Councillor	Zikhona Tyali	PR Councillor
Councillor	Nolusindiso Brenda Hans	PR Councillor
Councillor	Cecelia Anne Auld	PR Councillor
Councillor	Kayalethu Baliso	PR Councillor
Councillor	Deon Piet Mandeka	PR Councillor
Councillor	Lindile Theophilus Ngethu	PR Councillor
Councillor	Patricia Ntengu	PR Councillor
Councillor	Elton Bantam	PR Councillor
Councillor	Milicent Nonkoliseko Qawu	PR Councillor
Councillor	Xoliswa Victoria Vusani	PR Councillor
Councillor	Kwanele Tito	PR Councillor

MUNICIPAL MANAGER

Ms Unathi Malinzi

CHIEF FINANCIAL OFFICER

Mr Mveleli Ngxowa

RAYMOND MHLABA LOCAL MUNICIPALITY

GENERAL INFORMATION

REGISTERED OFFICE

8 Somerset Street, Fort Beaufort, 5720

POSTAL ADDRESS

PO Box 36, Fort Beaufort, 5720

AUDITORS

Office of the Auditor General (EC)

PRIMARY BANKER

ABSA Bank

PANEL OF ATTORNEYS

Lionel Trichardt & Associates
A A Solwandle Attorneys Inc.
NT Vuba Incorporated
Smith Tabata Attorneys
Siya Cockile Inc.
Kirchmanns Inc.
Gravett Schoeman Inc.
Ntsiki-Pakade Attorneys

RELEVANT LEGISLATION

Municipal Finance Management Act
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act
Municipal Systems Act
Municipal Planning and Performance Management Regulations
Water Services Act
Housing Act
Municipal Property Rates Act
Electricity Act
Skills Development Levies Act
Employment Equity Act
Unemployment Insurance Act
Basic Conditions of Employment Act
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations
mSCOA Regulations
Municipal Cost Containment Regulations, 2019

RAYMOND MHLABA LOCAL MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these financial statements for the year ended 30 June 2022, which are set out on pages 1 to 111 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2023 and I am satisfied that despite the current financial status, the Municipality can continue in operational existence for the foreseeable future.

Significant measures are currently being put in place to ensure improved revenue collection, revenue enhancement and finally cashflow.

The users should also take note of the financial sustainability matters adressed in note 57 of the financial statements.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Ms Unathi Malinzi **Date**
Municipal Manager

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Notes	30 JUNE 2022 R (Actual)	30 JUNE 2021 R (Restated)
ASSETS			
Current Assets		**134 907 347**	**125 541 508**
Cash and Cash Equivalents	**2**	19 413 084	16 663 189
Receivables from exchange transactions	**3**	50 856 924	41 343 887
Receivables from non-exchange transactions	**4**	17 096 039	25 301 301
VAT Receivable	**5**	47 541 301	42 233 131
Non-Current Assets		**833 186 279**	**774 914 523**
Investment Property	**6**	73 147 474	73 147 474
Property, Plant and Equipment	**7.1**	735 857 120	679 288 168
Property, Plant and Equipment - Capitalised Restoration Cost	**7.2**	23 149 841	20 844 853
Heritage Assets	**8**	70 000	70 000
Intangible Assets	**9**	961 845	1 564 029
Total Assets		**968 093 626**	**900 456 031**
Current Liabilities		**448 197 569**	**438 836 931**
Current Portion of Long-term Liabilities	**10**	444 517	687 896
Consumer Deposits	**11**	2 862 457	2 696 438
Payables from exchange transactions	**12**	397 138 894	384 867 959
Unspent Conditional Government Grants	**13**	11 174 179	16 145 904
Current Employee benefits	**14**	22 129 888	21 639 621
Provisions	**15**	14 447 634	12 799 114
Non-Current Liabilities		**93 678 956**	**79 445 377**
Long-term Liabilities	**10**	4 478 883	4 923 400
Employee benefits	**16**	40 307 000	32 177 000
Non-Current Provisions	**17**	48 893 073	42 344 977
Total Liabilities		**541 876 524**	**518 282 308**
NET ASSETS		**426 217 102**	**382 173 724**
COMMUNITY WEALTH			
Accumulated Surplus	**18**	426 217 102	382 173 724
		426 217 102	**382 173 724**

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2022

	Notes	30 JUNE 2022 R (Actual)	30 JUNE 2021 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		**361 146 735**	**419 295 131**
Taxation Revenue		**100 082 404**	**103 628 797**
Property Rates	**19**	100 082 404	103 628 797
Transfer Revenue		**260 213 563**	**310 949 029**
Government Grants and Subsidies - Capital	**20**	60 043 580	75 249 011
Government Grants and Subsidies - Operating	**20**	200 169 983	235 700 018
Other Revenue		**850 768**	**4 717 305**
Fines	**21**	140 778	62 033
Actuarial Gains	**22**	709 991	1 413 273
Fair Value Adjustments	**23**	-	3 242 000
REVENUE FROM EXCHANGE TRANSACTIONS		**126 501 152**	**120 027 649**
Operating Activities		**126 501 152**	**120 027 649**
Service Charges	**24**	77 277 748	84 487 542
Rental of Facilities and Equipment	**25**	581 148	509 853
Interest Earned - external investments	**26**	1 414 766	1 552 952
Interest Earned - outstanding debtors	**27**	34 322 600	24 096 667
Licences and Permits	**28**	4 756 236	5 738 779
Other Income	**29**	8 148 653	3 641 856
TOTAL REVENUE		**487 647 887**	**539 322 780**
EXPENDITURE			
Employee related costs	**30**	198 351 905	189 467 804
Remuneration of Councillors	**31**	19 037 190	18 464 737
Debt Impairment	**32**	78 757 514	55 065 380
Bad Debts Written Off	**32**	-	20 651 660
Depreciation and Amortisation	**33**	4 182 163	28 406 355
Impairments	**34**	643 900	1 388 910
Actuarial Losses	**35**	4 026 865	-
Finance Charges	**37**	8 075 185	13 435 402
Bulk Purchases	**38**	37 103 914	69 393 436
Transfers and Grants	**39**	7 657 123	9 459 905
Other Expenditure	**40**	85 566 687	136 430 064
Loss on disposal of Assets	**41**	202 063	2 227 997
TOTAL EXPENDITURE		**443 604 508**	**544 391 649**
NET DEFICIT FOR THE YEAR		**44 043 378**	**(5 068 869)**

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2022

	Note	ACCUMULATED SURPLUS R	TOTAL R
Balance on 1 July 2020		**387 209 964**	**387 209 964**
Prior Period Adjustments	**42.5**	32 629	**32 629**
Restated Balance on 1 July 2020		**387 242 593**	**387 242 593**
Net Deficit for the year		(5 068 869)	(5 068 869)
Restated Balance on 30 June 2021		**382 173 724**	**382 173 724**
Net Surplus for the year		44 043 378	44 043 378
Balance on 30 June 2022		**426 217 102**	**426 217 102**

RAYMOND MHLABA LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

	Notes	30 JUNE 2022 R (Actual)	30 JUNE 2021 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates		64 264 621	48 311 364
Service charges		58 270 652	67 228 911
Other Income		15 557 571	20 224 879
Government - operating		199 881 045	232 909 851
Government - capital		55 360 793	89 992 601
Interest Income		8 566 202	12 304 511
Payments			
Suppliers and employees		(331 134 537)	(381 832 258)
Finance charges		(405 852)	(8 980 358)
Transfers and Grants		(7 657 123)	(9 459 905)
NET CASH FROM OPERATING ACTIVITIES	**43**	**62 703 371**	**70 699 595**
CASH FLOW FROM INVESTING ACTIVITIES			
Payments			
Purchase of Property, Plant and Equipment		(59 431 600)	(69 028 667)
NET CASH USED INVESTING ACTIVITIES		**(59 431 600)**	**(69 028 667)**
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
Increase in Consumer Deposits		166 019	222 600
Payments			
Long-Term Liabilities repaid		(687 896)	(1 757 692)
NET CASH USED FINANCING ACTIVITIES		**(521 876)**	**(1 535 092)**
NET INCREASE IN CASH HELD		**2 749 895**	**135 836**
Cash and Cash Equivalents at the beginning of the year		16 663 189	16 527 353
Cash and Cash Equivalents at the end of the year		19 413 084	16 663 189
NET INCREASE IN CASH HELD		**2 749 895**	**135 836**

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

COMPARISON OF ACTUAL FIGURES TO APPROVED BUDGET

	2022 R (Actual)	2022 R (Final Budget)	2022 R (Variance)
ASSETS			
Current assets			
Cash	19 413 084	(5 563 865)	24 976 949
Consumer debtors	44 078 462	309 397 634	(265 319 172)
Other Debtors	71 415 801	198 915 612	(127 499 811)
Total current assets	**134 907 347**	**502 749 381**	**(367 842 034)**
Non current assets			
Investment property	73 147 474	83 745 433	(10 597 959)
Property, plant and equipment	759 006 961	480 694 935	278 312 026
Heritage Assets	70 000	70 000	-
Intangible Assets	961 845	-	961 845
Total non current assets	**833 186 279**	**564 510 368**	**268 675 911**
TOTAL ASSETS	**968 093 626**	**1 067 259 749**	**(99 166 123)**
LIABILITIES			
Current liabilities			
Borrowing	444 517	1 566 878	(1 122 361)
Consumer deposits	2 862 457	2 473 837	388 620
Trade and other payables	408 313 073	317 231 914	91 081 159
Provisions and Employee Benefits	36 577 522	30 721 000	5 856 522
Total current liabilities	**448 197 569**	**351 993 629**	**96 203 940**
Non current liabilities			
Borrowing	4 478 883	4 583 214	(104 331)
Provisions and Employee Benefits	89 200 073	59 322 000	29 878 073
Total non current liabilities	**93 678 956**	**63 905 214**	**29 773 742**
TOTAL LIABILITIES	**541 876 524**	**415 898 843**	**125 977 681**
NET ASSETS	**426 217 102**	**651 360 906**	**(225 143 804)**
COMMUNITY WEALTH			
Accumulated Surplus	426 217 102	651 360 906	(225 143 804)
TOTAL COMMUNITY WEALTH/EQUITY	**426 217 102**	**651 360 906**	**(225 143 804)**

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

ADJUSTMENTS TO APPROVED BUDGET

	2022 R (Approved Budget)	2022 R (Adjustments)	2022 R (Final Budget)
ASSETS			
Current assets			
Cash	(5 563 865)	-	(5 563 865)
Consumer debtors	309 397 634	-	309 397 634
Other Debtors	198 915 612	-	198 915 612
Total current assets	**502 749 381**	**-**	**502 749 381**
Non current assets			
Investment property	83 745 433	-	83 745 433
Property, plant and equipment	480 176 662	518 273	480 694 935
Heritage Assets	70 000	-	70 000
Total non current assets	**563 992 095**	**518 273**	**564 510 368**
TOTAL ASSETS	**1 066 741 476**	**518 273**	**1 067 259 749**
LIABILITIES			
Current liabilities			
Borrowing	1 566 878	-	1 566 878
Consumer deposits	2 473 837	-	2 473 837
Trade and other payables	292 270 358	24 961 556	317 231 914
Provisions and Employee Benefits	30 721 000	-	30 721 000
Total current liabilities	**327 032 073**	**24 961 556**	**351 993 629**
Non current liabilities			
Borrowing	4 583 214	-	4 583 214
Provisions and Employee Benefits	59 322 000	-	59 322 000
Total non current liabilities	**63 905 214**	**-**	**63 905 214**
TOTAL LIABILITIES	**390 937 287**	**24 961 556**	**415 898 843**
NET ASSETS	**675 804 189**	**(24 443 283)**	**651 360 906**
COMMUNITY WEALTH			
Accumulated Surplus	675 804 189	(24 443 283)	651 360 906
TOTAL COMMUNITY WEALTH/EQUITY	**675 804 189**	**(24 443 283)**	**651 360 906**

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2022

COMPARISON OF ACTUAL FIGURES TO APPROVED BUDGET

	2022 R (Actual)	2022 R (Final Budget)	2022 R (Variance)
REVENUE BY SOURCE			
Property rates	100 082 404	110 360 400	(10 277 996)
Service charges	77 277 748	70 815 358	6 462 390
Rental of facilities and equipment	581 148	515 000	66 148
Interest earned - external investments	1 414 766	330 000	1 084 766
Interest earned - outstanding debtors	34 322 600	24 920 000	9 402 600
Fines	140 778	150 000	(9 222)
Licences and permits	4 756 236	5 500 000	(743 764)
Government Grants and Subsidies - Operating	200 169 983	199 643 650	526 333
Other revenue	8 858 643	2 110 000	6 748 643
Gains	-	3 536 000	(3 536 000)
TOTAL OPERATING REVENUE	**427 604 307**	**417 880 408**	**9 723 899**
EXPENDITURE BY TYPE			
Employee related costs	198 351 905	203 395 286	(5 043 381)
Remuneration of councillors	19 037 190	21 394 326	(2 357 136)
Debt impairment	78 757 514	2 880 538	75 876 976
Depreciation & asset impairment	4 826 064	30 855 871	(26 029 807)
Finance charges	8 075 185	18 696 739	(10 621 554)
Bulk purchases	37 103 914	51 546 173	(14 442 259)
Grants and subsidies paid	7 657 123	11 037 230	(3 380 107)
Other expenditure	89 593 551	87 369 932	2 223 619
Losses	202 063	-	202 063
TOTAL OPERATING EXPENDITURE	**443 604 508**	**427 176 095**	**16 428 413**
OPERATING DEFICIT FOR THE YEAR	**(16 000 201)**	**(9 295 687)**	**(6 704 514)**
Government Grants and Subsidies - Capital	60 043 580	39 266 350	20 777 230
NET SURPLUS FOR THE YEAR	**44 043 378**	**29 970 663**	**14 072 715**

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2022

ADJUSTMENTS TO APPROVED BUDGET

	2022 R (Approved Budget)	2022 R (Adjustments)	2022 R (Final Budget)
REVENUE BY SOURCE			
Property rates	110 360 400	-	110 360 400
Service charges	70 815 358	-	70 815 358
Rental of facilities and equipment	515 000	-	515 000
Interest earned - external investments	330 000	-	330 000
Interest earned - outstanding debtors	24 920 000	-	24 920 000
Fines	150 000	-	150 000
Licences and permits	5 500 000	-	5 500 000
Government Grants and Subsidies - Operating	199 643 650	-	199 643 650
Other revenue	2 110 000	-	2 110 000
Gains	3 536 000		3 536 000
TOTAL OPERATING REVENUE	**417 880 408**	**-**	**417 880 408**
EXPENDITURE BY TYPE			
Employee related costs	196 703 048	6 692 238	203 395 286
Remuneration of councillors	19 997 252	1 397 074	21 394 326
Debt impairment	25 000 000	(22 119 462)	2 880 538
Depreciation & asset impairment	30 855 871	-	30 855 871
Finance charges	18 695 000	1 739	18 696 739
Bulk purchases	45 600 000	5 946 173	51 546 173
Grants and subsidies paid	11 200 000	(162 770)	11 037 230
Other expenditure	66 688 821	20 681 111	87 369 932
TOTAL OPERATING EXPENDITURE	**414 739 992**	**12 436 103**	**427 176 095**
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	**3 140 416**	**(12 436 103)**	**(9 295 687)**
Government Grants and Subsidies - Capital	39 266 350	-	39 266 350
NET SURPLUS FOR THE YEAR	**42 406 766**	**(12 436 103)**	**29 970 663**

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

COMPARISON OF ACTUAL FIGURES TO APPROVED BUDGET

	2022 R (Actual)	2022 R (Final Budget)	2022 R (Variance)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	64 264 621	68 423 448	(4 158 827)
Service Charges	58 270 652	60 120 805	(1 850 153)
Other Income	15 557 571	8 275 000	7 282 571
Government - Operating	199 881 045	199 643 650	237 395
Government - Capital	55 360 793	39 266 350	16 094 443
Interest Income	8 566 202	330 000	8 236 202
Payments			
Suppliers and Employees	(331 134 537)	(328 989 121)	(2 145 416)
Finance Charges	(405 852)	(18 695 000)	18 289 148
Transfers and Grants	(7 657 123)	(11 200 000)	3 542 877
NET CASH FROM OPERATING ACTIVITIES	**62 703 371**	**17 175 132**	**45 528 239**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Capital assets	(59 431 600)	(39 266 350)	(20 165 250)
NET CASH USED IN INVESTING ACTIVITIES	**(59 431 600)**	**(39 266 350)**	**(20 165 250)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Increase/(decrease) in consumer deposits	166 019	-	166 019
Payments			
Repayment of borrowing	(687 896)	-	(687 896)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(521 876)**	**-**	**(521 876)**
NET INCREASE/(DECREASE) IN CASH HELD	**2 749 895**	**(22 091 218)**	**24 841 113**
Cash and Cash Equivalents at beginning of the Year	16 663 189	16 527 353	135 836
Cash and Cash Equivalents at the end of the Year	19 413 084	(5 563 865)	24 976 949

RAYMOND MHLABA LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

ADJUSTMENTS TO APPROVED BUDGET

	2022 R (Approved Budget)	2022 R (Adjustments)	2022 R (Final Budget)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	68 423 448	-	68 423 448
Service Charges	60 120 805	-	60 120 805
Other Income	8 275 000	-	8 275 000
Government - Operating	199 643 650	-	199 643 650
Government - Capital	39 266 350	-	39 266 350
Interest Income	330 000	-	330 000
Payments			
Suppliers and Employees	(328 989 121)	-	(328 989 121)
Finance charges	(18 695 000)	-	(18 695 000)
Transfers and Grants	(11 200 000)	-	(11 200 000)
NET CASH FROM OPERATING ACTIVITIES	**17 175 132**	**-**	**17 175 132**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Capital assets	(39 266 350)	-	(39 266 350)
NET CASH USED IN INVESTING ACTIVITIES	**(39 266 350)**	**-**	**(39 266 350)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Increase/(decrease) in consumer deposits	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	**-**	**-**	**-**
NET DECREASE IN CASH HELD	**(22 091 218)**	**-**	**(22 091 218)**
Cash and Cash Equivalents at beginning of the Year	16 527 353	-	16 527 353
Cash and Cash Equivalents at the end of the Year	(5 563 865)	-	(5 563 865)

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Actual and budgeted figures are presented based on the nature of the revenue or expense, unless stated otherwise.

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment, Intangible Asset and Heritage Assets where the acquisition cost of an asset could not be determined.

In terms of GRAP 108 - "Statutory Receivables", the Municipality is utilising the transitional provision contained in Directive 4 that grant the Municipality a period of three years (1 July 2019 to 30 June 2022) in order to finalise the classification and impairment methods of Statutory Receivables.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

1.05 COMPARATIVE INFORMATION (CONTINUED)

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the actual amounts and approved budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

The Municipality resolved to early adopt the Improvements to the Standards of GRAP (2020) which were issued but are not yet effective. The improvements affected the following Standards of GRAP:

Standard	Description	Effective Date
GRAP 5	Borrowing Costs	1 April 2023
GRAP 13	Leases	1 April 2023
GRAP 16	Investment Property	1 April 2023
GRAP 17	Property Plant and Equipment	1 April 2023
GRAP 24	Presentation of Budget Information in Financial Statements	1 April 2023
GRAP 31	Intangible Assets	1 April 2023
GRAP 32	Service Concession Arrangements: Grantor	1 April 2023
GRAP 37	Joint Arrangements	1 April 2023
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	1 April 2023
Directive 7	The Application of Deemed Cost	1 April 2023
Guideline	Accounting for Landfill Sites	1 April 2023

The Municipality also resolved to early adopt the following Interpretation of the Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
iGRAP 21	The Effect of Past Decisions on Materiality	1 April 2023

The Municipality further resolved to early adopt the following Amendments to the Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 1 (2019)	Presentation of Financial Statements	1 April 2023

The effect of the above-mentioned pronouncements to the Standards of GRAP which were early adopted is considered insignificant. The early adopted pronouncements mainly relate to the clarification of accounting principles.

The Municipality further resolved not to early adopt the following Standard of GRAP which was issued but is not yet effective:

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

1.08.1.1 GRAP 104 (Revised 2019) - Financial Instruments (effective 1 April 2025)

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but is not yet effective and the Minister of Finance has not yet determined an effective date for implementation, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.08.2.1 GRAP 25 (Revised 2021) - Employee Benefits

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. This Standard was revised to align it with IPSAS 39 on Employee Benefits.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will not be significant

1.08.2.2 GRAP 103 (Revised 2022) - Heritage Assets

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

Preliminary investigations indicate that this revised Standard may have a significant impact with regards to heritage assets which have a dual purpose. Even though some heritage assets can have cultural significance while being used in delivering services, the revised Standard will now require that all heritage assets be accounted for using GRAP 103. A consequence of this amendment is that a heritage asset will no longer be depreciated. Instead, a heritage asset should be tested for impairment when an impairment indicator has been triggered.

1.08.2.3 iGRAP 7 (Revised 2021) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

This Interpretation addresses the following:

(a) When refunds or reductions in future contributions should be regarded as available in accordance with the definition of the asset ceiling.
(b) How a minimum funding requirement might affect the availability of reductions in future contributions.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

1.09 INVESTMENT PROPERTY

1.09.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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 measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

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

1.09.2 Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is recognised in the Statement of Financial Performance for the period in which it arises.

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost is its fair value at the date of change in use.

If an owner-occupied property becomes an investment property that will be carried at fair value, any differences between the carrying amount of the property and its fair value is treated in the same way as a revaluation in accordance with the Standard of GRAP on Property, Plant and Equipment.

1.09 INVESTMENT PROPERTY (CONTINUED)

For a transfer from inventories to investment property that will be carried at fair value, any difference between the fair value of the property and its previous carrying amount is recognised in the Statement of Financial Performance.

To ensure consistency between accounting policies applied by the former municialities (before merger date), all investment properties will be subsequently measured at fair value. Nxuba Local Municipality previously accounted for investment properties on the cost model.

1.09.3 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.09.4 Derecognition

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

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.10 PROPERTY, PLANT AND EQUIPMENT

1.10.1 Initial Recognition

Property, plant and equipment are tangible non-current 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 year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Items of property, plant and equipment are initially recognised at cost on its acquisition date. 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any 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 the Municipality.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition.

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

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

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.10.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.10.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Land and Buildings	
Land	Indefinite
Buildings	17 - 100
Infrastructure	
Roads and Stormwater	7 - 100
Electricity	11 - 122
Solid Waste	8 - 72
Community Assets	
Park Facilities	24 - 125
Community Assets	
Park Facilities	24 - 125
Lease Assets	
Computer Equipment	2 - 5
Plant and Machinery	3
Motor Vehicles	3
Other Assets	
Plant and Machinery	2 - 23
Motor Vehicles	6 - 18
Computer Equipment	4 - 18
Furniture and Office Equipment	4 - 20
Capitalised Restoration Cost	
Landfill sites	10 - 92

1.10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

1.10.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.10.5 Derecognition

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.11 INTANGIBLE ASSETS

1.11.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only 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.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

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

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

1.11 INTANGIBLE ASSETS (CONTINUED)

Where an intangible asset 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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(b) its intention to complete the intangible asset and use or sell it;
(c) its ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits or service potential;

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.11.2 Subsequent Measurement - Cost Model

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

1.11.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

1.11 INTANGIBLE ASSETS (CONTINUED)

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	3

1.11.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.11.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.12 HERITAGE ASSETS

1.12.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised 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.

Heritage assets are initially recognised at cost on its acquisition date. The cost of heritage assets 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any 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 the Municipality.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition.

1.12 HERITAGE ASSETS (CONTINUED)

Where a heritage asset 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 is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.12.2 Subsequent Measurement – Cost Model

Heritage assets are carried at its cost less any accumulated impairment losses.

1.12.3 Depreciation

Heritage assets are not depreciated.

1.12.4 Impairment

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.12.5 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset.

The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

Compensation from third parties for heritage assets that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.13 IMPAIRMENT OF NON-MONETARY ASSETS

An 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.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

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

1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

1.13.1 Recoverable amount of Cash-generating assets

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

The best evidence of 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.

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

1.13.2 Recoverable amount of Non-cash-generating assets

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

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

1.13.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

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

1.13.4 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 assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

1.13 IMPAIRMENT OF NON-MONETARY ASSETS (CONTINUED)

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

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

1.14 INVENTORIES

1.14.1 Initial Recognition

Inventories are assets:

(a) in the form of materials or supplies to be consumed in the production process;
(b) in the form of materials or supplies to be consumed or distributed in the rendering of services;

(c) held for sale or distribution in the ordinary course of operations; or
(d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

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

1.14.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount 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 expense is recognised when the goods are distributed, or related service is rendered.

1.14 INVENTORIES (CONTINUED)

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

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 would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.15 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

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

1.15.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.15.1.1 Multi-employer defined benefit plans

The municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.15 EMPLOYEE BENEFITS (CONTINUED)

1.15.1.2 Post Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.2 Long-term Benefits

1.15.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.15.3 Short-term Benefits

1.15.3.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

1.15 EMPLOYEE BENEFITS (CONTINUED)

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.15.3.2 Staff Bonuses Accrued

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.16 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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 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 will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality 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.

1.16 PROVISIONS (CONTINUED)

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.17 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.

1.17.1 Municipality as Lessee

1.17.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.17.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.17.2 Municipality as Lessor

1.17.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

1.17 LEASES (CONTINUED)

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

1.17.2.2 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

1.18 FINANCIAL INSTRUMENTS

1.18.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.18.2 Subsequent Measurement

Financial instruments are categorised as follow:

(a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.

(b) **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. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

(c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:

(i) derivatives;
(ii) combined instruments that are designated at fair value;
(iii) instruments held for trading;
(iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
(v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.18.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.18.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.18.3.2 Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

1.18 FINANCIAL INSTRUMENTS (CONTINUED)

1.18.4 Derecognition of financial instruments

1.18.4.1 Financial assets

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.18.4.2 Financial liabilities

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.18.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.19 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.19.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.19 STATUTORY RECEIVABLES (CONTINUED)

1.19.2 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 subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.19.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable 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 is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the 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 Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable 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 by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.19.3 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.20 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.21 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.22 TAXES (VALUE ADDED TAX)

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

1.23 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.24 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.25 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

1.25 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS (CONTINUED)

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.26 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.26.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.26.1.1 Taxation Revenue

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.26.1.2 Transfer Revenue

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.26 REVENUE (CONTINUED)

1.26.1.3 Fines

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued and collected by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued or collected by other government institutes.

1.26.1.4 Insurance Receipts

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.26.1.5 Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

1.26.1.6 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.26.1.7 Services in-kind

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related 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.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.26.1.8 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

1.26 REVENUE (CONTINUED)

1.26.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

1.26.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

1.26.2.2 Investment income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.26.2.3 Rental income

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.26.2.5 Other Tariffs

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

1.26 REVENUE (CONTINUED)

1.26.2.6 Sale of goods

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

(a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
(b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
(c) The amount of revenue can be measured reliably.
(d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.26.2.7 Deferred payment

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.27 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.28 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

1.32 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.33 EVENTS AFTER REPORTING DATE

Events after the 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:

(a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
(b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.34 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.

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

Management is considered a related party and comprises 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.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

The Municipality is exempt from the disclosure requirements in relation to related party transactions if that transactions occurs within the normal supplier and/or client/recipient relationship 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 the terms and conditions are within the normal operating parameters established by Municipality's legal mandate.

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the financial statements to understand the effect of related party transactions.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm’s length and not on normal commercial terms, are disclosed.

1.35 ACCOUNTING BY PRINCIPLES AND AGENTS

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:

(a) It does not have the power to determine the significant terms and conditions of the transaction.

(b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
(c) 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.

1.35 ACCOUNTING BY PRINCIPLES AND AGENTS (CONTINUED)

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.

1.36 LIVING AND NON-LIVING RESOURCES

Living resources are those resources that undergo biological transformation which comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, is not recognised. The Standard only requires disclosure of the relevant resources.

The Municipality has assessed that it does not control any living resources.

1.37 SEGMENT REPORTINGS

A segment is an activity of the Municipality:

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

Management comprises 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.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality's financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis.

Financial information distributed to management does not include a segment/department analysis of assets and liabilities associated with each segment/department. In line with this principle utilised during the financial year, the segment reporting included in the financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the municipality as a whole.

1.37 SEGMENT REPORTINGS (CONTINUED)

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment.

1.38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.38.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.38.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.38.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.38.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property, Intangible assets and Heritage assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.38.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical obligations and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.38.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthwork as published by Statistics South Africa.

1.38.7 Distinguishing between Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

1.38.8 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.38 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

1.38.9 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

1.38.10 Recognition and Derecognition of Land

In order for land to be meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

1.38.11 Applying materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality’s circumstances. The assessment of materiality therefore requires management to apply judgement about:

(a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.

(b) How the nature or size or both, of the information could reasonably be expected to influence users’ decisions.

		30 JUNE 2022 R	30 JUNE 2021 R
2	**CASH AND CASH EQUIVALENTS**		
	Bank Accounts	10 733 904	5 144 692
	Call Deposits	8 679 179	11 518 498
	Total	**19 413 084**	**16 663 189**
	Due to the short term nature of cash deposits, all balances included above is in line with their fair value		
	Cash and Cash Equivalents are held to support the following commitments:		
	Unspent Conditional Grants	11 174 179	16 145 904
	Working Capital Requirements	8 238 905	517 285
	Total	**19 413 084**	**16 663 189**
	Refer to notes 13 and 20 for more detail relating to unspent conditional grants.		
	Bank Accounts		
	ABSA Bank Ltd - Current Account - 40 8171 6725		
	Bank Statement Balance - Opening Balance	4 463 411	6 659 937
	Bank Statement Balance - Closing Balance	6 944 944	4 463 411
	ABSA Bank Ltd - Current Account - 23 6000 0012		
	Bank Statement Balance - Opening Balance	12 896	94 057
	Bank Statement Balance - Closing Balance	69 568	12 896
	First National Bank Ltd - Current Account - 620 2619 2336		
	Bank Statement Balance - Opening Balance	31 822	8 054 974
	Bank Statement Balance - Closing Balance	155 975	31 822
	First National Bank Ltd - Current Account - 516 4001 1783		
	Bank Statement Balance - Opening Balance	603 787	1 806 181
	Bank Statement Balance - Closing Balance	232 728	603 787
	All Current Accounts		
	Bank Statement Balance - Opening Balance	5 111 916	16 615 148
	Bank Statement Balance - Closing Balance	7 403 215	5 111 916
	Cashbook Balance - Opening Balance	5 144 692	16 527 353
	Cashbook Balance - Closing Balance	10 733 904	5 144 692

		30 JUNE 2022 R	30 JUNE 2021 R
2	**CASH AND CASH EQUIVALENTS (CONTINUED)**		

There were no overdraft facility at the period ending 30 June 2021 and 30 June 2022.

Call Deposits

Call Deposits consist out of the following account:

ABSA Bank Ltd - Call Account - 4100 703 849	45 152	11 518 498
ABSA Bank Ltd - Call Account - 4098 967 806	6 264	-
ABSA Bank Ltd - Call Account - 4099 150 636	17 364	-
ABSA Bank Ltd - Call Account - 4101 692 679	3 083 880	-
ABSA Bank Ltd - Call Account - 4103 567 036	5 526 519	-
Total	**8 679 179**	**11 518 498**

The Call Account attracted interest at ?? (2021 - 3.10%).

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

30 JUNE 2022

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**308 203 080**	**277 810 289**	**30 392 791**
Electricity	43 685 903	32 381 411	11 304 492
Refuse	109 977 212	105 028 750	4 948 463
Interest on Arrears	151 700 549	137 753 342	13 947 207
Other Receivables	2 839 415	2 646 786	192 629
Other Receivables	**20 464 133**	**-**	**20 464 133**
Sundry Receivables	1 718 283	-	1 718 283
Accrued Interest	35 501	-	35 501
Eskom Trust Account	5 000 000	-	5 000 000
Eskom Deposits	13 710 350	-	13 710 350
Total	**328 667 213**	**277 810 289**	**50 856 924**

30 JUNE 2021

	Gross Balance R	Allowance for impairment R	Net Receivable R
Service Receivables	**261 579 104**	**240 406 020**	**21 173 084**
Electricity	37 902 912	29 571 871	8 331 042
Refuse	96 753 107	92 540 566	4 212 541
Interest on Arrears	124 500 323	115 929 215	8 571 108
Other Receivables	2 422 762	2 364 368	58 394

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	Gross Balance R	Allowance for impairment R	Net Receivable R
Other Receivables	**20 170 803**	**-**	**20 170 803**
Sundry Receivables	1 395 890	-	1 395 890
Accrued Interest	64 563	-	64 563
Eskom Trust Account	5 000 000	-	5 000 000
Eskom Deposits	13 710 350	-	13 710 350
Total	**281 749 907**	**240 406 020**	**41 343 887**
Balance previously Reported	**199 115 835**	**164 488 288**	**34 627 547**
Prior Period Adjustment - Refer to note 42.1	82 634 071	75 917 732	6 716 340
Total	**281 749 907**	**240 406 020**	**41 343 887**

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

The Eskom Deposits relates to connection deposits paid by the municipality to Eskom in areas where electricity services are obtained directly from Eskom (ie High Mast Lights). The Eskom Trust Account relates to funds paid into a trust account of Ntsiki Pakade Attorneys during 2019/20 as bond security for the legal matter against Eskom.

	30 JUNE 2022 R	30 JUNE 2021 R
Ageing of service receivables:		
Electricity Ageing		
Current (0 - 30 days)	4 569 385	3 590 548
Past Due (31 - 60 Days)	2 488 366	1 903 989
Past Due (61 - 90 Days)	1 916 767	1 492 445
Past Due (90 Days +)	34 711 386	30 915 931
Total	**43 685 903**	**37 902 912**

		30 JUNE 2022 R	30 JUNE 2021 R
3	**RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)**		
	Refuse Ageing		
	Current (0 - 30 days)	1 582 161	1 495 726
	Past Due (31 - 60 Days)	1 439 808	1 343 168
	Past Due (61 - 90 Days)	1 401 390	1 285 071
	Past Due (90 Days +)	105 553 853	92 629 141
	Total	**109 977 212**	**96 753 107**
	Interest on Arrears Ageing		
	Current (0 - 30 days)	3 473 193	1 664 631
	Past Due (31 - 60 Days)	3 460 615	2 132 996
	Past Due (61 - 90 Days)	3 255 222	2 136 892
	Past Due (90 Days +)	141 511 519	118 565 803
	Total	**151 700 549**	**124 500 323**
	Other Services Ageing		
	Current (0 - 30 days)	55 760	22 457
	Past Due (31 - 60 Days)	24 663	19 946
	Past Due (61 - 90 Days)	31 122	18 330
	Past Due (90 Days +)	2 727 870	2 362 029
	Total	**2 839 415**	**2 422 762**

Ageing per Customer Classification - 30 June 2022

	Consumers R	Industrial/ Commercial R	National and Provincial Government R
Current (0 - 30 days)	4 063 037	2 072 002	3 545 460
Past Due (31 - 60 Days)	3 324 424	828 368	3 260 661
Past Due (61 - 90 Days)	3 169 760	674 274	2 760 466
Past Due (90 Days +)	194 155 442	16 684 406	73 664 779
Sub-Total	**204 712 664**	**20 259 049**	**83 231 367**
Less Allowance for Impairment	(193 693 257)	(17 434 585)	(66 682 447)
Total	**11 019 407**	**2 824 464**	**16 548 920**

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Ageing per Customer Classification - 30 June 2021

	Consumers	Industrial/ Commercial	National and Provincial Government
	R	R	R
Current (0 - 30 days)	2 214 923	2 404 952	2 153 487
Past Due (31 - 60 Days)	2 313 766	927 592	2 158 740
Past Due (61 - 90 Days)	2 310 225	740 744	1 881 769
Past Due (90 Days +)	167 524 580	28 727 822	48 220 503
Sub-Total	**174 363 495**	**32 801 110**	**54 414 499**
Less Allowance for Impairment	(167 554 994)	(29 119 926)	(43 731 099)
Total	**6 808 500**	**3 681 184**	**10 683 399**

	30 JUNE 2022	30 JUNE 2021
	R	R
Reconciliation of Allowance for impairment		
Opening Balance	240 406 020	209 966 226
Contribution to the provision	37 404 269	30 867 564
Electricity	2 809 541	5 056 025
Refuse	12 488 184	12 751 138
Interest on Arrears	21 824 127	12 962 954
Other Receivables	282 418	97 446
Bad Debts Written off	-	(427 770)
Interest on Arrears	-	(427 770)
Balance at the end of the year	**277 810 289**	**240 406 020**

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

30 JUNE 2022

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
Service Receivables	**294 233 130**	**280 547 459**	**13 685 672**
Rates	294 233 130	280 547 459	13 685 672
Other Receivables	**3 410 367**	**-**	**3 410 367**
Accrued Interest	1 700	-	1 700
Sundry Receivables	3 408 667	-	3 408 667
Total	**297 643 497**	**280 547 459**	**17 096 039**

30 JUNE 2021

	Gross Balance	Allowance for impairment	Net Receivable
	R	R	R
Service Receivables	**258 415 347**	**236 524 413**	**21 890 934**
Rates	258 415 347	236 524 413	21 890 934
Other Receivables	**3 410 367**	**-**	**3 410 367**
Accrued Interest	1 700	-	1 700
Sundry Receivables	3 408 667	-	3 408 667
Total	**261 825 714**	**236 524 413**	**25 301 301**
Balance previously Reported	**344 970 264**	**312 952 623**	**32 017 641**
Prior Period Adjustment - Refer to note 42.2	(83 144 550)	(76 428 210)	(6 716 340)
Total	**261 825 714**	**236 524 413**	**25 301 301**

The carrying value of receivables are in line with their fair value. A credit period of 30 days are granted on initial recognition of the receivable, which is considered to be in line with industry norms. Interest at prime rate + 1% is charged on overdue accounts.

	30 JUNE 2022	30 JUNE 2021
	R	R
Ageing of service receivables:		
Rates Ageing		
Current (0 - 30 days)	3 741 341	5 129 783
Past Due (31 - 60 Days)	3 405 394	8 992 955
Past Due (61 - 90 Days)	3 368 591	4 428 131
Past Due (90 Days +)	283 717 804	239 864 478
Total	**294 233 130**	**258 415 347**

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Ageing per Customer Classification - 30 June 2022

	Consumers	Industrial/ Commercial	National and Provincial Government
	R	R	R
Current (0 - 30 days)	2 492 650	402 917	845 774
Past Due (31 - 60 Days)	2 370 274	190 250	844 870
Past Due (61 - 90 Days)	2 348 717	175 004	844 870
Past Due (90 Days +)	155 761 054	10 386 346	117 570 405
Sub-Total	**162 972 695**	**11 154 517**	**120 105 918**
Less Allowance for Impairment	(155 025 901)	(10 467 328)	(115 054 229)
Total	**7 946 793**	**687 189**	**5 051 690**

Ageing per Customer Classification - 30 June 2021

	Consumers	Industrial/ Commercial	National and Provincial Government
	R	R	R
Current (0 - 30 days)	2 684 041	414 045	2 031 697
Past Due (31 - 60 Days)	6 003 454	704 861	2 284 639
Past Due (61 - 90 Days)	2 065 649	196 520	2 165 962
Past Due (90 Days +)	99 139 668	8 396 448	132 328 362
Sub-Total	**109 892 813**	**9 711 874**	**138 810 661**
Less Allowance for Impairment	(101 485 419)	(8 785 727)	(126 253 267)
Total	**8 407 394**	**926 147**	**12 557 394**

	30 JUNE 2022	30 JUNE 2021
	R	R
Reconciliation of Allowance for impairment		
Opening Balance	236 524 413	209 567 132
Contribution to the provision	44 023 045	47 181 171
Bad Debts Written off	-	(20 223 890)
Balance at the end of the year	**280 547 459**	**236 524 413**

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

		30 JUNE 2022 R	30 JUNE 2021 R
5	**VAT RECEIVABLE**		
	Vat Receivable	47 541 301	42 233 131
	Total	**47 541 301**	**42 233 131**

VAT is accounted for on the payment/cash basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies

6	**INVESTMENT PROPERTY**		
	Investment Property - Carrying Value	**73 147 474**	**73 147 474**
	Balance Previously Reported		73 147 474
	Prior Period Adjustment - Refer to note 42.3		-

The movement in investment properties is reconciled as follows:

Opening Fair Value	**73 147 474**	**69 905 474**
Fair Value Adjustment	-	3 242 000
Disposals	-	-
Closing Carrying Value	**73 147 474**	**73 147 474**
Fair Value	73 147 474	73 147 474

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.

The are no work in progress balances to be report on any financial period under review.

The fair value is based on the market value of the relevant property. The value is guided by the IVSC (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.

7.1 PROPERTY PLANT AND EQUIPMENT

30 JUNE 2022	Cost					Accumulated Depreciation					Accumulated Impairment			
	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Disposals R	Closing Balance R	Carrying Value R
Land and Buildings	**110 349 057**	**-**	**-**	**-**	**110 349 057**	**9 043 997**	**-**	**-**	**-**	**9 043 997**	**-**	**-**	**-**	**101 305 060**
Land	49 241 810	-	-	-	49 241 810	-	-	-	-	-	-	-	-	49 241 810
Buildings	61 107 246	-	-	-	61 107 246	9 043 997	-	-	-	9 043 997	-	-	-	52 063 250
Infrastructure	**683 241 767**	**-**	**-**	**-**	**683 241 767**	**333 689 453**	**-**	**-**	**-**	**333 689 453**	**1 723 950**	**-**	**1 723 950**	**347 828 364**
Roads and Stormwater	568 213 535	-	-	-	568 213 535	283 101 879	-	-	-	283 101 879	-	-	-	285 111 656
Electricity	110 873 144	-	-	-	110 873 144	48 463 409	-	-	-	48 463 409	-	-	-	62 409 735
Solid Waste	4 155 089	-	-	-	4 155 089	2 124 166	-	-	-	2 124 166	1 723 950	-	1 723 950	306 973
Community Assets	**142 551 574**	**-**	**-**	**-**	**142 551 574**	**30 599 739**	**-**	**-**	**-**	**30 599 739**	**-**	**-**	**-**	**111 951 835**
Cemetery	5 388 062	-	-	-	5 388 062	1 526 353	-	-	-	1 526 353	-	-	-	3 861 709
Recreation Grounds	36 410 658	-	-	-	36 410 658	8 506 865	-	-	-	8 506 865	-	-	-	27 903 792
Community Halls and Centres	100 752 854	-	-	-	100 752 854	20 566 521	-	-	-	20 566 521	-	-	-	80 186 334
Lease Assets	**9 478 143**	**-**	**-**	**-**	**9 478 143**	**3 988 607**	**632 052**	**-**	**-**	**4 620 659**	**-**	**-**	**-**	**4 857 484**
Computer Equipment	1 912 976	-	-	-	1 912 976	918 805	406 754	-	-	1 325 559	-	-	-	587 416
Plant and Machinery	5 324 886	-	-	-	5 324 886	2 295 121	167 497	-	-	2 462 618	-	-	-	2 862 268
Motor Vehicles	2 240 282	-	-	-	2 240 282	774 680	57 801	-	-	832 482	-	-	-	1 407 800
Other Assets	**57 324 410**	**-**	**(526 914)**	**-**	**56 797 496**	**36 190 107**	**2 028 532**	**(324 851)**	**-**	**37 893 788**	**-**	**-**	**-**	**18 903 707**
Plant and Machinery	41 443 193	-	(76 108)	-	41 367 085	28 425 185	994 152	(16 111)	-	29 403 225	-	-	-	11 963 859
Motor Vehicles	9 219 103	-	(84 200)	-	9 134 903	2 902 019	581 549	(6 381)	-	3 477 187	-	-	-	5 657 716
Computer Equipment	2 042 458	-	(187 401)	-	1 855 056	1 375 962	183 953	(129 344)	-	1 430 570	-	-	-	424 487
Furniture and Office Equipment	4 619 657	-	(179 205)	-	4 440 452	3 486 941	268 879	(173 014)	-	3 582 806	-	-	-	857 646
Work in Progress	91 591 445	59 431 600	-	-	**151 023 045**	-	-	-	-	-	12 375	-	12 375	**151 010 670**
Total	**1 094 536 396**	**59 431 600**	**(526 914)**	**-**	**1 153 441 082**	**413 511 903**	**2 660 585**	**(324 851)**	**-**	**415 847 636**	**1 736 325**	**-**	**1 736 325**	**735 857 120**

7.1 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

30 JUNE 2021	Cost					Accumulated Depreciation					Accumulated Impairment			
	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Transfers R	Closing Balance R	Opening Balance R	Disposals R	Closing Balance R	Carrying Value R
Land and Buildings	**110 349 057**	**-**	**-**	**-**	**110 349 057**	**7 670 394**	**1 373 603**	**-**	**-**	**9 043 997**	**-**	**-**	**-**	**101 305 060**
Land	49 241 810	-	-	-	49 241 810	-	-	-	-	-	-	-	-	49 241 810
Buildings	61 107 246	-	-	-	61 107 246	7 670 394	1 373 603	-	-	9 043 997	-	-	-	52 063 250
Infrastructure	**596 193 763**	**-**	**(1 964 798)**	**89 012 802**	**683 241 767**	**316 537 727**	**18 034 406**	**(882 679)**	**-**	**333 689 453**	**1 723 950**	**-**	**1 723 950**	**347 828 364**
Roads and Stormwater	492 362 259	-	-	75 851 276	568 213 535	268 039 515	15 062 364	-	-	283 101 879	-	-	-	285 111 656
Electricity	99 676 415	-	(1 964 798)	13 161 526	110 873 144	46 532 549	2 813 539	(882 679)	-	48 463 409	-	-	-	62 409 735
Solid Waste	4 155 089	-	-	-	4 155 089	1 965 663	158 503	-	-	2 124 166	1 723 950	-	1 723 950	306 973
Community Assets	**138 881 988**	**-**	**-**	**3 669 585**	**142 551 574**	**26 029 861**	**4 569 878**	**-**	**-**	**30 599 739**	**-**	**-**	**-**	**111 951 835**
Cemetery	5 388 062	-	-	-	5 388 062	1 383 458	142 895	-	-	1 526 353	-	-	-	3 861 709
Recreation Grounds	36 410 658	-	-	-	36 410 658	7 152 003	1 354 862	-	-	8 506 865	-	-	-	27 903 792
Community Halls and Centres	97 083 269	-	-	3 669 585	100 752 854	17 494 399	3 072 121	-	-	20 566 521	-	-	-	80 186 334
Lease Assets	**10 382 469**	**1 218 896**	**(2 123 222)**	**-**	**9 478 143**	**4 603 760**	**1 508 068**	**(2 123 222)**	**-**	**3 988 607**	**-**	**-**	**-**	**5 489 536**
Computer Equipment	2 817 302	1 218 896	(2 123 222)	-	1 912 976	2 636 464	405 563	(2 123 222)	-	918 805	-	-	-	994 170
Plant and Machinery	5 324 886	-	-	-	5 324 886	1 471 154	823 967	-	-	2 295 121	-	-	-	3 029 765
Motor Vehicles	2 240 282	-	-	-	2 240 282	496 142	278 538	-	-	774 680	-	-	-	1 465 601
Other Assets	**59 959 802**	**547 201**	**(3 182 593)**	**-**	**57 324 410**	**36 092 585**	**2 134 237**	**(2 036 715)**	**-**	**36 190 107**	**-**	**-**	**-**	**21 134 303**
Plant and Machinery	42 567 695	225 805	(1 350 307)	-	41 443 193	28 346 071	1 065 332	(986 219)	-	28 425 185	-	-	-	13 018 008
Motor Vehicles	10 560 639	-	(1 341 536)	-	9 219 103	2 891 398	623 044	(612 423)	-	2 902 019	-	-	-	6 317 083
Computer Equipment	2 049 564	303 398	(310 504)	-	2 042 458	1 474 876	172 032	(270 946)	-	1 375 962	-	-	-	666 496
Furniture and Office Equipment	4 781 905	17 998	(180 246)	-	4 619 657	3 380 240	273 829	(167 128)	-	3 486 941	-	-	-	1 132 716
Work in Progress	132 787 766	66 674 913	(15 188 846)	(92 682 388)	**91 591 445**	**-**	**-**	**-**	**-**	**-**	**15 201 221**	**(15 188 846)**	**12 375**	**91 579 070**
Total	**1 048 554 845**	**68 441 010**	**(22 459 459)**	**-**	**1 094 536 396**	**390 934 326**	**27 620 193**	**(5 042 616)**	**-**	**413 511 903**	**16 925 171**	**(15 188 846)**	**1 736 325**	**679 288 168**
Balance previously Reported	**1 048 522 216**	**68 441 010**	**(22 459 459)**	**-**	**1 094 503 767**	**390 934 326**	**27 782 627**	**(5 042 616)**	**-**	**413 674 337**	**16 925 171**	**(15 188 846)**	**1 736 325**	**679 093 106**
Prior Period Adjustment - Refer to note 42.4	32 629	-	-	-	32 629	-	(162 434)	-	-	(162 434)	-	-	-	195 062
Restated on 30 June 2021	**1 048 554 845**	**68 441 010**	**(22 459 459)**	**-**	**1 094 536 396**	**390 934 326**	**27 620 193**	**(5 042 616)**	**-**	**413 511 903**	**16 925 171**	**(15 188 846)**	**1 736 325**	**679 288 168**

		30 JUNE 2022 R	30 JUNE 2021 R

7.1 PROPERTY PLANT AND EQUIPMENT (CONTINUED)

No property, plant and equipment is used as security for long term liabilities, except assets acquired in terms of a finance lease agreement as disclosed in note 10 to the financial statements

Included in Work in Progress on reporting date are projects amounting to R ???? (2021 - R 1 754 820) which are experiencing significant delays to complete. Insufficient available funding is the main contributor to these significant delays being experienced.

Work in progress amounting to R 15 188 846 were written off during the 2020/21 financial year. This is due to the fact that the condition of these projects deteriorated to such an extent that there were no future economic benefits associated with these projects anymore (mainly due to vandalism). Availability of funding also hampered the completion of these projects.

7.2 PROPERTY, PLANT AND EQUIPMENT - CAPITALISED RESTORATION COST

Capitalised Restoration Cost - Carrying Value	**23 149 841**	**20 844 853**
The movement in capitalised restoration cost is reconciled as follows:		
Opening Balance	20 844 853	14 168 152
Additions	3 868 283	8 609 248
Depreciation for the year	(919 395)	(543 638)
Impairments for the year	(643 900)	(1 388 910)
Closing Carrying Value	**23 149 841**	**20 844 853**
Cost	41 468 245	37 599 962
Accumulated Depreciation	(14 897 296)	(13 977 901)
Accumulated Impairment	(3 421 108)	(2 777 208)

The municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Raymond Mhlaba Local Municipality.

		30 JUNE 2022 R	30 JUNE 2021 R
7.2	**PROPERTY, PLANT AND EQUIPMENT - CAPITALISED RESTORATION COST**		

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

Refer to note 17 for more detail relating to this asset financed by way of a provision

8	**HERITAGE ASSETS**		
	Heritage Assets - Carrying Value	**70 000**	**70 000**

The municipality holds heritage assets, but was unable to obtain fair values of such assets, as there are no active market for these assets. These assets are disclosed herein in terms of GRAP 103.17 which states that if an entity holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements.

The following Heritage Assets were identified:

Dr John Knox Bokwe Graves	Alice	-	-
Fort Woburn	Alice	-	-
Nkonkobe Garden of Remembrance	Alice	-	-
Fort Armstrong	Balfour	-	-
Maqoma Great Place	Balfour	-	-
Ntsikana Grave	Balfour	-	-
Oliver Shreiner House	Balfour	-	-
Fort Beaufort Historical Museum	Fort Beaufort	-	-
Fort Fordyce Fallen Site	Fort Beaufort	-	-
Infantry Barracks	Fort Beaufort	-	-
Lake's Man Fort	Fort Beaufort	-	-
Lord Charles Somerset House	Fort Beaufort	-	-
Mansonic Lodge	Fort Beaufort	-	-
Martello Tower	Fort Beaufort	-	-
Mater Hill	Fort Beaufort	-	-
Military Museum	Fort Beaufort	-	-

			30 JUNE 2022 R	30 JUNE 2021 R
8	**HERITAGE ASSETS (CONTINUED)**			
	Military Hospital	Fort Beaufort	-	-
	Officers Quarters	Fort Beaufort	-	-
	The Fort	Fort Beaufort	-	-
	The Officers Mess	Fort Beaufort	-	-
	Ecology Shrine	Hogsback	-	-
	Fort Michel	Seymour	-	-
	Eland Post	Seymour	-	-
	Christmas Day Massacre Memorial	Woburn Village	-	-
	Tyali's Great Place	Woburn Village	-	-
	The Presidency Sundial	Woburn Village	-	-
	Nontetha's Grave	Middledrift	-	-
	Monument	Adelaide	35 000	35 000
	Monument	Bedford	35 000	35 000
	Total		**70 000**	**70 000**

9	**INTANGIBLE ASSETS**		
	Intangible Assets - Carrying Value	**961 845**	**1 564 029**
	Opening Balance	1 564 029	-
	Additions	-	1 806 553
	Amortisation for the year	(602 184)	(242 524)
	Closing Carrying Value	**961 845**	**1 564 029**
	Cost	1 869 021	1 869 021
	Accumulated Depreciation	(907 175)	(304 991)

Intangible Assets consist only out of software and licenses

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

10 LONG-TERM LIABILITIES

Finance Lease Liabilities	4 923 400	5 611 296
Sub-Total	**4 923 400**	**5 611 296**
Less: Current portion of Long-term Liabilities	**444 517**	**687 896**
Finance Lease Liabilities	444 517	687 896
Total	**4 478 883**	**4 923 400**

Long Term Liabilities were fully utilised to purchase property plant and equipment. No loans were unspent and no cash were set aside to finance future instalments.

Finance Lease Liabilities

Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:

Nr	Institution	Interest Rate	Redemption Date
1	Absa Vehicle Management Solutions - 14 Vehicles	28.32%	28/Aug/21
2	Aloe Xerox - 65 Xerox Machines	17.20%	7/Dec/23

After the lease agreement expires, lease payments will continue on a month to month basis until the contract is renewed or cancelled. Equipment will be returned to the supplier if the contract is cancelled. Assets relating to redeemed contract were still in possession of municipality on 30 June 2022 and 30 June 2021.

Assets and liabilities associated with finance lease contracts:

Nr	Carrying Value of Asset	Carrying Value of Asset	Carrying Value of Liability	Carrying Value of Liability
	30 JUNE 2022 R	**30 JUNE 2021 R**	**30 JUNE 2022 R**	**30 JUNE 2021 R**
1	4 270 068	4 495 366	4 270 068	4 583 214
2	587 416	994 170	653 333	1 028 082
	4 857 484	**5 489 536**	**4 923 401**	**5 611 296**

The carrying value of assets, which are pledged as security for outstanding liabilities, are included in the property, plant and equipment carrying value in note 7.1.

		30 JUNE 2022 R	30 JUNE 2021 R
10	**LONG-TERM LIABILITIES (CONTINUED)**		
	Finance Lease Liabilities are payable as follows:		
	Payable within one year	4 792 973	5 362 077
	Payable within two to five years	217 877	740 782
	Total amount payable	**5 010 850**	**6 102 859**
	Less: Outstanding Future Finance Charges	(87 450)	(491 563)
	Present value of finance lease liabilities	**4 923 400**	**5 611 296**
11	**CONSUMER DEPOSITS**		
	Electricity	2 862 457	2 696 438
	Total	**2 862 457**	**2 696 438**
	The carrying value of consumer deposits are in line with its fair value. Outstanding balances does not attract any interest.		
12	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	324 825 411	340 855 889
	Debtors with credit balances	31 249 747	23 791 637
	Unidentified Deposits	23 725 274	19 082 787
	Sundry Creditors	17 338 462	1 137 646
	Total	**397 138 894**	**384 867 959**
	Payables are being recognised net of any discounts received		
	As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The carrying value of payables are in line with its fair value.		
	Payables are not secured.		
13	**UNSPENT CONDITIONAL GOVERNMENT GRANTS**		
	National Government	-	-
	Provincial Government	11 174 179	16 145 904
	Total	**11 174 179**	**16 145 904**

		30 JUNE 2022 R	30 JUNE 2021 R
13	**UNSPENT CONDITIONAL GOVERNMENT GRANTS (CONTINUED)**		

Detail reconciliations of all grants received and grant conditions met are included in note 20. Unspent grant balances are recognised to the extent that conditions are not yet met.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

14 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits	504 000	498 000
Current Portion of Long-Service Provisions	1 293 000	1 168 000
Bonuses	4 513 269	4 154 002
Staff Leave	15 819 619	15 819 619
Total	**22 129 888**	**21 639 621**

The movement in current employee benefits are reconciled as follows:

Bonuses

Opening Balance	4 154 002	3 045 868
Contribution during the year	9 802 219	8 596 738
Payments made	(9 442 951)	(7 488 604)
Closing Balance	**4 513 269**	**4 154 002**

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at period end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

Staff Leave

Opening Balance	15 819 619	14 891 211
Contribution during the year	1 505 222	2 497 078
Payments made	(1 505 222)	(1 568 670)
Closing Balance	**15 819 619**	**15 819 619**

		30 JUNE 2022 R	30 JUNE 2021 R
14	**CURRENT EMPLOYEE BENEFITS (CONTINUED)**		
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or in the event of encashment. There is no possibility of reimbursement.		
15	**PROVISIONS**		
	Current Portion of Rehabilitation Provision - Landfill Sites	14 447 634	12 799 114
	Total	**14 447 634**	**12 799 114**
	Refer to note 17 for more detail relating to the provision.		
16	**EMPLOYEE BENEFITS**		
	Post Retirement Medical Benefits	32 687 000	25 178 000
	Long Service Awards	9 417 000	8 665 000
	Sub-Total	**42 104 000**	**33 843 000**
	Less: Current portion of Employee Benefits	**1 797 000**	**1 666 000**
	Post Retirement Medical Benefits	504 000	498 000
	Long Service Awards	1 293 000	1 168 000
	Total	**40 307 000**	**32 177 000**
16.1	**Post Retirement Medical Benefits**		
	The movement in Post Retirement Medical Benefits are reconciled as follows:		
	Opening Balance	25 178 000	22 674 000
	Contribution during the year	4 037 000	3 658 000
	Current Service Cost	1 441 000	1 253 000
	Interest Cost	2 596 000	2 405 000
	Payments made	(554 865)	(559 744)
	Actuarial Loss/(Gain)	4 026 865	(594 256)
	Total balance at year-end	**32 687 000**	**25 178 000**
	Less Current Portion	504 000	498 000
	Total	**32 183 000**	**24 680 000**
	The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:		

16 EMPLOYEE BENEFITS (CONTINUED)

	30 JUNE 2022	30 JUNE 2021
In-service members	240	186
Continuation members	10	11
Total	**250**	**197**

	30 JUNE 2022 R	30 JUNE 2021 R
The liability in respect of past service has been estimated to be as follows:		
In-service members	28 004 000	20 357 000
Continuation members	4 683 000	4 821 000
Total Unfunded Liability	**32 687 000**	**25 178 000**

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	30 JUNE 2020 R	30 JUNE 2019 R	30 JUNE 2018 R
In-service members	15 680 000	16 828 356	22 301 865
Continuation members	6 994 000	7 114 808	6 454 908
Total Unfunded Liability	**22 674 000**	**23 943 164**	**28 756 773**

Experience adjustments were calculated as follows:

	30 JUNE 2022 R m	30 JUNE 2021 R m
Liabilities: (Gain)/Loss	3.893	(2.660)
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	30 JUNE 2020 R m	30 JUNE 2019 R m	30 JUNE 2018 R m
Liabilities: (Gain)/Loss	0.969	(6.165)	(1.065)
Assets: Gain/(Loss)	-	-	-

The municipality contributes to the following medical schemes on a monthly basis:

Bonitas	Hosmed	Keyhealth
LA Health	Samwumed	

16 EMPLOYEE BENEFITS (CONTINUED)

	30 JUNE 2022	30 JUNE 2021
Key Actuarial Assumptions used are as follows:		
Interest Rates		
Discount rate	11.57%	10.41%
Health Care Cost Inflation Rate	8.18%	7.02%
Net Effective Discount Rate	3.13%	3.17%
Maximum Subsidy Inflation Rate	5.76%	4.89%
Net-of-maximum-subsidy-inflation discount rate	5.49%	5.26%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

Mortality Rates

The PA 90 ultimate table, rated down by 1 (2021 - 1) year of age was used by the actuaries.

Average Retirement Age

It has been assumed that in-service members will retire at age 62 (2021 - 62), which then implicitly allows for expected rates of early and ill-health retirement.

Last Valuation

The last valuation was performed on 23 June 2022.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis - Liability at year-end

Assumption	In-service members (Rm)	Continuation members (Rm)	Total liability (Rm)	% change
Liability	28.004	4.683	32.687	
Health care inflation				
+ 1%	32.927	5.068	37.995	16%
- 1%	23.895	4.344	28.239	-14%
Discount rate				
+ 1%	23.775	4.356	28.131	-14%
- 1%	33.380	5.059	38.439	18%
Post-retirement mortality				
+ 1 year	27.274	4.502	31.776	-3%
- 1 year	28.727	4.866	33.593	3%
Average retirement age				
- 1 year	30.508	4.683	35.191	8%
Continuation of membership at retirement				
- 10%	24.461	4.683	29.144	-11%

16 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost (Rm)	Interest Cost (Rm)	Total Cost (Rm)	% change
Future Cost	2.373	3.754	6.127	
Health care inflation				
+ 1%	2.805	4.367	7.172	17%
- 1%	1.992	3.239	5.231	-15%
Discount rate				
+ 1%	1.987	3.505	5.492	-10%
- 1%	2.869	4.037	6.906	13%
Post-retirement mortality				
+ 1 year	2.313	3.648	5.961	-3%
- 1 year	2.432	3.858	6.290	3%
Average retirement age				
- 1 year	2.459	4.043	6.502	6%
Continuation of membership at retirement				
- 10%	2.077	3.344	5.421	-12%

16.2 Long Service Awards	30 JUNE 2022 R	30 JUNE 2021 R
The movement in Long Service Awards are reconciled as follows:		
Opening Balance	8 665 000	8 494 000
Contribution during the year	1 975 000	1 581 000
Current Service Cost	1 230 000	1 027 000
Interest Cost	745 000	554 000
Payments made	(513 009)	(590 983)
Actuarial Loss/(Gain)	(709 991)	(819 017)
Total balance at year-end	**9 417 000**	**8 665 000**
Less Current Portion	1 293 000	1 168 000
Total	**8 124 000**	**7 497 000**

16 EMPLOYEE BENEFITS (CONTINUED)

The following members are eligible for long service bonuses:

	30 JUNE 2022	30 JUNE 2021
In-service members	**489**	**505**

The liability in respect of past service has been estimated to be as follows:

	30 JUNE 2022 R	30 JUNE 2021 R
In-service members	9 417 000	8 665 000
Total Unfunded Liability	**9 417 000**	**8 665 000**

The liability in respect of past service has been estimated to be as follows for years prior to the comparative year:

	30 JUNE 2020 R	30 JUNE 2019 R	30 JUNE 2018 R
In-service members	8 494 000	7 498 477	6 933 890
Total Unfunded Liability	**8 494 000**	**7 498 477**	**6 933 890**

Experience adjustments were calculated as follows:

	30 JUNE 2022 R m	30 JUNE 2021 R m
Liabilities: (Gain)/Loss	0.083	0.090
Assets: Gain/(Loss)	-	-

Experience adjustments were calculated as follows in years prior to the comparative year:

	30 JUNE 2020 R m	30 JUNE 2019 R m	30 JUNE 2018 R m
Liabilities: (Gain)/Loss	0.466	0.259	0.505
Assets: Gain/(Loss)	-	-	-

16 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

Interest Rates

Discount rate	10.66%	9.20%
General Salary Inflation (long-term)	7.03%	5.78%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.39%	3.23%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

Last Valuation

The last valuation was performed on 23 June 2022.

Average Retirement Age

It has been assumed that in-service members will retire at age 62 (2021 - 62), which then implicitly allows for expected rates of early and ill-health retirement.

Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis - Liability at year-end

Assumption	Total liability (Rm)	% change
Liability	9.417	
General salary inflation		
+ 1%	9.947	6%
- 1%	8.932	-5%
Discount rate		
+ 1%	8.916	-5%
- 1%	9.974	6%
Average retirement age		
+ 2 years	10.214	8%
- 2 years	8.479	-10%
Withdrawal rates		
x 200 %	7.640	-19%
x 50 %	10.610	13%

16 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Future Service and Interest Cost (Next Financial Year)

Assumption	Current Service Cost (Rm)	Interest Cost (Rm)	Total Cost (Rm)	% change
Future Cost	1.245	0.936	2.181	
General salary inflation				
+ 1%	1.328	0.993	2.321	6%
- 1%	1.169	0.885	2.054	-6%
Discount rate				
+ 1%	1.178	0.966	2.144	-2%
- 1%	1.319	0.902	2.221	2%
Average retirement age				
+ 2 years	1.317	1.020	2.337	7%
- 2 years	1.147	0.839	1.986	-9%
Withdrawal rates				
x 200 %	0.950	0.747	1.697	-22%
x 50 %	1.450	1.063	2.513	15%

16.3 Other Pension Benefits

Defined Benefit Plans	30 JUNE 2022 R	30 JUNE 2021 R
Council contributes to the following defined benefit plans:		
LA Retirement Fund (former Cape Joint Pension Fund)	14 730 910	14 478 504
The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2021 revealed that the fund is in an sound financial position with a funding level of 104.9% (30 June 2020 - 100.0%).		
Total	**14 730 910**	**14 478 504**

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

16 EMPLOYEE BENEFITS (CONTINUED)

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Pension Fund is a Multi Employer fund defined as a defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

	30 JUNE 2022 R	30 JUNE 2021 R
Defined Benefit Plans		
Council contributes to the following defined benefit plans:		
Government Employees Pension Fund	23 153	23 153
SALA Pension Fund	2 094 414	1 904 974
SAMWU National Provident Fund	1 383 475	1 545 688
Municipal Workers Fund	885 624	685 613
Total	**4 386 666**	**4 159 428**

The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

17 NON-CURRENT PROVISIONS

Rehabilitation Provision - Landfill Sites	48 893 073	42 344 977
Total	**48 893 073**	**42 344 977**

		30 JUNE 2022 R	30 JUNE 2021 R
17	**NON-CURRENT PROVISIONS (CONTINUED)**		
	The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:		
	Opening Balance	55 144 091	45 038 799
	Contribution during the year	8 196 616	10 105 292
	Additions	3 868 283	8 609 248
	Interest Cost	4 328 333	1 496 044
	Total balance at year-end	**63 340 707**	**55 144 091**
	Less Current Portion	14 447 634	12 799 114
	Total	**48 893 073**	**42 344 977**

The timing of the outflow of resources relating 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 site as indicated below.

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

Site	Expected Closure Date		
Alice	2050	25 393 834	22 735 608
Middledrift	2100	6 475 954	5 937 742
Seymour	2028	5 474 406	5 047 548
Adelaide	2018	14 447 634	12 799 114
Bedford	2031	11 548 880	8 624 078
Total		**63 340 707**	**55 144 091**

Discount rates specific to the nature of the provision is utilised to calculate the effect of time value of money. The discount rate is based on the Earthworks Index as published by Statssa which increased by 7.85% (2021 - 3.32%) during the year under review.

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.

		30 JUNE 2022	30 JUNE 2021
17	**NON-CURRENT PROVISIONS (CONTINUED)**		
	The estimated area per site to be rehabilitated at year end were as follows (Rehabilitation area - m²):		
	Alice	32 031	32 031
	Middledrift	4 836	4 836
	Seymour	3 317	3 317
	Adelaide	20 553	20 553
	Bedford	14 680	14 477
	The cost of rehabilitation per square meter is based on the current cost of construction at each reporting period. The cost per square meter were estimated as follows (R/m²):		
	Alice	793	710
	Middledrift	1 339	1 228
	Seymour	1 650	1 522
	Adelaide	703	623
	Bedford	787	596

		30 JUNE 2022 R	30 JUNE 2021 R
18	**COMMUNITY WEALTH**		
	Accumulated Surplus	426 217 102	382 173 724
	Total	**426 217 102**	**382 173 724**
19	**PROPERTY RATES**		
	Total Property Rates	100 082 404	103 628 797
	Total	**100 082 404**	**103 628 797**
	Property rate levied are based on the following rateable valuations:		
	Agricultural	3 395 220 550	1 648 396 100
	Business, Commercial and Industrial	445 845 350	548 889 600
	Government	784 153 900	3 655 743 977
	Municipal	171 999 300	206 908 300
	Public Benefit Organisations (Including Churches and Place of Worship)	115 582 700	175 867 700
	Public Service Infrastructure	66 423 000	27 002 900
	Residential	2 946 077 877	1 785 413 300
	Vacant Land	149 158 600	128 751 400
	Properties used for Multi Purpose	111 219 650	12 741 000
	Sectional Title	31 888 500	31 888 500
	Total Valuation	**8 217 569 427**	**8 221 602 777**

19 PROPERTY RATES (CONTINUED)

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2019.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

The following rates are applicable to the valuations above:

	30 JUNE 2022	30 JUNE 2021
Agriculture	0.008370 c / R	0.008370 c / R
Business, Commercial and Industrial	0.017250 c / R	0.017250 c / R
Government	0.025120 c / R	0.025120 c / R
Properties used for multi purpose	Based on Predominant Use	Based on Predominant Use
Public Benefit Organization (Including Churches and Place of Worship)	Exempt	Exempt
Public service infrastructure	0.002090 c / R	0.002090 c / R
Residential (Small holding and Privately Owned Town)	0.002090 c / R	0.008370 c / R
Vacant land	0.011930 c / R	0.011930 c / R
Sectional Title	0.008374 c / R	0.008374 c / R
Municipal properties	Exempt	Exempt

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

		30 JUNE 2022 R	30 JUNE 2021 R
20	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Unconditional Grants - National Government	189 927 000	218 472 782
	Equitable Share	189 927 000	218 472 782
	Conditional Grants - National Government	47 664 838	56 425 302
	Municipal Finance Management Grant	2 600 000	2 500 000
	Municipal Infrastructure Grant	41 333 000	31 546 000
	Integrated National Electrification Programme (INEP)	-	16 554 000
	Expanded Public Works Program	2 900 000	3 309 000
	National Treasury Audit Fees Grant 1%	569 866	2 283 789
	LG-SETA	261 972	232 513
	Conditional Grants - Provincial Government	22 621 725	36 050 946
	Office of the Premier	-	15 003 331
	Alien Plant Removal (EPWP)	288 939	4 641 941
	Housing Disaster Grant	-	1 499 263
	Library Grant	1 650 000	1 650 000
	Department of Roads	20 682 787	13 256 410
	Total	**260 213 563**	**310 949 029**
	Disclosed as:		
	Government Grants and Subsidies - Capital	60 043 580	75 249 011
	Government Grants and Subsidies - Operating	200 169 983	235 700 018
	Total	**260 213 563**	**310 949 029**
	Grants per Vote (MFMA Sec 123 (c)):		
	Equitable share	189 927 000	218 472 782
	Budget and Treasury Office	3 431 838	6 666 302
	Community Services	1 650 000	-
	Technical Services	65 204 725	85 809 946
	Total	**260 213 563**	**310 949 029**

		30 JUNE 2022 R	30 JUNE 2021 R
20	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**		
	The movements per grant can be summarised as follows:		
20.01	**Equitable Share**		
	Grants Received	189 927 000	218 472 782
	Transferred to Revenue - Operating	(189 927 000)	(218 472 782)
	Closing Unspent Balance	-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
20.02	**Municipal Finance Management Grant**		
	Grants Received	2 600 000	2 500 000
	Transferred to Revenue - Operating	(2 600 000)	(2 500 000)
	Closing Unspent Balance	-	-
	To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).		
20.03	**LG-SETA**		
	Grants Received	261 972	232 513
	Transferred to Revenue - Operating	(261 972)	(232 513)
	Closing Unspent Balance	-	-
	The LG SETA Grant is utilised to cover expenditure relating to training.		
20.04	**Municipal Infrastructure Grant**		
	Grants Received	41 333 000	31 546 000
	Transferred to Revenue - Capital	(39 360 793)	(30 435 270)
	Transferred to Revenue - Operating	(1 972 207)	(1 110 730)
	Closing Unspent Balance	-	-
	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.		

		30 JUNE 2022 R	30 JUNE 2021 R
20	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**		
20.05	**Integrated National Electrification Programme (INEP)**		
	Opening Balance	-	536 192
	Grants Received	-	16 554 000
	Transferred to Revenue - Capital	-	(16 554 000)
	Funds returned to National Treasury	-	(536 192)
	Closing Unspent Balance	**-**	**-**
	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.		
20.06	**Expanded Public Works Program**		
	Grants Received	2 900 000	3 309 000
	Transferred to Revenue - Operating	(2 900 000)	(3 309 000)
	Closing Unspent Balance	**-**	**-**
	To incentivise municipalities to increase job creation efforts in infrastructure, environment and culture programmes through the use of labour-intensive methods and the expansion of job creation in line with the Expanded Public Works Programme (EPWP) guidelines.		
20.07	**Municipal Disaster Relief Grant**		
	Opening Balance	-	288 289
	Funds returned to National Treasury	-	(288 289)
	Closing Unspent Balance	**-**	**-**
	The grant was allocated to the municipality to provide immediate relief to the required needs arising from the COVID 19 pandemic.		

		30 JUNE 2022 R	30 JUNE 2021 R
20	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**		
20.08	**National Treasury Audit Fees Grant**		
	Grants Received	569 866	2 283 789
	Transferred to Revenue - Operating	(569 866)	(2 283 789)
	Closing Unspent Balance	**-**	**-**
	This grant is received from National Treasury to assist municipalities with their outstanding audit fees payable to the Auditor General of South Africa.		
20.09	**Library Grant**		
	Grants Received	1 650 000	1 650 000
	Transferred to Revenue - Operating	(1 650 000)	(1 650 000)
	Closing Unspent Balance	**-**	**-**
	To provide the municipality with finance for the operation and administration of Community Libraries.		
20.10	**Office of the Premier**		
	Opening Balance	162	162
	Grants Received	-	15 003 331
	Transferred to Revenue - Capital	-	(15 003 331)
	Closing Unspent Balance	**162**	**162**
	This grant is allocated to municipalities directly from the Office of the Premier. The fund were utilised in two projects namely the Alice Revitalisation Project and the Green Energy Farming Project.		
20.11	**Alien Plant Removal (EPWP)**		
	Opening Balance	358 059	-
	Grants Received	-	5 000 000
	Transferred to Revenue - Operating	(288 939)	(4 641 941)
	Closing Unspent Balance	**69 120**	**358 059**
	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.		

		30 JUNE 2022 R	30 JUNE 2021 R
20	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**		
20.12	**Department of Roads**		
	Opening Balance	14 743 590	-
	Grants Received	16 000 000	28 000 000
	Transferred to Revenue - Capital	(20 682 787)	(13 256 410)
	Closing Unspent Balance	**10 060 803**	**14 743 590**
	This is a provincial grant received by the municipality to upgrade roads infrastructure in the municipal area.		
20.13	**Housing Disaster Grant**		
	Opening Balance	9 474	1 508 737
	Transferred to Revenue - Operating	-	(1 499 263)
	Closing Unspent Balance	**9 474**	**9 474**
	The grant is aimed at providing immediate relief in the event of a disaster.		
20.14	**Other Provincial Allocations**		
	Opening Balance	1 034 620	1 034 620
	Closing Unspent Balance	**1 034 620**	**1 034 620**
	Other Provincial Allocations includes other grants (DDEAT Mining, Quarry Mining Grant, ECDLGTA - Greening and Beautification and LSDF - Middledrift Spatial Development Framework)		
20.15	**Total Grants**		
	Opening Balance	16 145 904	3 368 000
	Grants Received	255 241 838	324 551 415
	Transferred to Revenue - Capital	(60 043 580)	(75 249 011)
	Transferred to Revenue - Operating	(200 169 983)	(235 700 018)
	Funds returned to National Treasury	-	(824 481)
	Closing Unspent Balance	**11 174 179**	**16 145 904**
21	**FINES**		
	Traffic Fines	140 778	62 033
	Total	**140 778**	**62 033**
22	**ACTUARIAL GAINS**		
	Long Service Awards	709 991	819 017
	Post Retirement Medical Benefits	-	594 256
	Total	**709 991**	**1 413 273**

		30 JUNE 2022 R	30 JUNE 2021 R
23	**FAIR VALUE ADJUSTMENTS**		
	Investment Property	-	3 242 000
	Total	**-**	**3 242 000**
24	**SERVICE CHARGES**		
	Electricity Revenue	60 875 717	68 113 308
	Refuse Removal Revenue	24 264 851	22 793 054
	Total Revenue	85 140 568	90 906 361
	Less: Rebates	(7 862 819)	(6 418 820)
	Refuse Removal Revenue	(7 862 819)	(6 418 820)
	Total	**77 277 748**	**84 487 542**
	Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.		
25	**RENTAL OF FACILITIES AND EQUIPMENT**		
	Hall Rental	85 395	26 107
	Municipal Houses	-	78 529
	Equipment	-	879
	Properties	215 213	346 616
	Billboards	280 540	57 721
	Total	**581 148**	**509 853**
26	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Short-Term Investments and Current Accounts	1 414 766	1 552 952
	Total	**1 414 766**	**1 552 952**
27	**INTEREST EARNED - OUTSTANDING DEBTORS**		
	Interest Earned - Service Debtors	8 420 809	6 598 474
	Interest Earned - Penalty Interest on Property Rates	25 901 792	17 498 194
	Total	**34 322 600**	**24 096 667**
28	**LICENCES AND PERMITS**		
	Learners and Drivers Testing	4 756 236	5 738 779
	Total	**4 756 236**	**5 738 779**

		30 JUNE 2022 R	30 JUNE 2021 R
29	**OTHER INCOME**		
	Connections - Electricity	98 557	109 417
	Building Plan Fees	241 052	179 511
	Burial and Cemetery fees	102 358	106 757
	Tender Deposits	99 078	112 348
	Valuation Certificates	144 963	35 010
	Unknown Receipts Recognised as Revenue	5 123 965	2 014 845
	Sundry Income	2 338 679	1 083 968
	Total	**8 148 653**	**3 641 856**

Sundry income represents a wide range of revenue items which is not considered material to warrant separate disclosure in the financial statements.

30	**EMPLOYEE RELATED COSTS**		
	Basic Salaries and Wages	132 888 593	136 018 034
	Pension and UIF Contributions	20 602 843	16 363 073
	Medical Aid Contributions	7 740 303	6 467 279
	Overtime	8 958 702	6 312 782
	Annual Bonus	9 802 219	8 596 738
	Motor Vehicle Allowance	8 093 774	6 947 195
	Housing Allowances	401 848	661 682
	Other benefits and allowances	5 687 402	3 323 942
	Payments in lieu of leave	1 505 222	2 497 078
	Long service awards	1 230 000	1 027 000
	Post Retirement Medical Benefits	1 441 000	1 253 000
	Total	**198 351 905**	**189 467 804**

Remuneration of Key Personnel

All Managers are appointed on a 5-year contract. There are no post-employment or termination benefits payable to them at the end of the contract period. The benefits are as follows:

Remuneration of the Municipal Manager

Basic Salary	1 114 074	1 053 806
Pension and UIF Contributions	2 097	1 785
Motor Vehicle Allowance	663 012	606 812
Payments in lieu of leave	490 509	-
Total	**2 269 693**	**1 662 402**

		30 JUNE 2022 R	30 JUNE 2021 R
30	**EMPLOYEE RELATED COSTS (CONTINUED)**		
	Remuneration of the Chief Financial Officer		
	Basic Salary	130 952	215 328
	Pension and UIF Contributions	354	299
	Motor Vehicle Allowance	73 386	-
	Total	**204 692**	**215 626**
	Remuneration of the Acting Chief Financial Officer		
	Acting Allowance	99 495	1 623
	Total	**99 495**	**1 623**
	Remuneration of the Technical Services Manager		
	Basic Salary	993 465	821 566
	Pension and UIF Contributions	2 097	1 785
	Motor Vehicle Allowance	452 958	337 152
	Housing Allowances	30 045	180 273
	Other benefits and allowances	111	112
	Total	**1 478 677**	**1 340 887**
	Remuneration of the Corporate Services Manager		
	Basic Salary	898 540	812 659
	Pension and UIF Contributions	2 097	1 785
	Medical Aid Contributions	126 736	167 484
	Motor Vehicle Allowance	434 470	359 139
	Total	**1 461 843**	**1 341 067**
	Remuneration of the Strategic and LED Manager		
	Basic Salary	1 033 294	1 012 656
	Pension and UIF Contributions	2 097	1 785
	Motor Vehicle Allowance	423 897	337 152
	Total	**1 459 288**	**1 351 592**
	The Strategic and LED Manager acted as CEO of Raymond Mhlaba Economic Development Agency during the current and prior year.		
	Remuneration of the Community Services Manager		
	Basic Salary	732 725	821 566
	Pension and UIF Contributions	1 743	1 785
	Motor Vehicle Allowance	336 997	337 152
	Housing Allowances	30 046	180 273
	Other benefits and allowances	111	112
	Payments in lieu of leave	218 315	-
	Total	**1 319 936**	**1 340 888**

		30 JUNE 2022 R	30 JUNE 2021 R
30	**EMPLOYEE RELATED COSTS (CONTINUED)**		
	Remuneration of the Acting Community Services Manager		
	Acting Allowance	6 039	-
	Total	**6 039**	**-**
31	**REMUNERATION OF COUNCILLORS**		
	Councillor Allowance	16 982 603	16 438 101
	Cell Phone Allowance	2 054 587	2 026 636
	Total	**19 037 190**	**18 464 737**
	Mayor	899 606	922 701
	Speaker	754 662	733 088
	Chief Whip	711 029	413 384
	Executive Committee Members	4 299 750	3 065 218
	Councillors	12 194 779	12 920 846
	Traditional Leaders	177 365	409 500
	Total	**19 037 190**	**18 464 737**
	In-kind Benefits		
	The Executive Mayor, Speaker and Executive committee members are full-time. They are provided with secretarial support and an office each at the cost of the Council.		
32	**DEBT IMPAIRMENT AND BAD DEBTS WRITTEN OFF**		
	Receivables from exchange transactions	37 404 269	30 867 564
	Receivables from non-exchange transactions	44 023 045	47 181 171
	Sub-Total	**81 427 315**	**78 048 735**
	Less VAT Portion impaired	(2 669 801)	(2 331 694)
	Total	**78 757 514**	**75 717 040**
	Disclosed as:		
	Debt Impairment	78 757 514	55 065 380
	Bad Debts Written off	-	20 651 660
	Total	**78 757 514**	**75 717 040**
33	**DEPRECIATION AND AMORTISATION**		
	Property, Plant and Equipment	2 660 585	27 620 193
	Intangible Assets	602 184	242 524
	Property, Plant and Equipment - Capitalised Restoration Cost	919 395	543 638
	Total	**4 182 163**	**28 406 355**

		30 JUNE 2022 R	30 JUNE 2021 R
34	**IMPAIRMENTS**		
	Property, Plant and Equipment - Capitalised Restoration Cost	643 900	1 388 910
	Total	**643 900**	**1 388 910**
35	**ACTUARIAL LOSSES**		
	Post Retirement Medical Benefits	4 026 865	-
	Total	**4 026 865**	**-**
36	**REPAIRS AND MAINTENANCE**		
	The Accounting Standards Board (ASB) issued a FAQ during the prior year which states that the line item "Repairs and Maintenance" is no longer permitted in the Statement of Financial Performance, and that the said expenditure should be reclassified by it's nature. Accordingly, repairs and maintenance are now included in the relevant line item based on nature.		
	However, In line with the requirements of GRAP 17, the repairs and maintenance related expenditure identified by the municipality can still be attributed to the following asset classes:		
	Furniture, Office Equipment and Tools	90 174	766 384
	Buildings and Commonage	1 018 842	821 330
	Plant, Machinery and Vehicles	420 079	919 007
	Infrastructure: Roads and Stormwater	-	112 860
	Infrastructure: Electricity	30 602 280	41 463 429
	Total	**32 131 375**	**44 083 011**
37	**FINANCE CHARGES**		
	Finance Lease Liabilities	404 113	1 639 123
	Post Retirement Medical Benefits	2 596 000	2 405 000
	Long Service Awards	745 000	554 000
	Rehabilitation Provision - Landfill Sites	4 328 333	1 496 044
	Creditors	1 738	7 341 235
	Total	**8 075 185**	**13 435 402**
38	**BULK PURCHASES**		
	Electricity	37 103 914	69 393 436
	Total	**37 103 914**	**69 393 436**

		30 JUNE 2022 R	30 JUNE 2021 R
39	**TRANSFERS AND GRANTS**		
	Indigent Subsidy (Eskom Consumers)	5 874 515	6 559 089
	Raymond Mhlaba Economic Development Agency (RMEDA)	1 782 609	2 900 816
	Total	**7 657 123**	**9 459 905**
40	**OTHER EXPENDITURE**		
	Advertising	280 206	408 615
	Audit Committee Allowances	143 865	237 656
	Audit fees	6 188 163	4 422 954
	Bank Charges	449 781	376 976
	Cash Discount	3 609 378	-
	Commissions Paid	-	693 759
	Consumables	938 516	185 470
	Entertainment costs	46 603	88 837
	Employee Wellness	200 999	77 867
	Events	149 372	29 238
	Fuel and Oil	1 487 551	2 376 181
	Insurance	276 973	1 842 408
	Job creation projects	5 308 840	4 327 445
	Legal fees	3 220 744	8 554 033
	License fees - Vehicles	80 688	420
	Maintenance Materials and Small Tools	32 163 610	44 083 011
	Operating Grant Expenditure	2 269 344	15 679 155
	Financial Management Grant (FMG)	2 269 344	2 581 342
	Expanded Public Works Program	-	4 630 212
	Provincial Department of Roads	-	7 792 657
	Municipal Disaster Relief Grant	-	674 944
	Postage and Courier	-	28 174
	Printing & Stationery	330 488	638 989
	Professional & Consultancy Fees	8 402 024	19 785 611
	Protective Clothing	418 466	844 751
	Rental of Equipment	557 315	2 006 496
	Refuse Removal	2 005 761	2 155 019
	Refuse Bags	-	109 596
	Security Services	465 787	937 383
	Service Charges	4 960 646	6 755 471
	Special Programmes	334 141	559 241
	Subscriptions and Membership Fees	548 582	2 309 374
	Subsistence & Travel	490 899	702 171
	Telephone Cost	4 151 262	4 663 426
	Training	265 337	401 417
	Tourism Development	-	82 421

		30 JUNE 2022 R	30 JUNE 2021 R
40	**OTHER EXPENDITURE (CONTINUED)**		
	Valuation Costs	1 070 205	2 773 960
	Ward Committees	3 214 423	4 383 417
	General Expenses	1 536 718	3 909 121
	Total	**85 566 687**	**136 430 064**
41	**LOSS ON DISPOSAL OF ASSETS**		
	Property, Plant and Equipment	202 063	2 227 997
	Investment Property	-	-
	Total	**202 063**	**2 227 997**

42 PRIOR PERIOD ADJUSTMENTS - ERRORS IN TERMS OF GRAP 3

42.1 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Balance Previously Reported	**63 771 690**
Allocate interest on arrears to single line on 30 June 2021 in line with the current year system parameter setup - Refer to 42.2	82 634 071
Effect on Electricity	(6 673 112)
Effect on Refuse	(33 859 684)
Effect on Other Receivables	(1 333 454)
Effect on Interest on Arrears	124 500 323
Allocate interest on arrears (Impairment) to single line on 30 June 2021 in line with the current year system parameter setup - Refer to 42.2	(75 917 732)
Effect on Electricity	6 072 646
Effect on Refuse	32 642 298
Effect on Other Receivables	1 296 538
Effect on Interest on Arrears	(115 929 215)
Restated Balance on 30 June 2021	**70 488 030**

42.2 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Balance Previously Reported	**32 017 641**
Net effect of corrections on 30 June 2020 on Rates receivables	-
Correction of Rates installments previously not raised during 2017/18	(41 094)
Correction of Debtor imbalance corrected on 30 June 2020 year	(469 385)
Correction of Debt impairment on items above previously fully impaired	510 478
Allocate interest on arrears to single line on 30 June 2021 in line with the current year system parameter setup - Refer to 42.1	(82 634 071)
Effect on Rates	(82 634 071)

		30 JUNE 2021 R
42	**PRIOR PERIOD ADJUSTMENTS - ERRORS IN TERMS OF GRAP 3 (CONTINUED)**	
	Allocate interest on arrears (Impairment) to single line on 30 June 2021 in line with the current year system parameter setup - Refer to 42.1	75 917 732
	Effect on Rates	75 917 732
	Restated Balance on 30 June 2021	**25 301 301**
42.3	**INVESTMENT PROPERTY**	
	Balance Previously Reported	**73 147 474**
	Restated Balance on 30 June 2021	**73 147 474**
42.4	**PROPERTY PLANT AND EQUIPMENT**	
	Balance Previously Reported	**679 093 106**
	Correction on Depreciation of movable assets for 2020/21 - Refer to note 42.6	168 581
	Account for movable assets incorrectly excluded from records on 30 June 2020	26 481
	Effect on Other Assets (Cost) - Refer to note 42.5	32 629
	Effect on Other Assets (Depreciation 2020/2021) - Refer to note 42.6	(6 147)
	Restated Balance on 30 June 2021	**679 288 168**
42.5	**ACCUMULATED SURPLUS**	
	Balance Previously Reported	387 209 964
	Prior Period Adjustments relating to the 2020/21 financial year - Refer to note 42.6	162 434
	Corrections up to 30 June 2020	32 629
	Account for movable assets incorrectly excluded from records on 30 June 2020 - Refer to note 42.4	32 629
	Restated Balance on 30 June 2021	**387 405 026**
42.6	**STATEMENT OF FINANCIAL PERFORMANCE**	
	Net Deficit previously reported	**(5 231 303)**
	Correction on Depreciation of movable assets for 2020/21 - Refer to note 42.4	168 581
	Account for movable assets incorrectly excluded from records on 30 June 2020 - Refer to note 42.4	(6 147)
	Restated Deficit on 30 June 2021	**(5 068 869)**

		30 JUNE 2022 R	30 JUNE 2021 R
43	**NET CASH FROM OPERATING ACTIVITIES**		
	Net Surplus/(Deficit) for the year	44 043 378	(5 068 869)
	Adjusted for:		
	Non-Cash Expenditure	95 481 838	91 543 685
	Debt Impairment	78 757 514	55 065 380
	Depreciation and Amortisation	4 182 163	28 406 355
	Impairments	643 900	1 388 910
	Actuarial Losses	4 026 865	-
	Finance Charges	7 669 333	4 455 044
	Loss on disposal of PPE	202 063	2 227 997
	Non-Cash Revenue	(709 991)	(4 655 272)
	Actuarial Gains	(709 991)	(1 413 272)
	Fair Value Adjustments	-	(3 242 000)
	Contributions - Provisions and Employee Benefits	13 978 441	13 373 816
	Post Retirement Medical Benefits	1 441 000	1 253 000
	Long Service Awards	1 230 000	1 027 000
	Bonuses	9 802 219	8 596 738
	Staff Leave	1 505 222	2 497 078
	Expenditure - Provisions and Employee Benefits	(12 016 048)	(10 208 002)
	Post Retirement Medical Benefits	(554 865)	(559 744)
	Long Service Awards	(513 009)	(590 983)
	Bonuses	(9 442 951)	(7 488 604)
	Staff Leave	(1 505 222)	(1 568 670)
	Other adjustments	-	(824 481)
	Grants returned to Treasury	-	(824 481)
	Operating Surplus before changes in working capital	140 777 619	84 160 878
	Movement in working capital	(78 074 248)	(13 461 283)
	Receivables from exchange and non-exchange transactions	(80 065 288)	(76 473 296)
	Payables from exchange transactions	12 270 935	55 690 536
	Unspent Conditional Government Grants	(4 971 725)	13 602 386
	VAT Receivable	(5 308 170)	(6 280 907)
	Cash Flow from Operating Activities	**62 703 371**	**70 699 595**

		30 JUNE 2022 R	30 JUNE 2021 R
44	**CASH AND CASH EQUIVALENTS**		
	Cash and Cash Equivalents comprise out of the following:		
	Bank Accounts	10 733 904	5 144 692
	Call Deposits	8 679 179	11 518 498
	Total	**19 413 084**	**16 663 189**

Refer to note 2 for more details relating to cash and cash equivalents.

45 BUDGET COMPARISONS

45.1 COMPARABLE BASIS

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats

The following items are affected by these classification differences:

Statement of financial position

Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

Statement of financial performance

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Actuarial Gains and Other Income.

Debt Impairments also includes Bad Debts written off during the year.

45 BUDGET COMPARISONS (CONTINUED)

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - Other Expenditure and Actuarial Losses. Inventory disclosed and Contracted services included in the approved and final budget are also included as part of Other Expenditure.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

45.2 MATERIAL VARIANCES

Statement of financial position - Budget Adjustments

Trade and Other Payables	
Accumulated Surplus	Refer to adjustment made on Trade and Other Payables

Statement of financial position - Budget versus Actual

Consumer Debtors	
Investments Property	
Property Plant and Equipment	
Trade and Other Payables	
Borrowing (Current and Non-Current)	
Provisions and Employee Benefits (Current)	
Provisions and Employee Benefits (Non-Current)	

45 BUDGET COMPARISONS (CONTINUED)

Accumulated Surplus	

Statement of financial performance - Budget Adjustments

Employee Related Cost	
Debt Impairment	
Bulk Purchases	
Other Expenditure	

Statement of financial performance - Budget versus Actual

Interest earned - outstanding debtors	
Other Revenue	
Employee Related Cost	
Remuneration of Councillors	
Debt Impairment	
Depreciation & Asset Impairment	
Finance Charges	
Grants and Subsidies Paid	
Other Expenditure	
Government Grants and Subsidies - Capital	

Cash Flow Statement - Budget Adjustments

None

45 BUDGET COMPARISONS (CONTINUED)

Cash Flow Statement - Budget versus Actual

Property Rates and Other Income	
Suppliers and Employees, Transfers and Grants and Finance Charges	
Capital Assets	

	30 JUNE 2022 R	30 JUNE 2021 R
46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
46.1 UNAUTHORISED EXPENDITURE		
Unauthorised expenditure consist out of the following:		
Opening balance	234 108 580	234 108 580
Unauthorised expenditure current year	52 972 973	-
Approved by Council	(234 108 580)	-
Unauthorised expenditure awaiting approval	**52 972 973**	**234 108 580**

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred.

	2022 (Actual) R	2022 (Final Budget) R	2022 (Unauthorised) R
Unauthorised expenditure - Operating			
Municipal Council	23 211 961	26 255 945	-
Accounting Officer	32 350 206	33 925 805	-
Budget and Treasury Office	180 203 495	170 820 425	9 383 070
Technical Services	116 827 689	124 987 427	-
Community Services	91 011 159	70 936 515	20 074 644
Total	**443 604 508**	**426 926 117**	**29 457 713**
Unauthorised expenditure - Capital			
Accounting Officer	-	-	-
Budget and Treasury Office	-	-	-
Technical Services	57 348 859	39 784 623	17 564 236
Community Services	5 951 023	-	5 951 023
Total	**63 299 882**	**39 784 623**	**23 515 259**

46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

No disciplinary steps or criminal proceedings were instituted

	30 JUNE 2022 R	30 JUNE 2021 R
46.2 FRUITLESS AND WASTEFUL EXPENDITURE		
Fruitless and wasteful expenditure consist out of the following:		
Opening balance	102 581 470	77 632 585
Fruitless and wasteful expenditure incurred	1 738	24 948 886
Approved by Council	(77 632 585)	-
Fruitless and wasteful expenditure awaiting approval	**24 950 624**	**102 581 470**
Details of Fruitless and wasteful expenditure incurred :		
Other	-	15 442 679
Legal Fees	-	253 833
Work In Progress Written off	-	15 188 846
Penalties	-	2 164 971
SARS - PAYE, UIF and SDL	-	2 081 594
SARS - VAT	-	83 378
Interest on late payments	1 738	7 341 235
SARS - PAYE, UIF and SDL	-	251 222
SARS - VAT	-	9 722
Eskom	-	6 373 750
Auditor General	-	706 535
Other	1 738	6
Total	**1 738**	**24 948 886**

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred.

		30 JUNE 2022 R	30 JUNE 2021 R
46	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)**		
46.3	**IRREGULAR EXPENDITURE**		
	Irregular expenditure consist out of the following:		
	Opening balance	358 022 607	268 283 784
	Irregular expenditure incurred	427 299	89 738 823
	Approved by Council	(259 547 421)	-
	Irregular expenditure awaiting approval	**98 902 485**	**358 022 607**
	Details of Irregular expenditure incurred :		
	Supplier not registered on CSD	-	19 533
	Non-compliance with Supply Chain Regulations - Bidding Process not followed	427 299	-
	Rates clearance certificates for service providers who were awarded contracts were not included	-	9 761 479
	Non-compliance with Section 74(1) of the MFMA - Non-submission of information	-	-
	Supplier's Tax clearance pin expired at time of the audit and could not be verified	-	31 663
	Non-submission of losing quotes and tax clearance certificate	-	-
	CAAT's - Trading with suppliers that are prohibited in terms of section 112(j) of the MFMA	-	-
	Payments made on contracts where the contract amount were exceeded	-	2 032 664
	Payments made on contracts where the bid adjudication committee was not constituted in accordance to SCM Regulation 29(2)	-	-
	Non-compliance with Section 62(1)(e) of the MFMA (Act 56 of 2003) - SCM Processes not followed	-	564 252
	Non-compliance with Section 112(1)(e) of the MFMA (Act 56 of 2003)	-	75 474 410
	Non-compliance with Section 7(1) of the Remuneration of Public Office Bearers Act (Upper Limits Exceeded)	-	1 720 393
	Deviations approved by municipality considered to be irregular expenditure	-	134 430
	Total	**427 299**	**89 738 823**
	The prior year irregular expenditure was restated from R 7 827 589 to R 89 738 823 to include instances of irregular expenditure that was incorrectly ommitted from the disclosure in the prior year.		

46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

The irregular expenditure incurred for the year under review will be referred to internal audit and MPAC for further investigations. All prior year unauthorised, irregular and fruitless and wasteful expenditure relating to prior years was written-off after year end.

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	30 JUNE 2022	30 JUNE 2021
47.1 MATERIAL LOSSES		
Electricity distribution losses		
- Units purchased (Kwh)	58 103 542	58 441 309
- Units distributed (Kwh)	38 814 719	39 934 955
- Units lost during distribution (Kwh)	19 288 824	18 506 354
- Units lost considered within norm (10%)	5 810 354	5 844 131
- Units lost in excess of norm	13 478 470	12 662 223
- Percentage lost during distribution	23.20%	21.67%
- Rand Value of Loss	15 945 673	12 784 220

	30 JUNE 2022 R	30 JUNE 2021 R
47.2 Salga Contributions [MFMA 125 (1)(b)]		
Opening balance	9 404 408	7 248 334
Expenditure incurred	2 276 720	2 156 074
Payments	-	-
Outstanding Balance	**11 681 128**	**9 404 408**
47.3 Audit Fees [MFMA 125 (1)(c)]		
Opening balance	12 713 273	10 016 602
Expenditure incurred	6 058 027	5 999 794
Audit Fees	4 211 709	4 422 954
Interest on outstanding audit fees	1 066 409	706 535
VAT	779 909	870 305
RMEDA Grant	987 686	1 379 077
National Treasury Rebate	(655 346)	(2 283 789)
Payments	(1 552 014)	(2 398 412)
Outstanding Balance	**17 551 625**	**12 713 273**

		30 JUNE 2022 R	30 JUNE 2021 R
47	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)**		
47.4	**VAT [MFMA 125 (1)(c)]**		
	Opening balance	1 371 712	3 020 587
	Amounts received during the year	(6 709 175)	(13 845 305)
	Amounts claimed - current year	6 565 055	12 196 430
	Outstanding Balance	**1 227 592**	**1 371 712**
	Vat in suspense due to cash basis of accounting	**46 313 709**	**40 861 419**
	VAT is accounted for on the cash basis. All VAT returns have been submitted by the due date throughout the year.		
47.5	**PAYE, SDL and UIF [MFMA 125 (1)(c)]**		
	Opening Balance	7 483 294	2 908 439
	Payments due to SARS	32 756 727	29 911 454
	Interest and Penalties Raised	3 931 108	2 332 816
	Payments	(36 465 923)	(27 669 415)
	Outstanding Balance	**7 705 206**	**7 483 294**
47.6	**PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]**		
	Opening Balance	-	-
	Payments due to pension fund and medical aid	43 122 333	38 868 353
	Payments	(43 083 791)	(38 868 353)
	Outstanding Balance	**38 542**	**-**
47.5	**COUNCILLORS ARREAR ACCOUNTS [MFMA 124 (1)(b)]**		
	The following Councillors had arrear account outstanding for more than 90 days at year end:		
	Councillor SA Nivi	-	8 199
	Councillor E Bantam	-	9 561
	Councillor B Ketelo	-	1 749
	Councillor CA Auld	4 385	9 010
	Councillor N Blake	-	9 288
	Councillor LD Penisi	-	1 684
	Councillor NB Sango	13 936	-
	Councillor M Mahleza	29 825	-
	Councillor S Mjakuca	29 767	-
	Councillor E Lombard	1 690	-
	Councillor YN Nomacwerha	47 403	-
	Councillor P Ntengu	20 306	-
	Outstanding Balance	**147 310**	**39 492**

		30 JUNE 2022 R	30 JUNE 2021 R
47	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)**		

47.7 QUOTATIONS AWARDED - DEVIATIONS FROM SCM

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

Deviations from the Supply Chain Management Regulations per Directorate:

Accounting Officer	91 009	257 913
Corporate Services	150 501	115 915
Technical Services	1 023 092	1 468 289
Community Services	35 396	1 951 754
Total	**1 299 998**	**3 793 870**

The reasons for the deviations can be summarised as follows:

	Emergency R	Impractical R	Sole Supplier R
Accounting Officer	91 009	-	-
Corporate Services	-	113 034	37 467
Technical Services	326 747	-	696 345
Community Services	35 396	-	-
Total	**453 152**	**113 034**	**733 812**

Deviations from the Supply Chain Management Regulations per Supplier:

	Emergency R	Impractical R	Sole Supplier R
AVBOB Funeral Service Limited	-	7 541	-
Cashbuild (South Africa)	182 798	-	-
CFAO Motors	-	59 283	-
Conlog	-	-	141 470
Crankshaw Marble and Granite Works	-	16 500	-
Knicklebein Contractors	39 550	-	-
Landis and GYR	-	-	554 875
Lexis Nexis	91 009	-	-
Ronnies Motors Trust t/a Tractor World	-	29 711	-
Sitandile	88 800	-	-
Tanci General Dealers	35 396	-	-
TFM Manufacturing	-	-	37 467
Thahla Nongwadla Services	15 600	-	-
Total	**453 152**	**113 034**	**733 812**

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47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

47.8 OTHER NON-COMPLIANCE [MFMA 125(2)(e)]

The municipality did not comply with section 65 (2) (e) of the MFMA. All reasonable steps to ensure, that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure, was not taken.

47.9 TRADING WITH EMPLOYEES IN SERVICE OF THE STATE

During the period under review, the municipality engaged with the following employees in service of the state (SCM 44):

Name (State institution)	Supplier name	30 JUNE 2022 R	30 JUNE 2021 R
None		-	-

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

Name	State institution (Nature of Relationship)		
N. Tom	Siduli & Jama (Aunt)	78 450	51 880
O. Sotyato	Dulukhanyo Trading (Director)	-	2 032 634
Total		**78 450**	**2 084 514**

48 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:	**18 616 757**	**46 039 785**
This expenditure will be financed from:		
Municipal Infrastructure Grant	11 516 079	22 728 502
Department of Transport	7 100 677	23 311 283
Total	**18 616 757**	**46 039 785**

49 FINANCIAL RISK MANAGEMENT

The municipality is potentially exposed to the following risks:

49.1 Credit Risk

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

The following financial assets are exposed to credit risk:

	30 JUNE 2022 R	30 JUNE 2021 R
Cash and Cash Equivalents	19 413 084	16 663 189
Receivables from exchange transactions	50 856 924	41 343 887
Total	**70 270 007**	**58 007 076**

Cash and Cash Equivalents

Deposits of the municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

49 FINANCIAL RISK MANAGEMENT (CONTINUED)

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

49.2 Currency risk (Market Risk)

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.

The financial instruments of the municipality is not directly exposed to any currency risk.

49.3 Interest rate risk (Market Risk)

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.

	30 JUNE 2022 R	30 JUNE 2021 R
The following balances are exposed to interest rate fluctuations:		
Cash and Cash Equivalents (Excluding Cash on Hand)	10 733 904	5 144 692
Long-term Liabilities (Including Current Portion)	(4 923 400)	(5 611 296)
Net balance exposed	**5 810 504**	**(466 604)**
Potential effect of changes in interest rates on surplus and deficit for the year:		
0.5% (0.5% - 2021) increase in interest rates	29 053	(2 333)
0.5% (0.5% - 2021) decrease in interest rates	(29 053)	2 333

Management does not foresee significant interest rate movements the next 12 months.

49.4 Liquidity risk

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

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

49 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

30 JUNE 2022		**PAYABLE**	
	Within 1 Year	**Two to five years**	**After five years**
Finance Lease Liabilities	4 792 973	217 877	-
Payables from exchange transactions	342 163 873	-	-
Total	**346 956 846**	**217 877**	**-**

30 JUNE 2021		**PAYABLE**	
	Within 1 Year	**Two to five years**	**After five years**
Finance Lease Liabilities	5 362 077	740 782	-
Payables from exchange transactions	341 993 535	-	-
Total	**347 355 612**	**740 782**	**-**

49.5 Other price risk (Market Risk)

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

The municipality recognised the following financial instruments (All balances are recognised at amortised cost.)

Financial Assets

Cash and Cash Equivalents	19 413 084	16 663 189
Receivables from exchange transactions	50 856 924	41 343 887
Total	**70 270 007**	**58 007 076**

Financial Liabilities

Current Portion of Long-term Liabilities	444 517	687 896
Payables from exchange transactions	342 163 873	341 993 535
Long-term Liabilities	4 478 883	4 923 400
Total	**347 087 273**	**347 604 831**

		30 JUNE 2022 R	30 JUNE 2021 R
50	**STATUTORY RECEIVABLES**		
	In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
	Receivables from Non-Exchange Transactions		
	Rates	294 233 130	258 415 347
	VAT Receivable	47 541 301	42 233 131
	Total	**341 774 431**	**300 648 478**
	Refer to note 4 for more detail relating to the Rates Receivables, including any provision for impairment raised against the gross amounts as disclosed above.		
51	**EVENTS AFTER REPORTING DATE**		
	None		
52	**IN-KIND DONATIONS AND ASSISTANCE**		
	None		
53	**PRIVATE PUBLIC PARTNERSHIPS (PPP's)**		
	The municipality did not enter into any PPP's in the current and prior year.		
54	**CONTINGENT LIABILITIES**		
	The municipality were exposed to the following contingent liabilities at year end:		
	Claim 1		
	Prince Queen Marry Trading Enterprise vs Nkonkobe Municipality -The plaintiff instituted legal action against the municipality for money in the sum of R 118 222, which is allegedly due to it in terms of a contract with the municipality. The municipality is appealing the court's judgement against the municipality.	-	-
	Claim 2		
	A claim was lodged by the former Municipal Manager of Nxuba Local Municipality, SC Gaca, for payment of alleged severance package after his resignation. The matter is still to be enrolled in the High Court.	-	-

		30 JUNE 2022 R	30 JUNE 2021 R
54	**CONTINGENT LIABILITIES (CONTINUED)**		
	Claim 3		
	Summons issued against the Municipality in respect of services rendered and loss of income arising out of tender awarded to the Plaintiff. The matter is still pending in the High Court.	-	-
	Claim 4		
	The Amathole Forestry Company (Pty) Ltd took the municipality to court as there were insufficient fire resources (In particular a fire truck) which posed a high fire risk to the forestry. The claimant wants to recover costs from the municipality relating to legal costs incurred in the matter. The claim will be opposed.	-	-
	Claim 5		
	A claim was lodged against the municipality for damages suffered due to a pothole that were struck in the municipal area.	-	2 095
	Other Contingent Liabilities		
	The municipality have not yet renewed the licence relating to the Adelaide landfill site and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.	-	-
	Total	**-**	**-**
55	**CONTINGENT ASSETS**		
	The municipality identified the following contingent assets at year-end:		
	The municipality successfully obtained a interdict order to restrain its workers from engaging in an unprotected SAMWU strike in December 2015. The attorneys confirmed that the court has issued the final order and the attorneys are in the process of recovering the cost. The inflow of funds is now considered to be possible	100 000	100 000
56	**RELATED PARTIES**		

Related parties are defined in note 1.34

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

56 RELATED PARTIES (CONTINUED)

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

Remuneration of related parties are disclosed in notes 30 and 31

Raymond Mhlaba Economic Development Agency

The municipality owns a 100% stake in the Raymond Mhlaba Economic Development Agency. The Municipality provides grants to the agency to assist with the operations of the entity as well as to settle the audit fees payable to the Auditor General.

Refer to note 39 for grants paid during the period under review

The municipality owns buildings which are occupied and utilised by Raymond Mhlaba Economic Development Agency at no consideration.

In the prior year, the municipality leased a building at no consideration to the entity. The entity in turn leased out this building to a third party (Mazoyi). The market related rent not charged amounted to R88 200. During the current financial year, the Municipality took over the lease agreement and now leases the property directy to the third party (Mazoyi).

The municipality seconded a CEO to the Raymond Mhlaba Economic Development Agency for no consideration. The estimated cost associated with this arrangement amounts to R584 000 (2021 - R 541 000).

57 FINANCIAL SUSTAINABILITY

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

The current liabilities at year end exceeded the current assets and this could result in the municipality being unable to settle all of its liabilities.

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

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

The municipality experienced material losses in electricity usage to the value of R 15 945 673 (2021 - R 12 784 220) for the year ending 30 June 2022. This represents a distribution loss of 23.20 % (2021 - 21.67 %).

Other Indicators

The municipality has incurred unauthorised, irregular and fruitless & wasteful expenditure as shown in note 46 above.

There are material Contingent Liabilities on each respective reporting period. Refer to note 54 above.

57 FINANCIAL SUSTAINABILITY (CONTINUED)

Assessment

The definition of a going concern is that there is no reason to believe that an institution will have to close down or be liquidated within 12 months after the reporting date. The financial statements for this municipality have been prepared, as indicated in the accounting policy, on a going concern assumption as allocations of equitable share have been promulgated in the Division of Revenue Act for the three financial years following after the reporting date.

The financial results however may indicate that the going concern assumption of this municipality may be in serious doubt. The amounts promulgated in the DORA have a serious impact on the level of services that this municipality can render and it may well raise doubt about the future financial sustainability of this municipality and may cause serious health and other risks regarding service delivery to the communities within the jurisdiction of this municipality.

58 NON-LIVING RESOURCES

Management identified the following non-living resources (other than land):

- None

59 PRINCIPAL-AGENT ARRANGEMENTS

The Municipality has assessed that the following significant principal-agent arrangements exists:

Department of Transport

The Municipality acts as an agent for the Department of Transport and manages the issuing of vehicle licences for a commission.

The following transactions were undertaken as part of principle-agent arrangement:

Revenue collected from third parties on behalf of the Department	8 764 919	9 636 951
Commission earned on vehicle registrations as per note 28	4 756 236	5 738 779
Collections payable to the Department at year-end	53 167	53 167

60 SEGMENT REPORTING

60.1 General information

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standarised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The municipal departments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Finance and administration	Supply administrative and related support to all segments
2	Public Safety	Traffic control and Law Enforcement
3	Planning and Development	Corporate wide strategic planning
4	Community and social services	Library Services and facility management
5	Road transport	Road management regulation and civil works.
6	Sport and recreation	Community park and sport facility management
7	Energy sources	Electricity Services
8	Waste management	Refuse removal and landfill sites

60.2 Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

60.3 Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas (i.e. towns), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

60.4 Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed as follows:

60 SEGMENT REPORTING (CONTINUED)

30 JUNE 2022	Finance and administration R	Public Safety R	Planning and Development R	Community and social services R	Road transport R	Sport and recreation R	Energy sources R	Waste management R	Total R
REVENUE									
External Revenue from Non-Exchange Transactions	**215 792 509**	**15 582 538**	**7 262 000**	**1 978 235**	**75 351 679**	**1 895 459**	**31 751 658**	**11 532 657**	**361 146 735**
Property Rates	100 082 404	-	-	-	-	-	-	-	100 082 404
Government Grants and Subsidies	115 000 115	15 441 760	7 262 000	1 978 235	75 351 679	1 895 459	31 751 658	11 532 657	260 213 563
Contributed Assets	-	-	-	-	-	-	-	-	-
Fines	-	140 778	-	-	-	-	-	-	140 778
Actuarial Gains	709 991	-	-	-	-	-	-	-	709 991
Fair Value Adjustments	-	-	-	-	-	-	-	-	-
External Revenue from Exchange Transactions	**44 154 328**	**22 056**	**10 373**	**469**	**4 873 088**	**2 707**	**61 019 626**	**16 418 504**	**126 501 152**
Service Charges	-	-	-	-	-	-	60 875 717	16 402 032	77 277 748
Rental of Facilities and Equipment	581 148	-	-	-	-	-	-	-	581 148
Interest Earned - external investments	1 414 766	-	-	-	-	-	-	-	1 414 766
Interest Earned - outstanding debtors	34 322 600	-	-	-	-	-	-	-	34 322 600
Licences and Permits	-	-	-	-	4 756 236	-	-	-	4 756 236
Other Income	7 835 814	22 056	10 373	469	116 852	2 707	143 910	16 473	8 148 653
TOTAL REVENUE	**259 946 837**	**15 604 594**	**7 272 372**	**1 978 704**	**80 224 766**	**1 898 167**	**92 771 284**	**27 951 162**	**487 647 887**
EXPENDITURE	**199 578 514**	**48 088 977**	**22 615 436**	**1 022 195**	**31 599 806**	**5 902 870**	**98 881 523**	**35 915 187**	**443 604 508**
Employee related costs	69 753 925	45 429 255	18 401 520	966 876	22 044 397	5 317 485	15 728 858	20 709 589	198 351 905
Remuneration of Councillors	8 564 868	2 063 728	970 536	43 867	1 356 099	253 320	4 243 479	1 541 292	19 037 190
Debt Impairment	65 998 622	-	-	-	-	-	2 314 692	10 444 199	78 757 514
Bad Debts Written Off	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation	4 182 163	-	-	-	-	-	-	-	4 182 163
Impairments	643 900	-	-	-	-	-	-	-	643 900
Actuarial Losses	4 026 865	-	-	-	-	-	-	-	4 026 865
Finance Charges	8 075 185	-	-	-	-	-	-	-	8 075 185
Bulk Purchases	-	-	-	-	-	-	37 103 914	-	37 103 914
Transfers and Grants	-	-	1 782 609	-	-	-	5 874 515	-	7 657 123
Other Expenditure	38 130 922	595 995	1 460 771	11 452	8 199 310	332 064	33 616 066	3 220 107	85 566 687
Loss on disposal of Assets	202 063	-	-	-	-	-	-	-	202 063
TOTAL EXPENDITURE	**199 578 514**	**48 088 977**	**22 615 436**	**1 022 195**	**31 599 806**	**5 902 870**	**98 881 523**	**35 915 187**	**443 604 508**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**60 368 323**	**(32 484 383)**	**(15 343 064)**	**956 509**	**48 624 961**	**(4 004 703)**	**(6 110 239)**	**(7 964 025)**	**44 043 378**
CAPITAL EXPENDITURE FOR THE YEAR	-	-	-	4 982 476	38 848 844	968 547	14 631 732	3 868 283	**63 299 882**

60 SEGMENT REPORTING (CONTINUED)

30 JUNE 2021	Finance and administration R	Public Safety R	Planning and Development R	Community and social services R	Road transport R	Sport and recreation R	Energy sources R	Waste management R	Total R
REVENUE									
External Revenue from Non-Exchange Transactions	**333 423 153**	**62 033**	**-**	**-**	**69 255 946**	**-**	**16 554 000**	**-**	**419 295 131**
Property Rates	103 628 797	-	-	-	-	-	-	-	103 628 797
Government Grants and Subsidies	225 139 083	-	-	-	69 255 946	-	16 554 000	-	310 949 029
Contributed Assets	-	-	-	-	-	-	-	-	-
Fines	-	62 033	-	-	-	-	-	-	62 033
Actuarial Gains	1 413 273	-	-	-	-	-	-	-	1 413 273
Fair Value Adjustments	3 242 000	-	-	-	-	-	-	-	3 242 000
External Revenue from Exchange Transactions	**29 583 886**	**-**	**-**	**-**	**5 846 996**	**-**	**68 222 425**	**16 374 342**	**120 027 649**
Service Charges	300	-	-	-	-	-	68 113 008	16 374 234	84 487 542
Rental of Facilities and Equipment	508 973	-	-	-	879	-	-	-	509 853
Interest Earned - external investments	1 552 952	-	-	-	-	-	-	-	1 552 952
Interest Earned - outstanding debtors	24 096 667	-	-	-	-	-	-	-	24 096 667
Licences and Permits	-	-	-	-	5 738 779	-	-	-	5 738 779
Other Income	3 424 994	-	-	-	107 337	-	109 417	108	3 641 856
TOTAL REVENUE	**363 007 039**	**62 033**	**-**	**-**	**75 102 942**	**-**	**84 776 425**	**16 374 342**	**539 322 780**
EXPENDITURE	**247 417 530**	**10 752 315**	**15 794 574**	**14 333 710**	**61 747 989**	**3 642 443**	**160 343 595**	**30 359 494**	**544 391 649**
Employee related costs	76 324 612	9 925 801	12 017 147	13 613 398	36 713 751	3 151 463	27 883 719	9 837 913	189 467 804
Remuneration of Councillors	8 425 422	364 437	509 075	485 824	2 092 873	123 456	5 434 652	1 028 998	18 464 737
Debt Impairment	55 017 710	-	-	-	-	-	5 204 688	15 494 643	75 717 040
Bad Debts Written Off	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation	28 406 355	-	-	-	-	-	-	-	28 406 355
Impairments	1 388 910	-	-	-	-	-	-	-	1 388 910
Finance Charges	13 435 402	-	-	-	-	-	-	-	13 435 402
Bulk Purchases	-	-	-	-	-	-	69 393 436	-	69 393 436
Transfers and Grants	-	-	2 900 816	-	-	-	6 559 089	-	9 459 905
Other Expenditure	62 191 123	462 077	367 536	234 488	22 941 365	367 524	45 868 011	3 997 940	136 430 064
Loss on disposal of Assets	2 227 997	-	-	-	-	-	-	-	2 227 997
TOTAL EXPENDITURE	**247 417 530**	**10 752 315**	**15 794 574**	**14 333 710**	**61 747 989**	**3 642 443**	**160 343 595**	**30 359 494**	**544 391 649**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**115 589 509**	**(10 690 282)**	**(15 794 574)**	**(14 333 710)**	**13 354 953**	**(3 642 443)**	**(75 567 170)**	**(13 985 152)**	**(5 068 869)**
CAPITAL EXPENDITURE FOR THE YEAR	3 306 055	1 481	2 068	1 974	48 779 870	502	18 151 432	8 613 429	**78 856 811**

RAYMOND MHLABA LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2022

INSTITUTION	RATE	REDEMPTION DATE	OPENING BALANCE 1 JULY 2021 R	REDEEMED DURING YEAR R	CLOSING BALANCE 30 JUNE 2022 R
FINANCE LEASE LIABILITIES					
Absa Vehicle Management Solutions - 14 Vehicles	28.32%	28/Aug/21	4 583 214	(313 146)	4 270 068
Aloe Xerox - 65 Xerox Machines	17.20%	7/Dec/23	1 028 082	(374 749)	653 333
Total Finance Lease Liabilities			**5 611 296**	**(687 896)**	**4 923 400**
Total Long-Term Liabilities			**5 611 296**	**(687 896)**	**4 923 400**

RAYMOND MHLABA LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2022

	OPENING BALANCE	GRANTS RECEIVED	TRANSFERRED TO REVENUE (OPERATING)	TRANSFERRED TO REVENUE (CAPITAL)	CLOSING BALANCE
	R	R	R	R	R
NATIONAL GOVERNMENT					
Equitable Share	-	189 927 000	(189 927 000)	-	-
Municipal Finance Management Grant	-	2 600 000	(2 600 000)	-	-
Municipal Infrastructure Grant	-	41 333 000	(1 972 207)	(39 360 793)	-
Expanded Public Works Program	-	2 900 000	(2 900 000)	-	-
LG-SETA	-	261 972	(261 972)	-	-
National Treasury Audit Fees Grant	-	569 866	(569 866)	-	-
Total National Government Grants	**-**	**237 591 838**	**(198 231 045)**	**(39 360 793)**	**-**
PROVINCIAL GOVERNMENT					
Library Grant	-	1 650 000	(1 650 000)	-	-
OTP Alice Revitalisation	162	-	-	-	162
Department of Roads	14 743 590	16 000 000	-	(20 682 787)	10 060 803
Alien Plant Removal (EPWP)	358 059	-	(288 939)	-	69 120
Housing Disaster Grant	9 474	-	-	-	9 474
DDEAT - Mining Projects	77 000	-	-	-	77 000
ECDLGTA - Greening and Beautification	707 664	-	-	-	707 664
LSDF - Middledrift Spatial Development	147 392	-	-	-	147 392
Quarry Mining Grant	102 563	-	-	-	102 563
Total Provincial Government Grants	**16 145 904**	**17 650 000**	**(1 938 939)**	**(20 682 787)**	**11 174 179**
ALL SPHERES GOVERNMENT	**16 145 904**	**255 241 838**	**(200 169 983)**	**(60 043 580)**	**11 174 179**

DRAFT ANNUAL REPORT 2021/2022

RAYMOND MHLABA ECONOMIC DEVELOPMENT AGENCY (RMDA)

317 Garden Street
Alice
5700
Phone: (040) 6532935
Fax: (040) 6532938
Website: www.rmda.co.za

MAYOR'S FOREWORD

Will be submitted in the final Audited Annual Report

CHAIRPERSON'S STATEMENT

Will be submitted in the final Audited Annual Report

GENERAL OVERVIEW

Raymond Mhlaba Economic Development Agency (RMDA) is a municipal owned entity, tasked with the implementation of strategic and catalytic Local Economic Development (LED) initiatives, on behalf of the parent Raymond Mhlaba municipality. The motive behind the establishment of the agency was to create a special purpose vehicle for effective implementation of economic development programmes of the municipality, which will have sufficient capacity to mobilise resources for the often underfunded yet Critical LED programmes and projects residents in the municipal area.

Vision

A job in every household of the Raymond Mhlaba Municipality

Mission

To develop a competitive local economy that creates profitable businesses and sustainable jobs

Values

Value System		What it means for the RMDA
#1	Focused	*We are purpose, vision and mission-driven.*
#2	Creative	*We look for new solutions and think outside the box.*
#3	Realistic	*We plan and act for impact – we don't promise a pie in the sky.*
#4	Caring	*We are only as happy as our employees, partners and communities.*
#5	Honest	*We are trustworthy because we always transparent and open.*
#6	Accountable	We take full responsibility for own actions, no matter what.

STRATEGIC OVERVIEW

The Agency's mandate covers the entire geographic area of the Raymond Mhlaba Municipality, a local municipality within the greater Amathole District Municipality in the Province of the Eastern Cape. This area covers 6 474 km2, and includes major towns such as Alice, Adelaide, Bedford, Fort Beaufort and Middledrift. Smaller settlements include Hogsback, Seymour, Red, Jumper, Balfour, Blinkwater and Debenek.

The current mandate of the RMDA is:

- Stimulating wide-economic growth through the promotion of entrepreneurial activity;
- Leveraging business development and support;
- Facilitation of investments into strategic economic sectors and spatial nodes

The Agency is also mandated to undertake the following services:

- Promotion and implementation of economic development within the municipality in the areas of economic production and commercial activities as envisaged in the IDP;
- Leverage private and public sector funding for economic development in the aymond Mhlaba local municipal area;
- Utilize funding obtained from the parent municipality prudently to ensure sustainability of RMDA as well as the sustainability of the LED programme it implements.

RMDA Strategic Objectives		**Performance Measure**
#1	Build a competitive economy	a. GDP % growth b. New investments Rand Value c. Number of jobs created d. Business confidence index e. Youth participation % growth
#2	Build a responsive and efficient organization	a. Corporate governance compliance b. Staff complement c. Working conditions d. Corporate culture e. Financial growth

# 3	Build strategic partnerships	a. Signed SLAs b. Relationship management

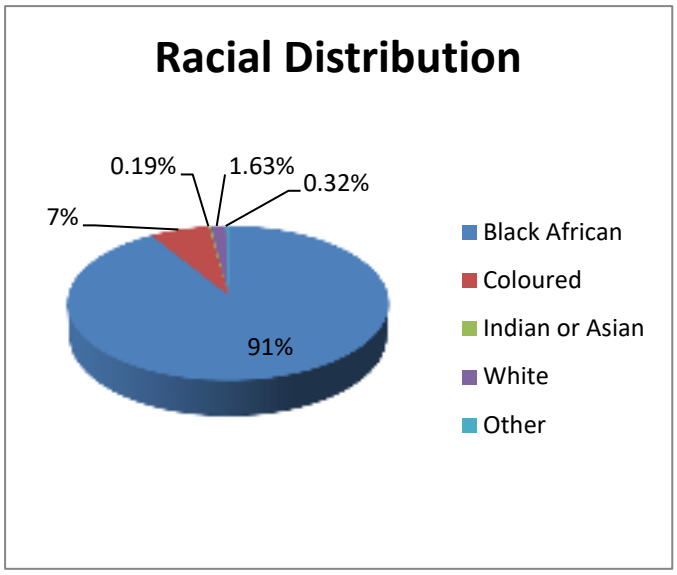
DEMOGRAPHIC OVERVIEW

Total Population

The 2020 IHS Markit Regional eXplorer indicates that the total population in Raymond Mhlaba Municipality is 163 000. The municipality has 23 wards; and it is dominated by large populace which is indigent. The majority of the population of Raymond Mhlaba of just over 70% resides in both villages and farms, and minorities are located in urban dwellings. Urbanisation is mainly concentrated in Alice, Fort Beaufort, Adelaide and Bedford.

Racial Distribution

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

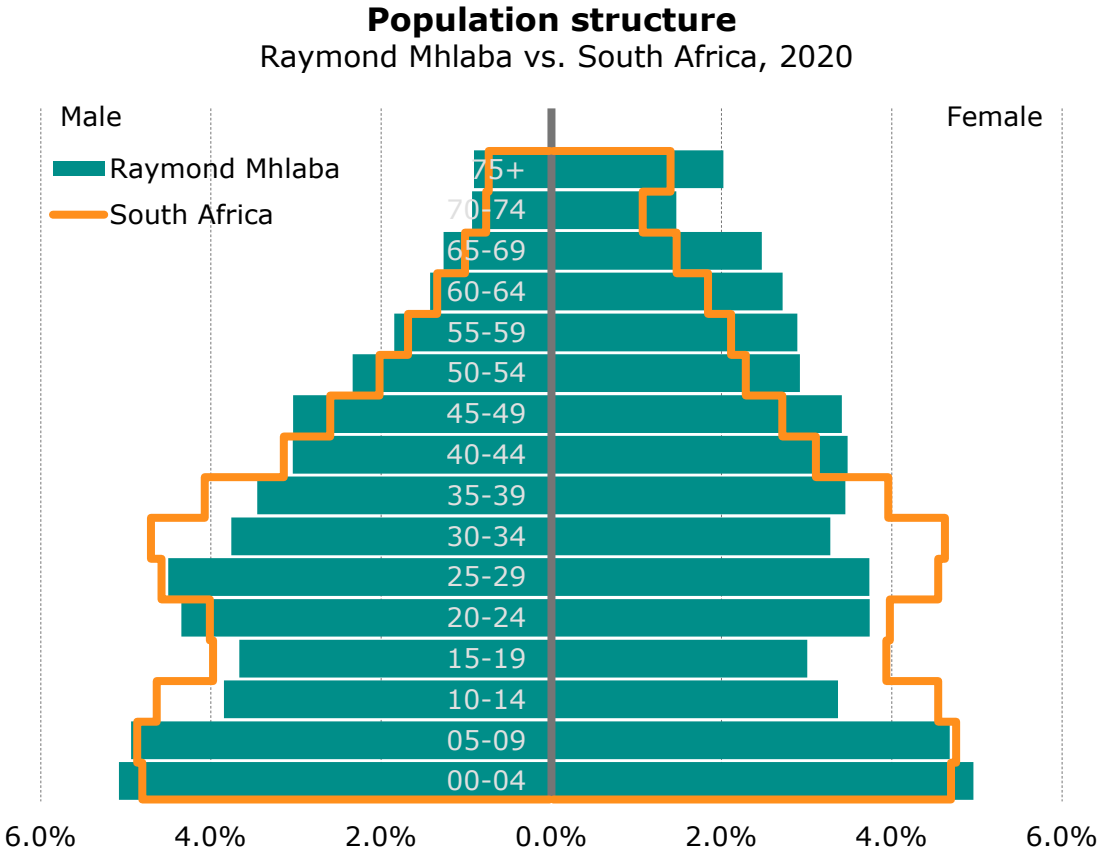


Source: Community Survey, 2016

Population Growth Rate

In 2020, the Raymond Mhlaba Local Municipality's population consisted of 91.39% African (149 000), White (2 330), Coloured (11 300) and Asian (451) people. The largest share of population is within the young working age (25-44 years) age category with a total number of 46 900 or 28.7% of the total population. The age category with the second largest number of

people is the babies and kids (0-14 years) age category with a total share of 26.9%, followed by the older working age (45-64 years) age category with 33 600 people. The age category with the least number of people is the retired / old age (65 years and older) age category with only 14 800 people, as reflected in the population pyramids below.



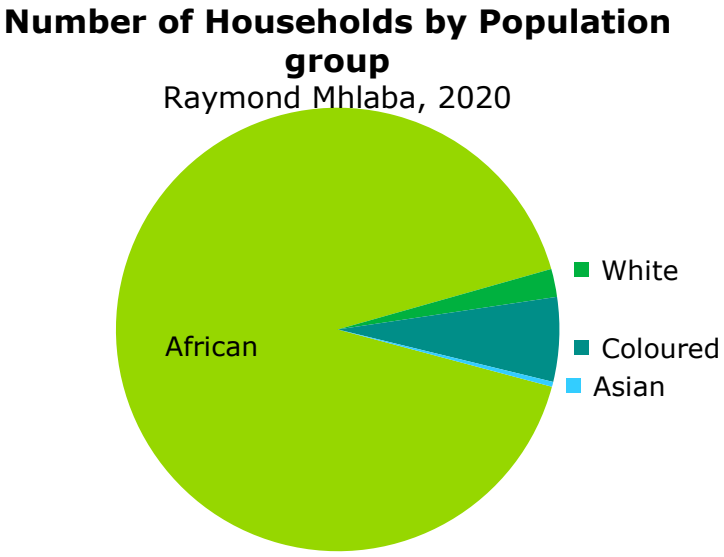
Source: IHS Markit Regional eXplorer version 2103

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

Number Of Households As At 2020

In 2020, the Municipality comprised of 43 300 households. This equates to an average annual growth rate of 0.46% in the number of households from 2010 to 2020. With an average annual growth rate of 0.53% in the total population, the average household size in the Raymond Mhlaba Local Municipality is by implication increasing. This is confirmed by the data where the average household size in 2010 increased from approximately 3.7 individuals per household to 3.8 persons per household in 2020. The composition of the households by population group consists of 91.4% which is ascribed to the African population group with the largest amount of households by

population group. The Coloured population group had a total composition of 6.2% (ranking second). The White population group had a total composition of 2.0% of the total households. The smallest population group by households is the Asian population group with only 0.4% in 2020.



Source: IHS Markit Regional eXplorer version

Natural Resources	
Major Natural Resource	Relevance to Community
Fresh Water Systems	Marriculture and Aquaculture
Biodiversity and Natural Forest	Land based projects and environmental projects
National Heritage Sites	recreation and tourism, research, education and cultural values

PERFORMANCE HIGHLIGHTS

Projects

The agency adopted the following projects in response to its mandate. Unfortunately, during the year under review not much has been done.

No	Project	Progress
1.	Small Towns Revitalization	• During the year under review, no budget was allocation on this project.
2.	Fresh Produce Hub	No movement – the initial property identified for this project was since leased.
3.	Retail Sector	❑ Fort Beaufort – plans did not materalized, the preferred provider had unrealistic demands.
4.	Student Accommodation	❑ Development of student accommodation by the private sector on municipal land. ❑ Three preferred bidders appointed by the municipality. ❑ No progress
5.	Feedlot	❑ The aim of the project is to support the growth and development of stock farming by the previously disadvantaged farmers throughout Raymond Mhlaba ❑ No progress made yet
6.	Aloe Transfer and Processing	❑ No progress made yet
7.	Game Farm	❑ No progress made yet

The Blockyard

In 2019/2020 the municipal council resolved to close the blockyard temporarily. During the year 2020/2021, the block yard was not in operation due to financial challenges the agency faced.

Raymond Mhlaba Business Support Centre

The Raymond Mhlaba Business Support Centre is a critical centre piece of our support for enterprise development in the Raymond Mhlaba Municipal area. The centre is a hub of activity servicing members of the public and facilitating training for SMMEs, Cooperatives and other enterprises in Raymond Mhlaba. The bulk of the work focuses on training and workshops, registration of new businesses with The Companies and Intellectual Property Commission of SA (CIPC), Treasury's Centralised Supplier database and submission of CIPC Annual returns. The Business Support Centre is also be able to assist SMME with any tax related matters relating to SARS. During the year under review, the following are some of the services that have been provided by the centre:

Business Support Service	No of beneficiaries				Total
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Business advice	25	20	33	44	122
Registration of new businesses	12	20	15	16	66
Submission of CIPC Annual Returns	13	8	15	28	64
Registration of SMMEs on E-filing	9	19	22	11	61

GOVERNANCE

Administrative Governance

In the year under review the agency operated with no permanent but the seconded CFO from the municipality. The position was advertised, and candidates interviewed. The agency still awaits the response of council on funding of the CEO position. vacancy. The other staff complement is mainly seven individuals.

Staff

Levels	Male	Female
Executive	0	-
Senior	-	-
Middle Management	0	1
Coordination/administration	3	3

In 2021/2022, the agency did not appoint a permanent CEO. The municipality deployed a seconded CEO. RMDA staff comprises of four females and three males.

Salary Financial disclosure

Description (R'000)	Executive	Senior management	Middle management	Coordination	TOTAL
Salaries and Wages					
Normal		-	508 091	707 055	1 215 146
Leave paid	-	-		-	-
Overtime	-	-	-	-	-
Staff and company contributions	-	-	-	-	-
Pensions	-	-	36 950	162 876	199 466
Medical aid	-	-	46 548	126 252	172 800
Other	-	-	-	-	-
Allowances	-	-	-	-	-
Travel and vehicle	-	-	-	-	-
Cell phone	-	-	-	-	

Other	-	-	-	-	-
Housing benefit and allowances	-	-	-	-	-
Loans and advances	-	-	-	-	-
Other benefits and allowances	-	-	-	-	-
Bonus and leave	-	-	-	-	-
Arrears owed to municipality	-	-	-	-	-

BOARD OF DIRECTORS

The Raymond Mhlaba Economic Development Agency was established in established in terms of the Municipal Systems Act in the year 2002. It is wholly owned by the Raymond Mhlaba Municipality. In complaint with the provisions of the amended Company's Act, the municipality appointed the Board of Directors to oversee the Agency on behalf of Council.

The RMDA Board of Directors comprises of:

- Adv Sonwabile Mancotywa (Chairperson)
- Prof Willie Chinyamurindi
- Ms Xolile Titus
- Mr Allen Nika
- Ms Nolitha Nkomama

Responsibilities of the Board

In terms of the Company's Act, the Board of Directors are charged with the responsibility to provide strategic direction of the agency in that to:

- Ensure efficiency and effectiveness of operations, the optimum utilisation of resources, legal compliance, safeguarding of assets and the existence of sound and effective internal controls;

- Review and approval of business plans, budgets, major contracts and commitments.

- Accountable for the process of risk management;

- Monitor Organisational Performance;

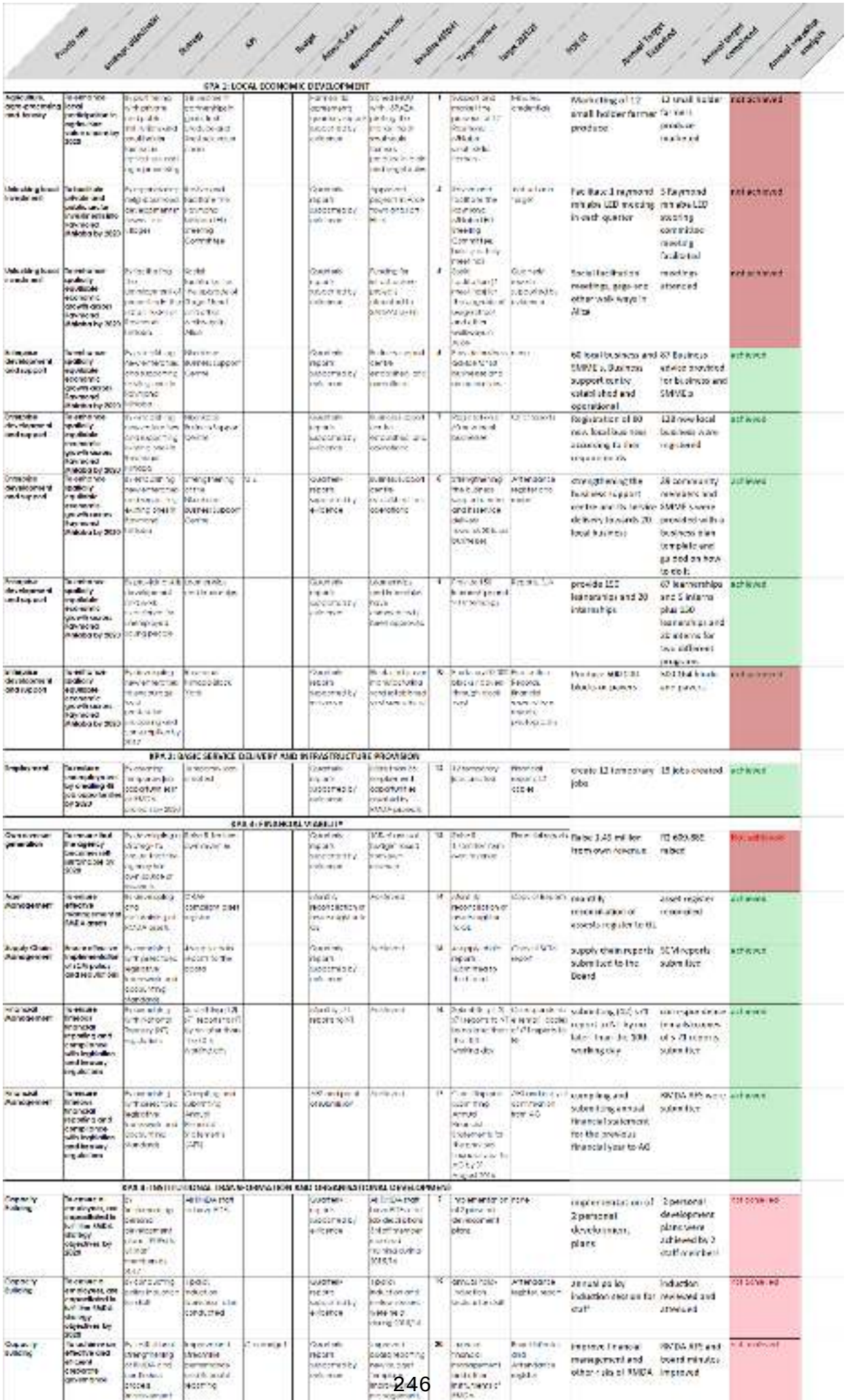
- Approve of major policy decisions;

- Appoint the Chief Executive Officer;

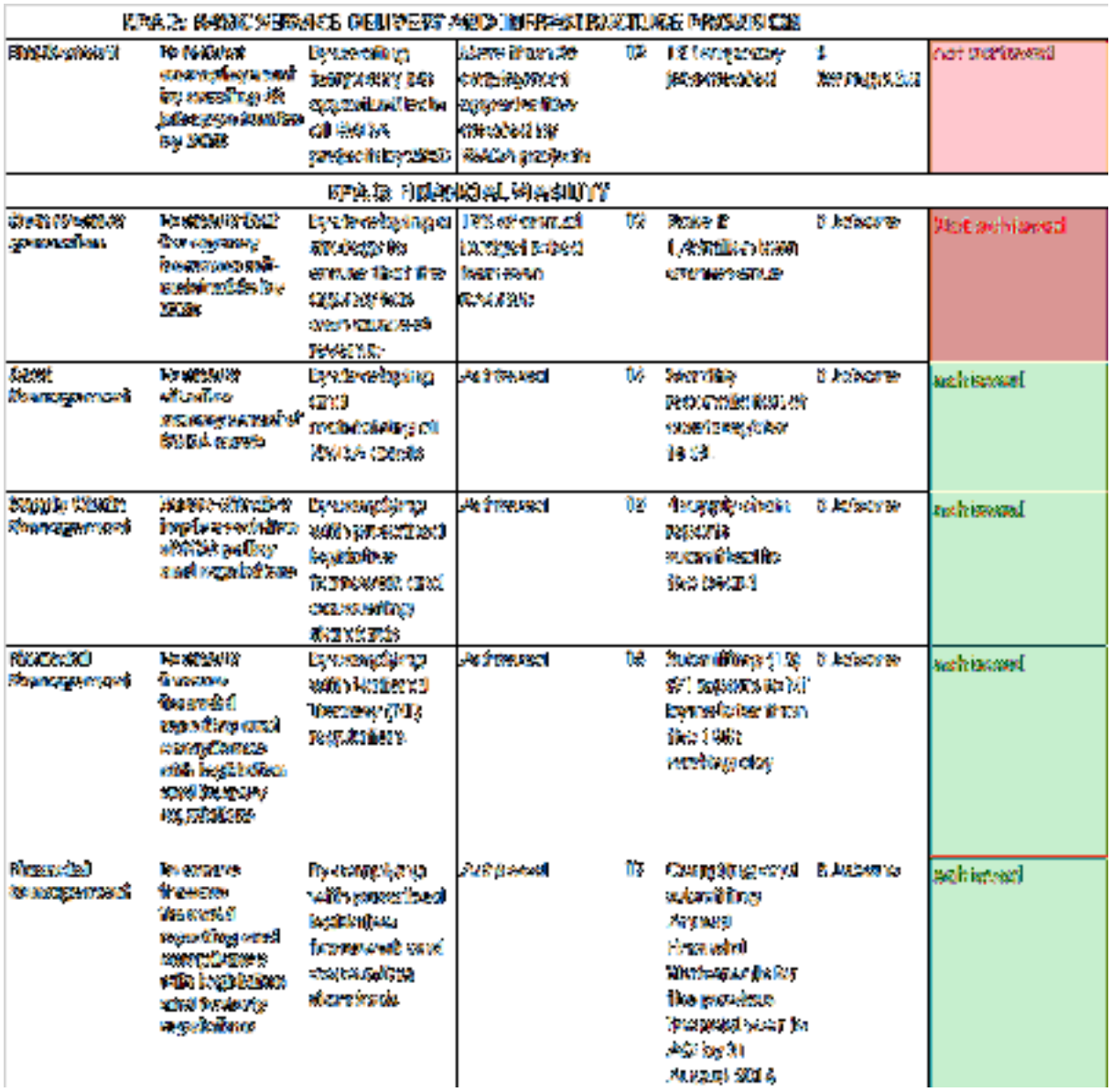
- Presentation of the financial statements and the assurance of integrity, objectivity and reliability of these statements.

PERFORMANCE REPORT

In 2021/ 2022 financial year, the agency planned to implement a number of programmes as guided by the strategic framework approved in 2019/2020 financial year by the board of directors. In terms of the 2021/2022 Service and Budget Implementation Plan, the agency set for itself 21 targets. Of the 21 targets, only 12 targets were met and that translate to 57% achievement.



Priority area	Strategic objectives	Outputs	KPI	Budget	Annual value	Measurement source	Baseline (2021)	Target number	Target (2022)	Risk (s)	Annual Target Expected	Annual target Completed	Annual narrative analysis
KPA 1: LOCAL ECONOMIC DEVELOPMENT													
Agriculture, agro-processing and forestry	To enhance local participation in agriculture value chain by 2023	Support farmers with planting materials and fertilizers	Number of farmers supported	50		Quarterly reports	0	1	Support and monitoring of 12 Farmers Affairs small holder farmers	Inadequate credentials	Monitoring of 12 small holder farmers' produce	12 small holder farmers' produce monitored	not achieved
Undertake ground breaking	To facilitate private and public sector investments by 2023	Participate in ward based development meetings	Number of meetings			Quarterly reports	Approved project implementation plan	4	Attend 4 Local Economic Development Committee meetings	Inadequate budget	Two Ward 3 represented minutes LED meeting in each quarter	3 Ward 3 represented minutes LED meeting committee meeting facilitated	not achieved
Undertake ground breaking	To enhance quality, equitable economic growth across Kgatelopele by 2023	Participate in the development of Kgatelopele Economic Growth Strategy	Draft Kgatelopele Economic Growth Strategy			Quarterly reports	Funding for development of the Kgatelopele Economic Growth Strategy	4	Data collection meetings, engagement with stakeholders, workshops, Mayoral Committee meeting	Community unrest, unavailability of stakeholders	Social facilitation meetings, progress reports	meetings attended	not achieved
Enterprise development and support	To enhance quality, equitable economic growth across Kgatelopele by 2023	Participate in new business support programmes	Number of business supported			Quarterly reports	Business support centre established	4	Participate in SEDA NTU Network and Kgatelopele Business Support Centre	None	60 local business and SMME's, Business support centre established and operational	67 Business advice provided for business and SMME's	achieved
Enterprise development and support	To enhance quality, equitable economic growth across Kgatelopele by 2023	Participate in new business support programmes	Number of business supported			Quarterly reports	Business support centre established and operational	1	Registration of 80 new local business assessing to the programme	Non compliance	Registration of 80 new local business assessing to the programme	120 new local business were registered	achieved
Enterprise development and support	To enhance quality, equitable economic growth across Kgatelopele by 2023	Business capacity building programmes	Strengthening of the Business Support Centre	0		Quarterly reports	Business support centre established and operational	4	Strengthening the Business Support centre and its service delivery to assist 20 local business	Attendance registers	strengthening of the business support centre and its service delivery to assist 20 local business	28 community members and SMME owners provided with a business plan completed and guided on how to work	achieved
Enterprise development and support	To enhance quality, equitable economic growth across Kgatelopele by 2023	Participate in the development of the Kgatelopele Tourism Strategy	Draft Kgatelopele Tourism Strategy			Quarterly reports	Kgatelopele Tourism Strategy	1	Provide 100 learners placed in internships	Poor quality	provide 100 learnerships and 20 internships	67 learnerships and 5 interns plus 100 learnerships and 20 interns for two different programmes	achieved
Enterprise development and support	To enhance quality, equitable economic growth across Kgatelopele by 2023	Participate in the development of the Kgatelopele Tourism Strategy	Draft Kgatelopele Tourism Strategy			Quarterly reports	Kgatelopele Tourism Strategy	10	Participate in SEDA Tourism Forum	Poor quality	Participate in SEDA Tourism Forum	10 of the tourism participants	not achieved
KPA 2: BASIC SERVICE DELIVERY AND INFRASTRUCTURE PROVISION													
Employment	To enhance quality, equitable economic growth across Kgatelopele by 2023	Participate in job opportunity EPWP Projects	Job opportunities created			Quarterly reports	Job opportunities created	12	12 temporary jobs	Financial constraints	create 12 temporary jobs	15 jobs created	achieved
KPA 4: FINANCIAL VIABILITY													
Revenue generation	To ensure that Kgatelopele Municipality will generate 3% revenue by 2023	Participate in Kgatelopele Municipality Revenue Enhancement Strategy	Revenue Enhancement Strategy			Quarterly reports	MIG Financial Budget Year 1 Implementation	12	Collect 1 Million from own revenue	Poor collection	Raise 1.45 mil for from own revenue	R1 650 582 raised	Not achieved
Asset Management	To ensure effective maintenance of GRAP assets	Update existing and develop GRAP assets	GRAP compliant asset register			Quarterly reports	Achieved	12	Asset & Inventory Management Policy	Non compliance	Quarterly reconciliation of assets register to GL	Asset register reconciled	achieved
Supply Chain Management	To ensure effective implementation of SCM policy and MFMA Act	Participate in SCM committees	Reports to the Council			Quarterly reports	Achieved	12	Compile monthly reports	Poor reports	Supply chain reports submitted to the Board	SCM reports submitted	achieved
Financial Management	To ensure effective financial reporting and compliance with legislation and treasury regulations	Participate in Risk Committee	Risk Register (2 Risk Register)			Quarterly reports	Achieved	16	Submit Quarterly (4) SCM reports to Council	Non compliance to MFMA	Submit Quarterly (4) SCM reports to Council within 30 working days	Quarterly reports submitted (4 quarterly reports submitted)	achieved
Financial Management	To ensure effective financial reporting and compliance with legislation and treasury regulations	Participate in Risk Committee	Compiling and submitting Annual Financial Statements			Quarterly reports	Achieved	17	Compiling annual financial statements for the previous financial year	Non compliance to MFMA	compiling and submitting annual financial statement for the previous financial year to AG	KKDA AFS submitted	achieved
KPA 5: INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT													
Capacity building	To ensure a competent, well capacitated staff for the KKDA to deliver objectives by 2023	Implement skills development plan	KKDA staff training			Quarterly reports	KKDA staff training	1	10 members of staff to attend personal development plans	None	implementation of 2 personal development plans	2 personal development plans were achieved by 2 staff members	not achieved
Capacity building	To ensure a competent, well capacitated staff for the KKDA to deliver objectives by 2023	Conduct induction for new staff	Induction conducted			Quarterly reports	Induction conducted	12	Conduct induction for new staff	Attendance register	Annual as by Induction done for staff	Induction reviewed and developed	not achieved
Capacity building	To enhance effective and efficient corporate governance	Implement Financial Management Policies	Improved financial management	0		Quarterly reports	Improved financial management	36	Improve financial management and other roles of KKDA	Poor financial management	Improve financial management and other roles of KKDA	KKDA AFS and board minutes improved	not achieved



KPA 4: INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	not achieved
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	not achieved
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	not achieved
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	not achieved
KPA 5: CITIZEN ENGAGEMENT AND PUBLIC PARTICIPATION							
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	not achieved
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	not achieved
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	not achieved

AUDITOR GENERAL'S (AG) REPORT

ANNUAL FINANCIAL STATEMENTS

RAYMOND MHLABA ECONOMIC DEVELOPMENT AGENCY SOC LIMITED

REGISTRATION NUMBER: 2016 / 501107 / 30

UNAUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2022

RAYMOND MHLABA ECONOMIC DEVELOPMENT AGENCY SOC LIMITED

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RAYMOND MHLABA ECONOMIC DEVELOPMENT AGENCY SOC LIMITED

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Legal form of entity	State Owned Entity
Nature of business and principal activities	To promote and stimulate economic growth in the Raymond Mhlaba district
Company registration number	2016 / 501107 / 30
Registered office	317 Garden Street Alice 5700
Postal address	P O Box 438 Alice 5700
Telephone number	(040) 653 2935
Fax number	(040) 653 2938
E-mail address	info@rmda.co.za
Holding entity	Raymond Mhlaba Local Municipality
Bankers	ABSA Bank
Auditors	Auditor General of South Africa
Acting Chief Executive Officer (CEO)	Dr L Hanabe
Board Members	Adv S Mancotywa X Titus Prof W Chinyamurindi A Nika N Nkomana

RAYMOND MHLABA ECONOMIC DEVELOPMENT AGENCY SOC LIMITED

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa, 2008 as amended, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Entity as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with Generally Recognised Accounting Practice (GRAP). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with Generally Recognised Accounting Practice (GRAP) and the Companies Act of South Africa, 2008 as amended, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss 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 Entity and all employees are required to maintain the highest ethical standards in ensuring the Entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Entity is on identifying, assessing, managing and monitoring all known forms of risk across the Entity. While operating risk cannot be fully eliminated, the Entity endeavours to minimise it by ensuring that appropriate controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are 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 loss.

The directors have reviewed the Entity's cash flow forecast for the period ending 30 June 2022 and, in the light of this review and the current financial position, they are satisfied that the Entity has or has access to adequate resources to continue in operational existence for the foreseeable future. For the current year and for the foreseeable future the Entity will be dependable on grants from the Raymond Mhlaba Local Municipality.

The external auditors are responsible for independently providing reasonable assurance by reviewing and reporting on the Entity's annual financial statements.

The annual financial statements set out on pages 2 to 42, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:

Chairperson of Board
Adv S Mancotywa

Date

RAYMOND MHLABA ECONOMIC DEVELOPMENT AGENCY SOC LIMITED

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

	Notes	2022 R (Actual)	2021 R (Restated)
ASSETS			
Current Assets		**1 391 074**	**1 452 975**
Cash and Cash Equivalents	**2**	320 510	276 967
Receivables from Exchange Transactions	**3**	-	85 785
Unpaid Government Grants and Subsidies	**4**	994 488	994 488
Operating Lease Assets	**6**	-	15 992
Inventory	**7**	76 076	79 744
Non-Current Assets		**132 768**	**173 759**
Property, Plant and Equipment	**8**	132 768	173 759
Total Assets		**1 523 842**	**1 626 733**
Current Liabilities		**2 843 856**	**2 072 646**
Payables from Exchange Transactions	**9**	1 681 959	1 279 483
VAT Payable	**5**	460 749	199 535
Unspent Public Contributions and Donations	**10**	427 984	427 984
Current Employee benefits	**11**	273 163	165 644
Total Liabilities		2 843 856	2 072 646
NET ASSETS		**(1 320 014)**	**(445 912)**
EQUITY			
Accumulated Surplus		(1 320 014)	(445 912)
TOTAL EQUITY		**(1 320 014)**	**(445 912)**

RAYMOND MHLABA ECONOMIC DEVELOPMENT AGENCY SOC LIMITED

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2022

	Notes	2022 R (Actual)	2021 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		**4 216 480**	**2 900 816**
Transfer Revenue		**4 216 480**	**2 900 816**
Government Grants and Subsidies	**12**	4 216 480	2 900 816
Public Contributions and Donations	**13**	-	-
REVENUE FROM EXCHANGE TRANSACTIONS		**42 380**	**164 793**
Gross deficit with Sale of Goods		**-**	**-**
Sale of Goods		-	-
Cost of Sales		-	-
Other Operating Activities		**42 380**	**164 793**
Interest Earned - external investments		20	27
Rental of Facilities and Equipment	**14**	-	116 456
Other Income	**15**	42 360	48 310
TOTAL REVENUE		**4 258 860**	**3 065 609**
EXPENDITURE			
Employee Related Costs	**16**	1 912 414	1 869 350
Remuneration of Board Members	**17**	81 093	-
Debt Impairment	**18**	91 956	-
Depreciation and Amortisation	**19**	40 986	72 135
Finance Charges	**20**	47 013	46 768
Other Expenditure	**21**	2 959 496	1 616 505
Loss with disposal of Property, Plant and Equipment	**22**	4	-
TOTAL EXPENDITURE		**5 132 962**	**3 604 758**
NET SURPLUS/(DEFICIT) FOR THE YEAR BEFORE TO TAXATION		**(874 102)**	**(539 149)**
Taxation	**36**	**-**	**-**
NET DEFICIT FOR THE YEAR		**(874 102)**	**(539 149)**

RAYMOND MHLABA ECONOMIC DEVELOPMENT AGENCY SOC LIMITED

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2022

	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2020	**93 236**	**93 236**
Net Deficit for the year	(539 148)	(539 148)
Balance on 30 June 2021	**(445 912)**	**(445 912)**
Net Deficit for the year	(874 102)	(874 102)
Balance on 30 June 2022	**(1 320 014)**	**(1 320 014)**

RAYMOND MHLABA ECONOMIC DEVELOPMENT AGENCY SOC LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

	Notes	2022 R	2021 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Other revenue		52 181	92 311
Government Grants		3 228 794	1 521 739
Interest		20	27
Payments			
Suppliers and employees		(3 190 439)	(1 782 390)
Interest Paid		(47 013)	(46 768)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**23**	**43 544**	**(215 081)**
CASH FLOW FROM INVESTING ACTIVITIES			
Payments			
Purchase of Property, Plant and Equipment		-	(8 599)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES		**-**	**(8 599)**
NET INCREASE/(DECREASE) IN CASH HELD		**43 544**	**(223 680)**
Cash and Cash Equivalents at the beginning of the year		276 967	500 647
Cash and Cash Equivalents at the end of the year		320 510	276 967

RAYMOND MHLABA ECONOMIC DEVELOPMENT AGENCY SOC LIMITED

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL vs FINAL BUDGET R
STATEMENT OF FINANCIAL PERFORMANCE					
Revenue					
Government Grants and Subsidies	4 000 000	-	4 000 000	4 216 480	216 480
Interest Earned - external investments	5 450	-	5 450	20	(5 430)
Other Revenue	130 000	-	130 000	42 360	(87 640)
Total Revenue	4 135 450	-	4 135 450	4 258 860	123 410
Expenditure					
Employee Related Costs	2 045 290	-	2 045 290	1 912 414	(132 876)
Remuneration of Board Members	200 000	-	200 000	81 093	(118 907)
Debt Impairment	-	-	-	91 956	91 956
Depreciation and Amortisation	60 000	-	60 000	40 986	(19 014)
Finance Charges	5 000	-	5 000	47 013	42 013
Other Expenditure	409 800	-	409 800	2 959 496	2 549 696
Loss with disposal	-	-	-	4	4
Total Expenditure	2 720 090	-	2 720 090	5 132 962	2 412 872
NET DEFICIT FOR THE YEAR	1 415 360	-	1 415 360	(874 102)	(2 289 462)
CAPITAL EXPENDITURE	-	-	-	-	-

No Statement of Financial Position or Cash Flow Statement were prepared for budget purposes, so therefore no comparison between budgeted amounts and actual amounts can be disclosed.

Refer to note 25 for explanations of material variances.

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.02 TRANSITIONAL PROVISIONS

In terms of GRAP 108 - "Statutory Receivables", the Entity is utilising the transitional provision contained in Directive 4 that grant the Entity a period of three years (1 July 2019 to 30 June 2022) in order to finalise the classification and impairment methods of Statutory Receivables.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Entity's functional currency.

1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

No significant amendments were made to the accounting policy in the current year.

1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

Standards of GRAP set out how an item should be recognised, measured and disclosed in the financial statements. In some cases, the Entity does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the Standards of GRAP if the effect of applying those requirements are immaterial.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Entity may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Entity resolved to early adopt the following pronouncements to the Standards of GRAP which were issued but not yet effective:

Pronouncement	**Effective Date**
Improvements to the Standards of GRAP (2020)	1 April 2023
Amendments to GRAP 1 on Presentation of Financial Statements (2019)	1 April 2023
iGRAP 21 on The Effect of Past Decisions on Materiality	1 April 2023

The effect of the above-mentioned pronouncements to the Standards of GRAP which were early adopted is considered insignificant. The early adopted pronouncements mainly relate to the clarification of accounting principles.

The Entity further resolved not to early adopt the following Standard of GRAP which was issued but is not yet effective:

1.08.1.1 GRAP 104 (Revised 2019) - Financial Instruments (effective 1 April 2025)

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date for application, the Entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.08.2.1 GRAP 25 (Revised 2021) - Employee Benefits

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. This Standard was revised to align it with IPSAS 39 on Employee Benefits.

Preliminary investigations indicated that, other than additional disclosure, the impact of this Standard on the financial statements will not be significant.

1.08.2.2 GRAP 103 (Revised 2022) - Heritage Assets

The objective of this Standard is to prescribe the accounting treatment for heritage assets and related disclosure requirements.

Preliminary investigations indicated that the impact of this Standard on the financial statements will not be significant, as the Entity does not have any assets that meet the definition of a heritage asset as presribed per GRAP 103.

1.08.2.3 iGRAP 7 (Revised 2021) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

This Interpretation addresses the following:

(a) When refunds or reductions in future contributions should be regarded as available in accordance with the definition of the asset ceiling.

(b) How a minimum funding requirement might affect the availability of reductions in future contributions.

No significant impact is expected as the Entity's current treatment is already to a large extent in line with the Interpretation's requirements.

1.09 PROPERTY, PLANT AND EQUIPMENT

1.09.1 Initial Recognition

Property, plant and equipment are tangible non-current 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 year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Entity, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. 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 the Entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any 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 the Entity.

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

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

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.09.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.09.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Entity. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Entity assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Plant and Machinery	10
Furniture and fittings	15 - 30
Motor Vehicles	10
IT Equipment	10 - 15
Infrastructure	10

1.09.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.09.5 Derecognition

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.10 IMPAIRMENT OF NON-MONETARY ASSETS

An 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.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

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

1.10.1 Recoverable amount of Cash-generating assets

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

The best evidence of 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.

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

1.10.2 Recoverable amount of Non-cash-generating assets

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

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

1.10.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

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

1.10.4 Reversal of an impairment loss

The Entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

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

1.11 INVENTORIES

1.11.1 Initial Recognition

Inventories are assets:

(a) in the form of materials or supplies to be consumed in the production process;
(b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
(c) held for sale or distribution in the ordinary course of operations; or
(d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Entity, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

1.11.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount 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 expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

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 Entity would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

1.12 EMPLOYEE BENEFITS

1.12.1 Short-term Benefits

1.12.1.1 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.13 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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 it is virtually certain that reimbursement will be received if the Entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Entity has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Entity 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.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.14 CONTRIBUTIONS FROM OWNERS

Ordinary shares are classified as Contributions from owners. The Entity is wholly owned by Raymond Mhlaba Local Municipality.

Ordinary shares represent an equity instrument which entitles the owner to a residual interest in the assets of an Entity after deducting all of its liabilities.

1.15 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.

1.15.1 Entity as Lessee

1.15.1.1 Finance Leases

At the commencement of the lease term, the Entity recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Entity's incremental borrowing rate is used. Any initial direct costs of the Entity are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.15.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.15.2 Entity as Lessor

1.15.2.1 Finance Leases

The Entity recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Entity, discounted at the interest rate implicit in the lease.

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

1.15.2.2 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

1.16 FINANCIAL INSTRUMENTS

1.16.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Entity's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Entity, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.16.2 Subsequent Measurement

Financial instruments are categorised as follow:

(a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.

(b) **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. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.

(c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:

(i) derivatives;
(ii) combined instruments that are designated at fair value;
(iii) instruments held for trading;
(iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
(v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.16.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.16.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.16.3.2 Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

1.16.4 Derecognition of financial instruments

1.16.4.1 Financial assets

The Entity derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.16.4.2 Financial liabilities

The Entity derecognises financial liabilities when the Entity's obligations are discharged, cancelled or they expire.

The Entity recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.16.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.17 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.17.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Entity initially measure statutory receivables at their transaction amount.

1.17.2 Subsequent Measurement

The Entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.17.3 Impairment and uncollectability of statutory receivables

The Entity assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable 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 by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.17.4 Derecognition

The Entity derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Entity transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Entity derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.18 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.19 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.20 TAXES (VALUE ADDED TAX)

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

1.21 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.22 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Entity meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Entity has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Entity until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Entity's interest it is recognised as interest earned in the Statement of Financial Performance.

1.23 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Entity has an enforceable legal obligation to collect, unless the Entity has no intention of collecting this revenue. Where the Entity has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Entity does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.23.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Entity received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.23.1.1 Transfer Revenue

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.23.1.2 Insurance Receipts

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.23.1.3 Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Entity's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

1.23.1.4 Revenue from Recovery of Irregular and Fruitless and Wasteful Expenditure

Income from the recovery of irregular and fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.23.1.5 Services in-kind

Services in-kind include services provided by individuals to the Entity at no charge or where the Entity has the right to use assets at no charge.

The Entity's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Entity and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Entity's operations or does not satisfy the criteria for recognition, the Entity only disclose the nature and type of services in-kind received during the reporting period.

1.23.1.6 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Entity.

1.23.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

1.23.2.1 Investment income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.23.2.2 Rental income

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.23.2.3 Income from Agency Services

Revenue arising out of situations where the Entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Entity as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.23.2.4 Other Tariffs

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

1.23.2.5 Sale of goods

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

(a) The Entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.
(b) The Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
(c) The amount of revenue can be measured reliably.
(d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Entity.
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.23.2.6 Deferred payment

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.24 BORROWING COSTS

Borrowing costs that are incurred by the Entity are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.25 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), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Entity's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity.

The Entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

1.28 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.29 EVENTS AFTER REPORTING DATE

Events after the 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:

(a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
(b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Entity discloses the nature and an estimate of the financial effect.

1.30 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.

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

Management is considered a related party and comprises those persons responsible for planning, directing and controlling the activities of the Entity, including those charged with the governance of the Entity in accordance with legislation, in instances where they are required to perform such functions.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

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

Where the Entity is exempt from the disclosures in accordance with the above-mentioned paragraph, the Entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the financial statements to understand the effect of related party transactions.

Remuneration of management includes remuneration derived for services provided to the Entity in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Entity for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Entity.

The Entity operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

1.31 SEGMENT REPORTINGS

A segment is an activity of the Entity:

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

Management comprises those persons responsible for planning, directing and controlling the activities of the Entity, including those charged with the governance of the Entity in accordance with legislation.

The Entity operates in one specific/operational unit in one geographical area.

1.32 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Entity's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.32.1 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.32.2 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.32.3 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.32.4 Financial Instruments and Statutory Receivables

The Entity analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

1.32.5 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.32.6 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Entity.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

1.32.7 Materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Entity's circumstances. The assessment of materiality therefore requires management to apply judgement about:

(a) How information could reasonably be expected to influence the discharge of accountability by the Entity or decisions that the users make on the basis of those financial statements.

(b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

Figures in Rand	2022	2021

2 CASH AND CASH EQUIVALENTS

Bank Accounts	318 162	274 539
Call Deposits	2 328	2 408
Cash on hand	19	19
Total	**320 510**	**276 967**

Due to the short term nature of cash deposits, all balances included above is in line with their fair value.

Cash and Cash Equivalents are held to support the following commitments:

Unspent Public Contributions and Donations	427 984	427 984
Unpaid PAYE, UIF and SDL	1 429 853	1 222 097
Working Capital Requirements	(1 537 328)	(1 373 115)
	320 510	**276 967**

No cash is available for working capital requirements.

Bank Accounts

ABSA - Account number 40 7657 5039

Bank Statement Balance - Opening Balance	274 539	498 247
Bank Statement Balance - Closing Balance	318 162	274 539
Cashbook Balance - Opening Balance	274 539	498 247
Cashbook Balance - Closing Balance	318 162	274 539

Call Deposits

ABSA - NEDA	- Acc 9250166073	1 287	1 326
ABSA - Blockyard	- Acc 9303723627	1 041	1 083
Total		2 328	2 408

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

RMMF Funding	196 698	206 518
Trade Debtors	176 866	176 866
Less: Allowance for Debt Impairment	(373 563)	(297 599)
Total	**-**	**85 785**

The RMMF Funding relates to short-term loans granted so small business in terms of the Raymond Mhlaba Microcredit Fund (RMMF) contribution received. The loans are repayable within 12 months.

The fair value of other receivables approximates their carrying value.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	297 599	297 599
Movement in the contribution to the provision	91 956	-
Bad Debts Written off	(15 992)	-
Balance at the end of the year	**373 563**	**297 599**

Figures in Rand	2022	2021

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Ageing of Trade Debtors

Current (0 - 30 days)	-	-
Past Due (31 - 60 Days)	-	-
Past Due (61 - 90 Days)	-	-
Past Due (90 Days +)	373 563	383 384
Total	**373 563**	**383 384**

4 UNPAID GOVERNMENT GRANTS AND SUBSIDIES

Services SETA	994 488	994 488
Total	**994 488**	**994 488**

Detail reconciliations of all government grants and subsidies are included in note 12. Unpaid balances are recognised to the extent that conditions are met, but payment is still outstanding.

Due to the short term nature of unpaid grant balances, the carrying value approximates the fair value of the unpaid conditional grants at year-end.

5 VAT PAYABLE

Nett VAT Receivable	492 565	753 779
Provision for Impairment	(953 314)	(953 314)
Total	**(460 749)**	**(199 535)**

VAT is accounted for on the payment basis.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies.

The provision for impairment relates to assessments made by SARS, which has not been investigated by the Entity in order to confirm the validity thereof. If the investigations reveal that the assessments are valid, the Entity shall write off the VAT in accordance with the assessment.

6 OPERATING LEASE ASSETS

Operating Lease Asset	**-**	**15 992**

The operating lease asset is derived from a contract where Entity acts as the lessor in the agreement.

Reconciliation of Operating Lease Asset

Balance at the beginning of the year	15 992	-
Movement during the year	(15 992)	15 992
Balance at the end of the year	**-**	**15 992**

Figures in Rand	2022	2021

6 OPERATING LEASE ASSETS (CONTINUED)

The Entity will receive the following lease payments from contracts that have defined lease payments and terms.

Within 1 Year	-	97 020
Between 1 and 5 Years	-	162 624
After 5 Years	-	-
Total operating lease payments	**-**	**259 644**

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The lease is in respect of land and buildings being leased which is owned by the Parent Entity as referred to in note 32 and 35.1. In the beginning of the current financial year, the Parent Entity took over the responsibilities as the lessor, and accordingly no rental revenue was recognised by the Entity in the current financial year.

7 INVENTORY

Finished Goods	58 826	62 494
Raw Materials	17 250	17 250
Total	**76 076**	**79 744**

There were no movement in inventory due to the blockyard not being operational during the year.

Inventory is disclosed at the lower of cost or net realisable value.

No inventory were pledged as security for liabilities.

Inventory written off during the year	3 668	-

8 PROPERTY, PLANT AND EQUIPMENT

	Plant and Machinery R	Furniture and fittings R	Motor Vehicles R	IT Equipment R	Infrastructure R	Total R
30 JUNE 2022						
Opening Carrying Value	**37 989**	**16 783**	**104 042**	**12 906**	**2 038**	**173 759**
Cost	813 056	353 590	855 854	257 515	155 406	2 435 421
Accumulated Depreciation	(775 067)	(336 807)	(751 812)	(244 609)	(153 367)	(2 261 662)
Additions	-	-	-	-	-	-
Depreciation for the year	(20 616)	(8 632)	(7 035)	(3 684)	(1 018)	(40 986)
Disposals	(3)	(1)	-	-	-	(4)
Cost	(218 655)	(14 218)	-	-	-	(232 873)
Accumulated Depreciation	218 652	14 216	-	-	-	232 869
Closing Carrying Value	**17 370**	**8 150**	**97 006**	**9 222**	**1 020**	**132 768**
Cost	594 400	339 372	855 854	257 515	155 406	2 202 548
Accumulated Depreciation	(577 030)	(331 223)	(758 848)	(248 293)	(154 386)	(2 069 780)
30 JUNE 2021						
Opening Carrying Value	**75 970**	**30 080**	**118 112**	**9 057**	**4 075**	**237 295**
Cost	813 056	353 590	855 854	248 916	155 406	2 426 822
Accumulated Depreciation	(737 086)	(323 510)	(737 742)	(239 859)	(151 331)	(2 189 527)
Additions	-	-	-	8 599	-	8 599
Depreciation for the year	(37 981)	(13 297)	(14 071)	(4 750)	(2 036)	(72 135)
Disposals	-	-	-	-	-	-
Cost	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-
Closing Carrying Value	**37 989**	**16 783**	**104 042**	**12 906**	**2 038**	**173 759**
Cost	813 056	353 590	855 854	257 515	155 406	2 435 421
Accumulated Depreciation	(775 067)	(336 807)	(751 812)	(244 609)	(153 367)	(2 261 662)

Figures in Rand	2022	2021

9 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	247 927	57 386
Sundry Creditors	4 179	-
SARS - PAYE, UIF & SDL	1 429 853	1 222 097
Total	**1 681 959**	**1 279 483**

Payables are being recognised net of any discounts received.

As prescribed by the MFMA, all payables are payable within 30 days. This credit period granted is considered to be in line with industry norms. The fair value of payables approximates their carrying value.

Payables are not secured.

10 UNSPENT PUBLIC CONTRIBUTIONS AND DONATIONS

Raymond Mhlaba Microcredit Fund (RMMF)	427 984	427 984
Total	**427 984**	**427 984**

Detail reconciliations of all public contributions and donations are included in note 13. Unspent balances are recognised to the extent that conditions are not yet met.

There is no contractual obligation that defers payment beyond 12 months. Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

11 CURRENT EMPLOYEE BENEFITS

Leave Provision	273 163	165 644
Total	**273 163**	**165 644**

The movement in Staff Leave are reconciled as follows:

Opening Balance	165 644	100 006
Contribution during the year	107 520	65 638
Balance at the end of the year	**273 163**	**165 644**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or in the event of encashment at termination.

Figures in Rand		2022	2021
12	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Unconditional Grants - Other Sphere of Government	2 509 425	2 900 816
	Raymond Mhlaba Local Municipality	2 509 425	2 900 816
	Conditional Grants - Other	1 707 055	-
	Services SETA	1 707 055	-
	Total	**4 216 480**	**2 900 816**
	Disclosed as:		
	Government Grants and Subsidies - Capital	-	-
	Government Grants and Subsidies - Operating	4 216 480	2 900 816
		4 216 480	2 900 816
	The movements per grant can be summarised as follows:		
12.01	**Raymond Mhlaba Local Municipality**		
	Opening Balance	-	-
	Grants Received	2 509 425	2 900 816
	Transferred to Revenue - Capital	-	-
	Transferred to Revenue - Operating	(2 509 425)	(2 900 816)
	Closing Balance	-	-
	The grant received was as follow:		
	- Cash	1 521 739	1 521 739
	- Payment of audit fees on behalf of Entity	987 686	1 379 077
	Total	2 509 425	2 900 816
	In terms of the service level agreement, the grant is for the provision of basic operational and administrative services.		
12.02	**Services SETA**		
	Opening Balance	(994 488)	(994 488)
	Grants Received	1 707 055	-
	Transferred to Revenue - Capital	-	-
	Transferred to Revenue - Operating	(1 707 055)	-
	Closing Balance	(994 488)	(994 488)
	This grant is utilised for interns, stipends and training facilitators.		
12.03	**Total Grants**		
	Opening Balance	(994 488)	(994 488)
	Grants Received	4 216 480	2 900 816
	Transferred to Revenue - Capital	-	-
	Transferred to Revenue - Operating	(4 216 480)	(2 900 816)
	Closing Balance	**(994 488)**	**(994 488)**

Figures in Rand	2022	2021

13 PUBLIC CONTRIBUTIONS AND DONATIONS

Raymond Mhlaba Microcredit Fund (RMMF)	-	-
Total	**-**	**-**

The movements per public contribution can be summarised as follows:

13.01 Raymond Mhlaba Microcredit Fund (RMMF)

Opening Unspent Balance	427 984	427 984
Public Contributions Received	-	-
Transferred to Revenue - Capital	-	-
Transferred to Revenue - Operating	-	-
Closing Unspent Balance	427 984	427 984

The public contribution relates to monies received from a non-profit organisation based in Germany called Lemonaid & ChariTea. The monies are to be utilised for the funding of small businesses.

14 RENTAL OF FACILITIES AND EQUIPMENT

Rental of Buildings	-	116 456
Total	**-**	**116 456**

The Entity received rentals for the lease of a building which is owned by the Parent Entity.

15 OTHER INCOME

CIPC Registration	42 360	48 310
Total	**42 360**	**48 310**

Facilitation Fees are fees charged by the Entity to facilitate negotiations between respective parties.

The CIPC Registration is fees charges by the Entity to assist small businesses with company registrations.

16 EMPLOYEE RELATED COSTS

Basic Salaries and Wages	1 499 396	1 469 658
UIF Contributions	24 335	22 519
Medical Aid Contributions	172 800	163 062
Pension Fund Contributions	199 422	198 246
Skills Development Levy	16 461	15 865
Total	**1 912 414**	**1 869 350**

Figures in Rand		2022	2021
	REMUNERATION OF MANAGEMENT PERSONNEL		
	Remuneration of the Finance Manager (Acting)		
	Annual Remuneration	487 873	486 390
	Travel, motor car, accommodation, subsistence and other allowances	-	1 854
	Contributions to UIF, Medical Aid and Pension Funds	71 872	33 198
	Total	559 745	521 442
17	**REMUNERATION OF BOARD MEMBERS**		
	Adv S Mancotywa	28 198	-
	X Titus	16 061	-
	Prof W Chinyamurindi	13 349	-
	A Nika	10 137	-
	N Nkomana	13 349	-
	Total	**81 093**	**-**
	The members of the board of directors are all non-executive directors.		
18	**DEBT IMPAIRMENT**		
	Receivables from Exchange Transactions	91 956	-
	Total	**91 956**	**-**
19	**DEPRECIATION AND AMORTISATION**		
	Property, Plant and Equipment	40 986	72 135
	Total	**40 986**	**72 135**
20	**FINANCE CHARGES**		
	Interest and penalties charged on overdue accounts	47 013	46 768
	Total	**47 013**	**46 768**

Figures in Rand	2022	2021

21 OTHER EXPENDITURE

Advertising and Marketing	10 152	-
Audit Remuneration	987 686	1 379 077
Bank Charges	17 920	15 952
Computer Expenses	1 708	7 150
Consulting Fees	25 738	11 033
Insurance	64 953	67 334
Inventory written off	3 668	-
Maintenance Materials	-	11 160
Security	6 599	1 774
SETA Expenditure	1 647 895	-
Subscriptions	6 172	-
Telephone and Fax	104 012	102 606
Travel and Subsistence	59 505	1 844
Water and Electricity	23 488	18 576
Total	**2 959 496**	**1 616 505**

The SETA expenditure includes stipends paid to interns and services provided by training facilitators.

22 LOSS WITH DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Proceeds	-	-
Carrying value of Property, Plant and Equipment disposed	(4)	-
Total	**(4)**	**-**

23 NET CASH FROM/(USED) OPERATING ACTIVITIES

Net Deficit for the year	(874 102)	(539 149)
Adjusted for:		
Deduct: Non-cash revenue included in Net Surplus	15 992	(15 992)
Rental of Facilities and Equipment - movement in operating lease asset	15 992	(15 992)
Add: Non-Cash Expenditure	240 466	137 773
Debt Impairment	91 956	-
Depreciation and Amortisation	40 986	72 135
Contribution to Employee Benefits - Staff Leave	107 520	65 638
Loss with disposal of Property, Plant and Equipment	4	-
Operating Surplus before changes in working capital	(617 645)	(417 368)
Movement in working capital	661 188	202 286
Receivables from Exchange transactions	(6 171)	(56 464)
Unpaid Government Grants and Subsidies	-	-
Inventory	3 668	-
Payables from exchange transactions	402 476	73 694
Taxes	261 214	185 056
Cash Flow from Operating Activities	**43 543**	**(215 082)**

Figures in Rand	2022	2021

24 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise of the following:

Bank Accounts	318 162	274 539
Call Deposits	2 328	2 408
Cash on hand	19	19
Total	**320 510**	**276 967**

Refer to note 2 for more details relating to cash and cash equivalents.

25 BUDGET COMPARISONS

Material variances are considered all variance greater than R50 000.

25.1 MATERIAL VARIANCES BETWEEN ORIGINAL AND FINAL BUDGET

No adjustment budget was approved during the year, so therefore the original budget is the same as the final budget.

25.2 MATERIAL VARIANCES BETWEEN FINAL BUDGET AND ACTUAL OUTCOME

Revenue

Government Grants and Subsidies were more than budget due to Services SETA grant not budgeted. In addition, the Indegenous plants (Aloe) grant did not realise in the current financial year.

Other Revenue were less than budget due to the block yard not being operational during course of the year.

Operating Expenditure

Employee Related Cost was less than budget due to vacant positions not filled.

Remuneration of Board Members was less than budget as the Board was only appointed in the current year and had less sittings than anticipated.

No budget was allocated to debt impairment.

Other Expenditure was more than budget due to Service SETA expenditure and audit fees not budgeted for.

26 IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

26.1 IRREGULAR EXPENDITURE

Irregular expenditure consist out of the following:

Opening balance	1 866 894	1 866 894
Irregular expenditure incurred	2 412 872	-
Approved by the Board	-	-
Irregular expenditure awaiting approval	**4 279 766**	**1 866 894**

Figures in Rand	2022	2021

26 IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

Details of Irregular expenditure awaiting approval:

Expenditure in excess of approved budget	4 279 766	1 866 894
Total	**4 279 766**	**1 866 894**

Irregular expenditure relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred.

	2022 (Actual) R	2022 (Final Budget) R	2022 (Unauthorised) R
Operating Expenditure	5 132 962	2 720 090	2 412 872
Capital Expenditure	-	-	-
Total	**5 132 962**	**2 720 090**	**2 412 872**

26.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure consist out of the following:

Opening balance	895 256	848 488
Fruitless and wasteful expenditure incurred	47 013	46 768
Approved by the Board	-	-
Fruitless and wasteful expenditure awaiting approval	**942 269**	**895 256**

Details of Fruitless and wasteful expenditure incurred :

(a)	Interest and penalties on late payments	47 013	46 768
	Old Mutual	2 166	1 425
	South African Revenue Service	44 847	45 343
Total		**47 013**	**46 768**

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred.

Details of irregular expenditure awaiting further action:

(a)	Interest and penalties on late payments	657 277	610 264
	Telkom	138	138
	SARS	219 029	174 182
	CIPC	600	600
	Auditor General	412 988	412 988
	Old Mutual	24 521	22 355
(b)	Labour cost incurred, but no services were rendered	284 992	284 992
Total		**942 269**	**895 256**

Figures in Rand		2022	2021
27	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		
27.1	**AUDIT FEES [MFMA 125 (1)(c)]**		
	Opening balance	-	-
	Expenditure incurred	987 686	1 379 077
	Parent Entity responsible to settle account	(987 686)	(1 379 077)
	Outstanding Balance	**-**	**-**
27.2	**PAYE, SDL and UIF [MFMA 125 (1)(c)]**		
	Opening balance	1 222 097	964 167
	Payments due to SARS	273 858	257 930
	Payments	(66 102)	-
	Outstanding Balance	**1 429 853**	**1 222 097**
27.3	**PENSION AND MEDICAL AID CONTRIBUTIONS [MFMA 125 (1)(c)]**		
	Payments due to pension fund and medical aid	372 222	361 308
	Payments	(372 222)	(361 308)
	Outstanding Balance	**-**	**-**
27.4	**QUOTATIONS AWARDED - DEVIATIONS FROM SCM**		
	Service Provider / **Reason for Deviation**		
	Sage Pastel — Licence Renewal fee	7 098	6 452
	Total	**7 098**	**6 452**

28 CAPITAL COMMITMENTS

The Entity does not have any capital commitments at year-end.

29 FINANCIAL RISK MANAGEMENT

The Entity is potentially exposed to the following risks:

29.1 Credit Risk

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

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	320 510	276 967
Receivables from Exchange transactions	-	85 785
Total	**320 510**	**362 751**

Figures in Rand	2022	2021

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

Cash and Cash Equivalents

Deposits of the Entity is only held at reputable banks that are listed on the JSE.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

29.2 Currency risk (Market Risk)

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.

The financial instruments of the Entity is not directly exposed to any currency risk.

29.3 Interest rate risk (Market Risk)

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

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (excluding cash on hand)	320 490	276 947
Net balance exposed	**320 490**	**276 947**

Potential effect of changes in interest rates on surplus and deficit for the year:

0.5% (2021 - 0.5%) increase in interest rates	(1 602)	1 385
0.5% (2021 - 0.5%) decrease in interest rates	1 602	(1 385)

A slowdown in Local and International economic activity (due to the COVID-19 pandemic) have prompted the Reserve Bank to cut interest rates during the financial year to support the economy. Management does not foresee significant interest rate movements the next 12 months.

29.4 Liquidity risk

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

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The Entity also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

Figures in Rand	2022	2021

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

	Within 1 Year R	Between 2 to 5 years R	After 5 years R
30 JUNE 2022			
Payables from Exchange Transactions	1 681 959	-	-
Unspent Public Contributions and Donations	427 984	-	-
Total	**2 109 943**	**-**	**-**
30 JUNE 2021			
Payables from Exchange Transactions	1 279 483	-	-
Unspent Public Contributions and Donations	427 984	-	-
Total	**1 707 467**	**-**	**-**

29.5 Other price risk (Market Risk)

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

The Entity is not exposed to any other price risk.

30 FINANCIAL INSTRUMENTS

The Entity recognised the following financial instruments at amortised cost:

Financial Assets		
Cash and Cash Equivalents	320 490	276 947
Receivable from Exchange Transactions	-	85 785
Total	**320 490**	**362 732**
Financial Liabilities		
Payables from exchange transactions	1 681 959	1 279 483
Unspent Public Contributions and Donations	427 984	427 984
Total	**2 109 943**	**1 707 467**

31 EVENTS AFTER REPORTING DATE

No significant events after reporting date.

Figures in Rand	2022	2021

32 IN-KIND DONATIONS AND ASSISTANCE

The Entity does not currently have a CEO. The parent entity has seconded the Director of Strategic and LED, Dr L Hanabe, to act in the position of CEO until the position is filled. The cost of the secondment is estimated at R584 000 (2021 - R541 000) for the year under review.

The Entity occupies a building of which no rent is charged by the Parent Entity. The market related rental is calculated at R120 000 (2021 - R120 000) per annum.

33 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The Entity is not currently engaged in any PPP's.

34 CONTINGENT LIABILITIES

The Entity does not have any contingent liabilities.

35 RELATED PARTIES

Related parties are defined in note 1.30.

35.1 Related Party Transactions

The following related party transactions took place between Raymond Mhlaba Local Municipality and the Entity:

- Grants Received from Raymond Mhlaba Local Municipality	2 509 425	2 900 816
- Annual market related rental for building occupied by Entity of which no rent is charged by the Parent Entity	120 000	120 000
- Annual market related rental for building leased by Entity to third party of which no rent is charged by the Parent Entity	-	88 200
- Estimated secondment cost of acting CEO whom is employed at the Parent Entity	584 000	541 000

35.2 Related Party Balances

The Entity had no related party balances.

35.3 Compensation of management personnel and board members

Remuneration of management personnel and board members are respectively disclosed in notes 16 and 17.

Figures in Rand	2022	2021

36 TAXATION

Profit/(loss) before taxation	(874 102)	(539 149)
Less: Exempt Income	(4 216 480)	(2 900 816)
Add: Non-deductible expenditure	4 216 480	2 900 816
Assessed Loss	(874 102)	(539 150)
Cumulative Assessed Loss		
Opening balance	(13 668 706)	(13 129 557)
Assessed loss for the year	(874 102)	(539 150)
Closing balance	(14 542 808)	(13 668 706)

The trading services of the Entity currently has an cumulative assessed loss of R14 542 808. Upon the assessment whether a deferred taxation asset should be raised for the assessed loss, the Entity concluded that no taxable income is forecasted for the foreseeable future, and accordingly no deferred taxation asset will be raised in this regard.

37 FINANCIAL SUSTAINABILITY

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

The current liabilities at year end exceeded the current assets and this could result in the Entity being unable to settle all of its liabilities.

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

Other Indicators

The Entity has incurred irregular and fruitless and wasteful expenditure as shown in note 26 above.

Assessment

The definition of a going concern is that there is no reason to believe that an institution will have to close down or be liquidated within 12 months after the reporting date. The financial statements for this Entity have been prepared, as indicated in the accounting policy, on a going concern assumption.

The financial results however may indicate that the going concern assumption of this Entity may be in serious doubt. Grant funding from the parent entity will have a serious impact on the level of services that this Entity can render and it may well raise doubt about the future financial sustainability of this Entity.

ITEM: 98/2022

INTEGRATED DEVELOPMENT PLAN (IDP)/ BUDGET/PMS PROCESS PLAN 2022/ 2023

1. PURPOSE

To request the Executive Committee to recommend to Council to adopt the IDP/ Budget/ PMS Process Plan for the period for the period ending 30 June 2023.

2. BACKGROUND

The Integrated development plan (IDP) is a five year plan which clearly stipulates the vision, mission and strategic objectives of Council and is reviewed annually to keep track of the ever changing socio economic, infrastructural and environmental dynamics and needs of the communities under the jurisdiction of the municipality. The IDP guides, informs all planning & development initiatives and forms the basis of the Medium Term Revenue & Expenditure Framework (MTREF) of Raymond Mhlaba Municipality. One of the key objectives of Integrated Development Planning is to co-ordinate improved integration of programmes/projects across sectors and spheres of government in order to maximize the impact thereof on the livelihoods of the community.

The 2022/2023 IDP/Budget/PMS process plan serves as a plan for the drafting of the **2023/2024 IDP review** with the intention to co-ordinate, integrate and align all the strategic processes of the municipality which include the IDP, Budget, and the Performance Management System (PMS). The process plan incorporates all municipal planning, budgeting, performance management, public engagement processes and includes the following;

- A programme specifying the time frames for the different planning activities
- Appropriate mechanisms, processes and procedures for consultation and participation of local communities, organs of state, and any other stakeholders in the IDP process
- An indication of the organizational arrangements for the IDP process

- Legislative requirements in respect of Integrated Development Planning

3. LEGAL CONTEXT

In order to ensure certain minimum quality standards of the IDP process, and proper coordination between and within spheres of government, the preparation of the IDP/Budget/PMS Process Plan have been regulated in both the Municipal Systems Act (Act 32 of 2000) section 28 (1) and the Municipal Finance Management Act (Act 56 of 2003) section 21 (1).

4. LEGAL IMPLICATIONS

Local Government: Municipal Systems Act 2000 (Act 32 of 2000)
Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003)
Local Government: Municipal Structures Act 1998 (Act 117 of 1998)
Constitution of the Republic of the South Africa, 1996

5. FINANCIAL IMPLICATIONS

None

6. ANNEXURE

- Integrated Development Plan (IDP)/ Budget/PMS Process Plan 2022/ 2023

7. RECOMMENDATION

It is **RECOMMENDED** that:

1. The EXCO approves and recommend to council to approve the IDP/Budget / PMS Process Plan for 2022/2023 financial year as a strategic document to guide developmental planning initiatives and programmes of the IDP and Budget for the period ending June 2023.

PROCESS PLAN
FOR
2023/2024 IDP REVIEW

CONTACT DETAILS:

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

SECTION ONE: INTRODUCTION AND BACKGROUND

1. INTRODUCTION

The purpose of this document is to outline the operational plan for the review of the **2023/2024 Integrated Development Plan** for Raymond Mhlaba Local Municipality. In order to ensure certain minimum quality standards of the Integrated Development Plan (IDP), and a proper coordination between and within spheres of government, the preparation of the process plan has been regulated in the Municipal Systems Act (32 of 2000). The preparation of the process plan, which is in essence the IDP process set out in writing, requires the adoption by Council. This plan has to include the following:

- A programme specifying the timeframes for the different planning steps;
- Appropriate mechanisms, processes and procedures for consultation and participation of local communities, organ of state, traditional authorities, and other role players in the IDP drafting process;
- An indication of the organizational arrangements for the IDP process;
- Binding plans and planning requirements, *i.e.* policy and legislation; and
- Mechanisms and procedures for vertical and horizontal alignment.

The IDP planning processes has five phases and they are as follows:

1. Phase 1: Analysis
2. Phase 2: Strategies
3. Phase 3: Projects
4. Phase 4: Integration
5. Phase 5: Approval

2. LEGAL CONTEXT

The Integrated Development Plan

Section 25 (1) of the Municipal Systems Act (32 of 2000) indicates that:

"*Each Municipal Council must, within prescribed period after the start of its elected term, adopt a single, all inclusive and strategic plan for the development of the municipality which -*

- *Links, integrates and coordinates plans and takes into account proposals for the development of the community;*
- *Aligns the resources and capacity of the municipality with the implementation of the plan;*
- *Complies with the provisions of this Chapter (Chapter 5 MSA); and*

- *Is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation".*

In terms of the core components of the integrated development plans, Section 25 of the Municipal Systems Act (32 of 2000) indicates that:

"*An integrated development plan must reflect:*

- *The municipal council's vision for long term development of the municipality with special emphasis on the municipality's most critical development and internal transformation needs;*
- *An assessment of the existing level of development in the municipality, which must include an identification of communities which do not have access to basic municipal services;*
- *The councils development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs;*
- *The councils development strategies which must be aligned with any national and provincial sectoral plans and planning requirements binding on the municipality in terms of legislation;*
- *A spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality;*
- *The councils operational strategies;*
- *Applicable disaster management plans;*
- *A financial plan, which must include a budget projection for at least the next three years; and*
- *The key performance indicators and performance targets determined in terms of section 41".*

Moreover and [also] in view of the foregoing, Section 28 (1) of the Municipal Systems Act (32 of 2000) stipulates that:

- *"Each municipal council, within a prescribed period after the start of its elected term, must adopt a process set out in writing to guide the planning, drafting, adoption and review of its integrated development plan;*
- *The municipality must through appropriate mechanisms, processes and procedures established in terms of Chapter 4 of the Municipal Systems Act (32 of 2000), consult the community before the adopting the process; and*
- *A municipality must* [also] *give notice to the local community of particulars of the process it intends to follow".*

The way in which the IDP process will be undertaken is outlined in this process plan in which [all] municipalities must prepare. The Local Government: Municipal Planning and Performance Management Regulation 2001, provides elaborately on the contents of the IDP and the processes the Municipality must subject the IDP process into when doing its development or review.

The Annual Budget

The Annual Budget and the IDP are inseparably linked to one another; something has been formalized through the promulgation of the Municipal Finance Management Act (56 of 2003). Section 21 (1) of the Municipal Finance Management Act (MFMA) indicates that:

"The Mayor of a municipality must:

- *At least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for*
  - *The preparation, tabling and approval of the annual budget;*
  - *The annual review of –*
    a. *The integrated development plan in terms of section 34 of the Municipal Systems Act; and*
    b. *The budget related policies.*
  - *The tabling and adoption of any amendment to the integrated development plan and the budget related policies; and*
  - *The consultative processes forming part of the processes referred to subparagraph (i), (ii) and (iii)"* – herein first three sub bullets (denoted as -).

3. ELEMENTS OF IDP DEVELOPMENT

Notwithstanding the statutory imperative, it is necessary for Raymond Mhlaba Municipality to develop its IDP in order to:

- Ensure the IDP's relevance as the municipality's strategic plan.
- Inform other components of the municipal business processes, including institutional and financial planning and budgeting.
- Inform the cyclical inter-governmental planning and budget processes.

In the IDP development cycle will be considered;

- Comments from the MEC for Local Government and Traditional Affairs (COGTA),
- Incorporate comments from the Auditor-General in respect of the previous audit report,
- Alignment of the IDP with both the provincial and national policies and programmes (*i.e.* NDP, Africa Agenda 0PGDS, NPC, NSDP, N-KPA);
- Incorporation of the most recent descriptive data;

- Develop and refine objectives and strategies;
- Refinement of the projects;
- Amendments in response to changing circumstances; and
- Improving the IDP process and content.

The significant development, which in all probabilities will have a huge impact on the IDP, is the Community Based Planning. The Community Based Planning is a planning instrument, which is geared towards the enhancement of the community participation component of the IDP. Of particular concern has been the inability of the IDP to translate community participation into an organic process.

4. HORIZONTAL AND VERTICAL ALIGNMENT

4.1 District Framework Plan

Section 27 of the Municipal Systems Act (32 of 2000), indicates that, Districts are required to prepare and adopt a Framework Plan, which indicates how the District and Local Municipalities will align their IDP's. The framework plan provides the linkage and binding relationships to be established between the district and local municipalities in the region and in doing so, proper consultation, coordination and alignment of the review process of the district municipality and various municipalities can be maintained.

The Amathole District Municipality has established a District IDP/PMS Coordination Forum, District Representative Forum which are [also] attended by the Department of Local Government and Traditional Affairs to provide the strategic direction of the IDP's. This IDP preparation process will also use this forum for vertical and horizontal alignment with other family of municipalities.

4.2 Alignment with Sector Departments

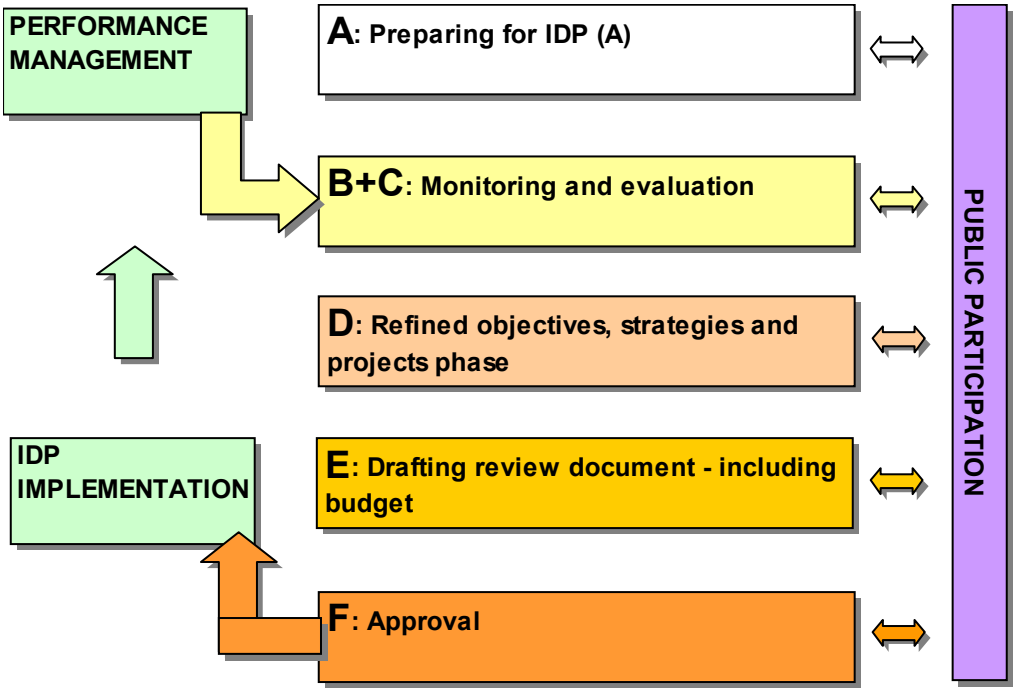
Alignment with Sector Departments is essential in order to ensure that the Raymond Mhlaba Local Municipality priorities can be reflected in sector department's project prioritization process, as well as, ensuring that sector department's projects are incorporated in the municipal IDP document.

5. IDP PROCESS

This process describes a continuous cycle of planning, implementation and review as can be seen in the figure below. During the year new information becomes available and unexpected events may occur. Some of the information can make immediate changes to the planning and the implementation of the IDP. After the IDP has been adopted, implementation as well as situational

changes will continue to occur, which is again monitored throughout the year and evaluated for consideration in the next IDP review (DPLG, IDP Guide Pack, Guide IV).

Diagram 2: IDP Process



Each of these steps is reflected in the Action Plan which outlines the time frames and activities within which these steps should take. Because the roll out of the PMS is part of the development process, it is also included in the Action Plan.

6. ALIGNMENT OF THE IDP, BUDGET AND PERFORMANCE MANAGEMENT PROCESS

The IDP process is mainly geared towards picking up on early-warning sign for corrective action whenever it is required. The Performance Indicators are flowing from the IDP and constitute the heart of the Performance Management System. Every attempt has been made in this Process Plan to align the IDP and Budget preparation process, and the Performance Management System (PMS). The linkages of the three processes are summarized in the following diagram:

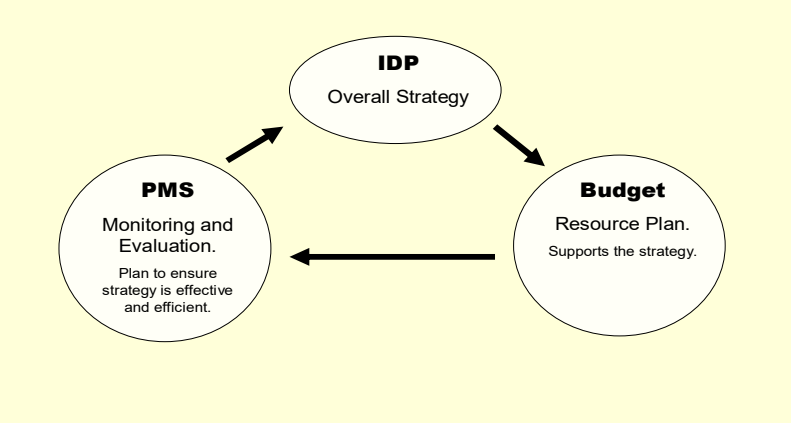


Diagram 3: Raymond Mhlaba IDP Process Plan: IDP, Budget and PMS Linkages

SECTION TWO: ORGANISATIONAL ARRANGEMENTS

7. ORGANISATIONAL ARRANGEMENTS

Five Structures will guide the IDP Development Process within the Raymond Mhlaba Municipal Area.

- IDP Steering Committee
- IDP Representative Forum
- IGR Cluster Teams
- Budget Steering Committee
- Inter-Governmental Relations

7.1 IDP Steering Committee

An IDP Steering Committee that would function, as a technical working team shall be composed of the following members:

- Municipal Manager (Chairperson)
- All Senior Managers; and
- All Managers
- Secretariat IDP & PMS Unit
- Department of Local Government & Traditional Affairs (IDP Section)
- Amathole District Municipality (IDP)

The steering committee would provide a technical support to the IDP Driver to ensure a smooth planning process. It is supposed to guide the process. This means that amongst other things it will be responsible for:

- Establishment of the Representative Forum.
- Define criteria to choose members of the Forum.
- Inform public about the establishment of the forum, request submissions of applications from stakeholders and communities (indicate objectives, activities and number of members).
- Identify additional stakeholders from unorganized groups, e.g. potential academics, advocates, doctors and resource persons.
- Submit proposed groups/members to the Council for consideration.

7.2 IDP Representative Forum

The most critical structure established for this process, especially for purposes of ensuring maximized participation of different interest groups and sectors, is the IDP Representative Forum. The rationale behind the establishment of this committee is to ensure that communication channels are kept smooth and efficiently.

The function of the IDP Representative Forum includes the following:

- The Representative Forum will have to ensure that every activity and decisions taken in the IDP development process are communicated to the communities.
- They are also to monitor and ensure that all decisions that are taken with regards to routes that the IDP must take from time to time are followed to the latter.
- They are expected at all times to reflect and safeguard the community inputs. This means that they are the mouthpiece of the communities.
- They represent the interests of their communities.
- Provide an organizational mechanism for discussion, negotiation and decision making between stakeholders including the municipal government.
- Participate in the process of setting and monitoring key performance indicators.

Ward/PR Councillors and Committees: The brief for Ward/PR Councillors and Committees who constitutes the IDP Representative Forum is to ensure that at all times their mandates in the Integrated Development Forum comes from communities which they represent particularly on issues affecting them. The Ward/PR Councillors and Committees are further expected to communicate deliberations of the IDP Representative Forum and always ensure that feedback is given to the communities on progress registered.

District Municipality: The main role of the Amathole District Municipality is to provide technical inputs and assistance on the process. The support unit established at the level of the Amathole District Municipality referred to as IDP/PMS Support Unit serves a critical role in the process specifically on the management of service providers and deviations thereof. The overall monitoring

to detect early warning signs was done by the Amathole District Mayors' Forum, which was constituted by all the Municipalities in the Amatole District Area. Furthermore the District Framework Committee was supposed to ensure integration and co-ordination of the IDP activities.

7.3 IGR Cluster Teams

Cluster Teams are comprised of Portfolio Heads and government departments. They are reporting directly to the broader IGR on service delivery issues. The objective of Cluster Teams is to refine projects agreed upon and lift out the details to be captured in project templates that were supposed to be included in the IDP. The Cluster Teams must undertake a pre-scooping work on projects that are due for implementation in the forthcoming planning cycle.

CLUSTER	KEY PERFORMANCE AREA
Basic Services Delivery	• Waste Management (Refuse removal, Cleansing, Refuse dump and solid waste disposal) • Disaster Management • Electricity • Roads • Community Amenities • Fire Fighting • Social and community services • Traffic and parking • Safety and Security
Local Economic Development	• Strategic Planning • Agriculture • Tourism • SMME Development • Environment • Community Based Planning • Sport, Arts and Culture • Parks and Recreation
Financial Viability	• Revenue Collection and Debt management • Financial controls and financial statements • Supply Chain Management • Free Basic services
Municipal Transformation, Organizational development and Good governance	• Capacity Building • Policies and By-Laws • Institutional Reparation • Human Recourses and Admin • IT Function • Fleet Management • Communication • Records Management System • Special Programmes Unit • Risk management

	• Public Participation

7.4 Budget Steering Committee

The Mayor of the municipality shall establish a Budget Steering Committee as required by Regulation 4 of the Regulations. The function of the Budget steering Committee is to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 and elsewhere in the Municipal Finance Management Act 2003 (Act 56 of 2003).

This Committee is constituted as follows:

- Mayor (Chairperson);
- Portfolio Head of Finance Standing Committee;
- Municipal Manager;
- All Senior Managers
- IDP/PMS Unit; and
- Budget and Treasury Office (Secretariat)

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and the service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of the municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

SECTION THREE: KEY ACTIVITIES AND BUDGET

8. KEY ACTIVITIES

Below are a summary of key activity dates that will take place in terms of the IDP, Budget and PMS for the 2022/2023.

CYCLE FOR THE DEVELOPMENT OF THE 2022/23 IDP INCLUDING THE PMS AND BUDGET LINKAGES

MONTH	ACTIVITIES				
	IDP	PMS	BUDGET		
			Mayor and Council	Administration - Municipality and Entity	Budget Review Activities
JULY 2022	▪ Preparation of the Draft IDP / Budget and PMS Process Plan for 2023/2024 IDP Review. ▪ Engagement with Budget Office and PMS for alignment purposes.	▪ Signing of new performance contracts for Section 57 Managers on July 2021 (Section 69 of the MFMA and Section 57 of the MSA). ▪ Roll out of the SDBIP ▪ Prepare Departmental Business/Sectional Plans for the 2022/23 financial year. ▪ Preparation of s46 Reports by various HOD's.	▪ Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process **MFMA s 53** ▪ Planning includes review of the previous years budget process and completion of the Budget Evaluation Checklist	▪ Accounting officers and senior officials of municipality and entities begin planning for next three-year budget **MFMA s 68, 77** ▪ Accounting officers and senior officials of municipality and entities review options and contracts for service delivery **MSA s 76-81** • **Compile/Submit the following to Treasuries:** •Approved SDBIP • Budget returns •Certificate, lock the budget •S. 71 report Quarterly reports	▪ Approve and announce new budget schedule and set up committees and forums. ▪ Consultation on performance and changing needs.
AUG 2022	▪ Tabling of IDP Process Plan to EXCO for comments ▪ IDP Process Plan tabled to	▪ Submission of Q4 SDBIP Reports (for last quarter of 2021/2022) MPPR Reg. 14	▪ Mayor tables in Council a time schedule outlining key	▪ Accounting Officer to submit AFS to Auditor-General	▪ Consultation on performance and changing needs.

MONTH	ACTIVITIES				
	IDP	PMS	BUDGET		
	Council for approval. ▪ Advertisement of the IDP Process Plan comments received on the 2022/23 IDP Review document. ▪ Self-assessment to identify gaps in the IDP process. ▪ Integration of information from adopted Sector Plans into the IDP document. ▪ Initiation of new sector plans into the IDP, if any. ▪ Updating and review of the strategic elements of the IDP in light of the new focus of Council. ▪ IDP Steering Committee Meeting ▪ Convene IDP Representative Forum	▪ Submission of the Annual Performance Reports prepared in terms of s46 of MSA 2000 to Council ▪ Submission of s46 Report to AG ▪ Quarterly Audit Committee meeting on August (for the last quarter of 17/18) MFMA Sect 166 & MPPR Reg. 14(3)(a) ▪ Evaluation Panel Audit Committee meeting (for evaluation of Sect 57 Managers final assessments) MPPR Reg. 14(3)(b)	deadlines for: preparing, tabling and approving the budget; reviewing the IDP (as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year. **MFMA s 21,22, 23; MSA s 34, Chapter 4 as amended**	[Due by 31 August, **MFMA Sec 126(1)(a)**] ▪ Annual Financial statements with Audit file to A G ▪ Submission of Unaudited Draft Annual Report 2021/22 to AG	▪ Review performance and financial position. ▪ Review external mechanisms. ▪ Start Planning for next three years.
SEPT 2022	▪ Integration of information from adopted Sector Plans into the IDP document if possible	▪ Auditor General audit of performance measures ▪ Reminder to be sent to HOD's to submit their Q1 SDBIP Reports in terms of s41 MSA	▪ Council through the IDP process determines strategic objectives for service delivery and development for next three-year budgets.	▪ Budget offices of municipality and entities determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic	▪ Update policies, priorities and objectives. ▪ Determine revenue projections and policies.

MONTH	ACTIVITIES				
	IDP	PMS	BUDGET		
				objectives ▪	
OCT 2022	▪ Integration of information from adopted Sector Plans into the IDP document. ▪ Integration of Spatial Development Framework ▪ Updating and review of the strategic elements of the IDP in light of the new focus of Council. ▪ IGR Cluster Teams ▪ IDP Steering Committee Meeting	▪ Submission of Q1 Reports by HOD's ▪ Q1 Reports tabled to Council (for first quarter of 2022/23) **MPPR Reg. 14** ▪ Sect 57 Managers' quarterly assessments (first quarter of 2022/2023)		▪ Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials **MFMA s 35, 36, 42;**	▪ Determine revenue projections and policies. ▪ Engagement with sector departments, share and evaluate plans, national policies, MTBPS. ▪ Draft initial allocations to functions. ▪ Draft initial changes to IDP.
NOV 2022	▪ Review of Municipal Strategies, Objectives, KPA's, KPI's and targets. ▪ Identification of priority IDP projects. ▪ Project alignment between the DM and LM's ▪ Convene IDP Representative Forum.	▪ Quarterly Audit Committee meeting (for the first quarter of 2022/23) MFMA Sect 166 & MPPR Reg. 14(3)(a)		▪ Accounting officer reviews and drafts initial changes to IDP **MSA s 34** ▪ Auditor-General to return audit report [Due by 30 November, **MFMA 126(4)**]	▪ Draft initial changes to IDP. ▪ Consolidation of budgets and plans. ▪ Exco. determines strategic choices for next three years.
DEC 2022	▪ Project alignment between the DM and LM's. ▪ Identification of priority IDP projects.	▪ Reminder to be sent to HOD's to submit their Q2 SDBIP Reports in terms of s41 MSA	▪ Council finalises tariff (rates and service charges) policies for next financial year **MSA s 74, 75**	▪ Accounting officer and senior officials consolidate and prepare proposed budget and plans for next financial year taking into account	▪ Executive determines strategic choices for next three years. ▪ Finalise tariff policies.

MONTH	ACTIVITIES				
	IDP	PMS	BUDGET		
				previous year's performance as per audited financial statements ▪ Mayor constitutes the Budget Steering Committee in terms of Reg. 5 MBRR 2008	
JAN 2023	▪ Develop Municipal Strategies, Objectives, KPA's, KPI's and targets. ▪ Identification of priority IDP projects. ▪ IDP Steering Committee Meeting ▪ IDP Cluster Teams	▪ Submission of Q2 Reports by HOD's ▪ Q2 Reports tabled to Council (second quarter of 2022/23) **MPPR Reg. 14** ▪ Municipal Manager submits Midterm/Midyear Report to the Mayor (in terms s72 MFMA)	▪ Entity board of directors must approve and submit proposed budget and plans for next three-year budgets to parent municipality at least 150 days before the start of the budget year **MFMA s 87(1)**	▪ Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January) **MFMA s 36**	▪ Prepare detailed budgets and plans for the next three years.
FEB 2023	▪ Continuous development of Municipal Strategies, Objectives, KPA's, KPI's and targets. ▪ Identification of priority IDP projects. ▪ IDP Cluster Teams ▪ IDP Steering Committee Meeting	▪ Quarterly Project Implementation Report (second quarter of 2022/23) MPPR Reg. 14 ▪ Quarterly Audit Committee meeting (for the second quarter of 2022/23) MFMA Sect 166 & MPPR Reg. 14(3)(a)	▪ Council considers municipal entity proposed budget and service delivery plan and accepts or makes recommendations to the entity **MFMA s 87(2)**	▪ Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any	▪ Prepare detailed budgets and plans for the next three years.

MONTH	ACTIVITIES				
	IDP	PMS	BUDGET		
		▪ Submit draft annual report to AG, Provincial &DLGTA (MFMA Sect 127) ▪ Section 57 Managers' quarterly assessments (for second quarter of 2022/23)		corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report ▪ Mid-year budget and performance assessment engagement with Provincial Treasury	
MARCH 2023	▪ Finalization of Municipal Strategies, Objectives, KPA's, and KPI's and targets. ▪ IDP Steering Committee Meeting ▪ Convene IDP Representative Forum ▪ Adoption of draft **IDP 2023/2024** ▪ Publicise Draft IDP and Budget (Invite Local Community to make written comments in respect of the IDP and Budget) ▪ Conclusion of Sector Plans (if any) initiated for the 2023/2024 financial year and integration into the IDP.	▪ Council to consider and adopt an oversight report [Due by 31 March **MFMA Sec 129(1)**] ▪ Draft SDBIP's for 2023/24 developed and for incorporation into draft IDP2023/2024 FY ▪ Reminder to be sent to HOD's to submit their Q3 SDBIP Reports in terms of s41 MSA ▪ Set performance objectives for revenue for each budget vote **(MFMA Sect 17)**	▪ Entity board of directors considers recommendations of parent municipality and submit revised budget by 22nd of month **MFMA s 87(2)** ▪ Mayor tables municipality budget, budgets of entities, resolutions, plans, and proposed revisions to IDP at least 90 days before start of budget year **MFMA s 16, 22, 23, 87; MSA s 34**	▪ Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others as prescribed **MFMA s 22 & 37; MSA Ch 4 as amended** ▪ Accounting officer reviews any changes in prices for bulk resources as communicated by 15 March **MFMA s 42**	▪ Mayor tables budget, resolutions, plans and changes to IDP at least 90 days before the start of the financial year.

MONTH	ACTIVITIES				
	IDP	PMS	BUDGET		
APR 2023	▪ Review written comments in respect of the Budget and IDP ▪ Conclusion of Sector Plans initiated for the 2023/2024 financial year and integration into the IDP report. ▪ IDP Steering Committee Meeting ▪ Public participation process launched through series of public hearings on the IDP and Budget. ▪ Prepare departmental business plans linked to the IDP strategies, objectives, KPI's and targets.	▪ Q3 Reports tabled to Council (third quarter of 2022/23) **MPPR Reg. 14** ▪ Refinement of Municipal Strategies, Objectives, KPA's, KPI's and targets and inclusion into 2023/2024 IDP ▪ Sect 57 Managers' quarterly assessments (for third quarter of 2022/23) ▪ Publicise Annual Report [Due by April **MFMA Sec 129(3)**] ▪ Submit Annual Report to Provincial Legislature/MEC Local Government [Due by April **MFMA Sec 132(2)**] ▪ Review annual organisational performance targets (MPPR Reg 11)	▪ **MFMA s 21**	▪ Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year ▪ IDP/Budget and Benchmark Assessments – engagement with Provincial Treasury and the relevant sector departments assess the performance and MTREF draft budget ▪ Accounting officer publicizes the draft budget for comments ▪ Then incorporates the comments in the budget.	▪ Public hearings on the IDP/ Budget
MAY	▪ Convene IDP Representative	▪ Community input into	▪ Council to consider	▪ Accounting officer	

MONTH	ACTIVITIES				
	IDP	PMS	BUDGET		
2023	Forum ▪ EXCO recommends adoption of the IDP to Council. ▪ Adoption of the 2023/2024 IDP by Council. ▪ Publicise IDP and Budget in the Local Newspaper.	organisation KPIs and targets ▪ Budget for expenses of audit committee	approval of budget and plans at least 30 days before start of budget year. **MFMA s 23, 24; MSA Ch 4 as amended** ▪ Entity board of directors to approve the budget of the entity not later than 30 days before the start of the financial year, taking into account any hearings or recommendations of the council of the parent municipality ▪ **MFMA s 87**	assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature	
JUNE 2023	▪ Submission of the Final IDP to COGTA	▪ Reminder to be sent to HOD's to submit their Q4 SDBIP Reports in terms of s41 MSA	▪ Council must approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year	▪ Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA. **MFMA s 69; MSA s 57** ▪ Accounting officers	▪ Publish budget and plans. ▪ Finalise performance contracts and delegation.

MONTH	ACTIVITIES				
	IDP	PMS	BUDGET		
			MFMA s 16, 24, 26, 53 Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with sect 57(2) of the MSA. Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The mayor submits the approved SDBIP and performance agreements to council, MEC for local government and makes public within 14 days after approval. ▪ **MFMA s 53; MSA s 38-45, 57(2)** ▪ Council must finalise a system of delegations. ▪ **MFMA s 59, 79, 82;**	of municipality and entities publishes adopted budget and plans **MFMA s 75, 87**	

MONTH	ACTIVITIES				
	IDP	PMS	BUDGET		
			MSA s 59-65		

SECTION FOUR: MECHANISM AND PROCEDURE FOR PARTICIPATION

9. FUNCTIONS AND CONTEXT OF PUBLIC PARTICIPATION

Four major functions can be aligned with the public participation process namely:

- Needs identification and prioritization;
- Identification of appropriateness of proposed solutions;
- Community ownership and buy-in; and
- Community Empowerment.

10. MECHANISMS FOR PARTICIPATION

The following public participation mechanisms are proposed for each and every milestone. The milestone that we are referring to above will be outlined later.

Preparation Phase	Adverts on Newspaper
Monitoring and Evaluation Phase	Representative Forum Meetings
Objectives, strategies and Projects Phase	Representative Forum Meetings
IDP Phase	Public Hearings Representative Forum Meetings
Approval Phase	Adverts on Newspaper Announcements on Local Radio Stations Representative Forum Meetings Public Hearings

10.1 Public Participation Strategy

Chapter 4 of the Municipal Systems Act will guide in the development and implementation of the public participation strategy for the IDP process. In order to ensure that all stakeholders have the opportunity to be represented on the IDP Representative Forum, the following forms of media will be used:

- Umhlobo Wenene
- Tru FM
- Algoa FM
- Ngqushwa FM
- Radio Forte
- Daily Dispatch
- Herald Newspaper
- Umhlali

To ensure that the needs of unorganized groups are represented as well, advocacy groups and or Non-Governmental Organizations (NGOs) will be used as well for communication. Meetings of the Representative Forum will be held in any appropriate Municipal buildings and the languages to be used are:

- English
- Xhosa
- Afrikaans

Members of the Representative Forum will be expected to consult with their constituencies and report back to the Forum within a month's time.

11. INTER-GOVERNMENTAL RELATIONS

Chapter 3 of the Constitution of the Republic of South Africa 1996 provides for the principles that underlie the relations between the spheres of government. IGR meetings will sit on a quarterly basis and are an information-sharing vehicle where government departments and the municipality give light of their experiences and challenges with regards to service delivery. IGR forum is regarded as a strategic planning body with emphasis and updates on current financial year programmes and projects. It therefore serves as a feeder to both the IDP & District Communicator's Forum (DCF).

12. PROCEDURES/PROCESS FOR PARTICIPATION

12.1 2022/2023 Schedule of meetings

In addition to various meetings, the following meetings are required for the IDP Development Process:

Structure	Date	Time
IDP/PMS/Budget Steering Committee Meeting	12 August 2022	10H00
	4 November 2022	10H00
	17 January 2023	10H00
	4 May 2023	10H00
IGR Cluster Team Meetings	17 - 18 August 2022	10H00
	24 - 25 May 2023	10H00
IDP Representative Forum Meeting	11 November 2022	10H00
	15 March 2023	10H00
	20 April 2023	10H00
PMS Reviews	10 October 2022	10H00
	20 January 2023	10H00
	17 April 2023	10H00
	14 July 2023	10H00
IGR Meetings	18 October 2022	10H00

	26 January 2023	10H00
	8 February 2023	10H00
	3 March 2023	10H00
MPAC Roadshows on Annual Report	13- 16 September 2022	10H00
Mayoral Imbizos	11-14 October 2022	10H00
IDP/Budget Public Hearings	11-14 April 2023	10H00

12.2 IDP Process Plan – Activities and Timeframes

EVENTS	DATES	RESPONSIBLE DEPT
IDP Steering Committee to deliberate on draft IDP Process Plan	12 August 2022	Strategic Planning
Presentation to the Executive Committee (Special)	29 August 2022	Mayor's Office
MPAC Roadshows on Annual Report	13-16 September 2022	MPAC
1st Quarter Performance Reviews	10 October 2022	Strategic Planning
Mayoral Imbizo	11-14 October 2022	Mayor's Office
IDP Representative Forum ▪ Presentation of Situational Analysis	11 November 2022	Strategic Planning
2nd Quarter Performance Reviews	20 January 2023	Strategic Planning
Steering Committee Meeting • Agenda for the Rep Forum/Strat Plan	17 January 2023	Strategic Planning
Departmental Strategic Planning Session	7-8 February 2023	Heads of Departments
Political Bossberaad	February 2023	Mayor's Office
Technical Strategic Planning Session	13-14 February 2023	Strategic Planning
Mid-year budget and performance assessment engagement with Provincial Treasury	17 February 2023	BTO
Institutional Strategic Planning Session	20-21 February 2023	Strategic Planning
Table Draft IDP/Budget to Joint LED and Finance Standing committee	13 March 2023	Speaker's Office
IDP Rep Forum • Presentation of the draft IDP and Budget ahead of public participation process • Prioritised Projects and Programs • Draft Revised Analysis • Draft Revised Objectives and Strategies • Draft Projects and Programmes linked to budget	15 March 2023	Strategic Planning
Table Draft IDP/Budget to the Executive	17 March 2023	Mayor's Office

Committee		
Table Draft IDP/Budget Council	28 March 2023	Speaker's 's Office
21 Days Advertisement Period for public comments	4 April 2023	Strategic Planning
3rd Quarter Performance Reviews	17 April 2023	Strategic Planning
Submission of draft IDP to COGTA	12 April 2023	Strategic Planning
IDP/ Budget Road-shows	11-14 April 2023	Strategic Planning
Benchmark engagement with Provincial Treasury and relevant sector departments	April 2023	BTO
Table Final IDP	30 May 2023	Speaker's Office

13. KEY BUDGET DATES

13.1 Budget Process Plan for 2022/23 Multi-Term Budget

DATE	ACTIVITY	RESPONSIBILITY
October	Meeting with Mayor, Executive Committee and Head of Departments to discuss the strategic direction and objectives for the 2022/23 financial year	**MM/BTO**
October	**Budget Framework** Meeting the HOD's to discuss budget process Preparation of budget framework to provide parameters and request budget inputs for 2022/23	**BTO**
November	Completion of Salary Budget	**BTO/HR**
November	Budget workshop	**CFO and Mayor**
December	Submit all Budget related policies for review.	**BTO**
December	Prepare draft budget three years operational and capital budget.	**BTO**
January	Report back on progress with Budget inputs.	**BTO/HOD's**
January	Review of proposed of National and Provincial allocations for incorporation into the draft budget.	
January	Review of current budget and inputs for new budget	**HOD's**
February	• **Submission of Budget Inputs** Final date for HOD's to submit departmental budget inputs. Proposed Capital projects from IDP • Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part the oversight report for the previous years audited financial statements and annual report.	**BTO/HOD's**
February	**Budget discussion document** Compile discussion document from inputs and submit to EXCO and HOD's	**BTO**
March	**Budget Workshop** Discussion of budget inputs, link capital and operational plans to IDP and determine proposed tariffs.	**EXCO/HOD's**
March	**Draft Budget** Submit draft multi-term operational and capital budget to Council, National and Provincial Treasury, DLGTA	**CFO/BTO**
April	**Public Consultation Process** Public Consultation on draft budget throughout municipality	**MAYOR/EXCO/MM**
May	**Respond to Public Comments** Response to public comments and sector comments. Incorporate recommendations into draft budget if possible and feasible	**MAYOR/MM/BTO**

DATE	ACTIVITY	RESPONSIBILITY
May	**Approval of Final Draft Budget** Approve the draft multi-term operational and capital budget	**COUNCIL**
June	**Advertising** Publication of approved budget.	**BTO**
June	**Submission of Budget** Submit approved budget to National and Provincial Treasury and COGTA-EC	**BTO**
June	**Compile SDBIP** Compilation of service delivery and budget implementation plan(SDBIP)	**STRATEGIC MANAGER/MAYOR/MM**

14. COUNCIL APPROVAL OF THE IDP

Council will adopt the final IDP and Budget by the end May 2023.

ITEM: 99/2022

PERFORMANCE AGREEMENTS FOR THE MUNICIPAL MANAGER AND MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER

1. PURPOSE

To table performance agreements of the Municipal Manager and Managers (Directors) directly accountable to the Municipal Manager for the 2022/2023 financial year.

2. BACKGROUND

The Municipal Systems Act 32 of 2000 sets out the legal framework for performance management as an instrument to measure, evaluate and report on the implementation of the Integrated Development Planning (IDP).

The above prescript, section 57 (2)(a) states that “the performance agreements of the Municipal Manager and Managers (Directors) be concluded annually, thereafter within one month after the beginning of each financial year of the municipality”.

As mandated by legislation, the development of performance agreements of the Municipal Manager and Managers accountable to the Municipal manager should contain performance objectives measurable targets and timeframes that are consistent with those captured in the IDP as approved by Council and corresponding Service Delivery and Budget Implementation Plan (2022/2023) as approved by the Mayor.

To this, the mayor of the municipality entered into a performance agreement with the Municipal Manager (Ms. U. T Malinzi) and subsequently, the Municipal Manager with the following directors; Dr L. Hanabe (Director strategic Planning & LED), Mr M. Ngxowa (Chief Financial Officer), Mr D. Mlenzana (Director Engineering Services), Ms N. Speelman (Acting Director Community Services) and Mr. M. Nini (Director Corporate Services).

3. LEGAL IMPLICATIONS

Local Government: Municipal Systems Act 32 of 2000
Local Government: Municipal Planning and Performance Regulations 2001
Local Government: Municipal Planning and Performance Regulations 2006

4. ANNEXURES

Performance Agreements for the Municipal Manager and Managers directly accountable to the Municipal Manager are attached as an annexure.

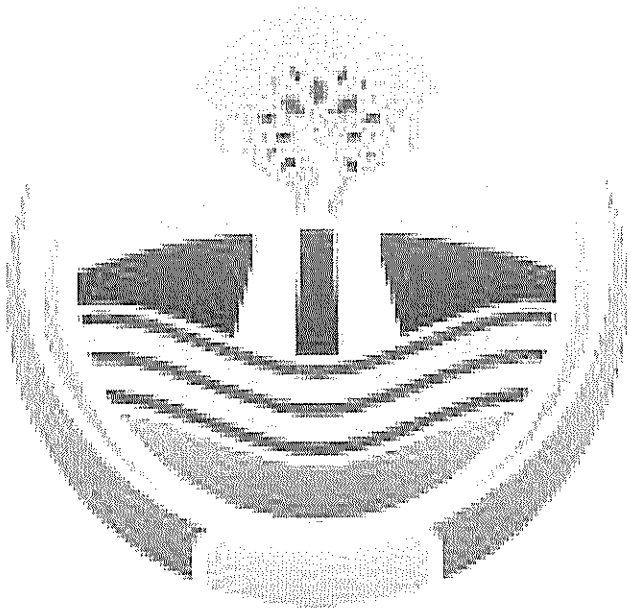
5. RECOMMENDATIONS

It is **RECOMMENDED** that;

1. The Executive Committee notes the signed performance agreements of the Municipal and Managers directly accountable to the Municipal Manager for 2022/2023 financial year.
2. The signed performance agreements be submitted to COGTA-MEC and further will be published on the municipal website.

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN



RAYMOND MHLABA MUNICIPALITY

INSTITUTIONAL PERFORMANCE

Raymond Mhlaba Local Municipality, as represented by the MAYOR

ZINGISWA RASMENI
('the employer')

and

UNATHI THOLEKA MALINZI
('the employee')

For The Period 01 July 2022 To 30 June 2023

PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The **RAYMOND MHLABA** Municipality herein represented by Zingiswa Rasmeni **in her** capacity as **THE MAYOR** (hereinafter referred to as the **Employer** or **Supervisor**)

And

Unathi Tholeka Malinzi being a Municipal Manager in terms of the Local Government: Municipal Systems Act No. 32 of 2000, (hereinafter referred to as the **Employee**).

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

1.1 The Employer has entered into a contract of employment with the Employee in terms of section 57 (1) (a) of the Local Government: Municipal Systems Act 32 of 2000. The Employer and the Employee are hereinafter referred to as "the Parties".

1.2 Section 57(1) (b) of the Systems Act, read with the Contract of Employment concluded between the Parties; require the Parties to conclude an annual performance agreement.

1.3 The Parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the **Municipal Manager** to a set of outcomes that will secure local government policy goals.

1.4 The Parties wish to ensure that there is compliance with Sections 57(4A), (4B) and (5) of the Systems Act.

1.5 In this Agreement the following words will have the meaning ascribed thereto:

"this Agreement" - means the performance agreement between the **Employer** and the **Employee** and the annexures thereto.

"the Executive Authority" - means the Executive Committee of the Municipality constituted in terms of Section 55 of the Local Government: Municipal Structures Act as represented by its chairperson, the Mayor.

"the Senior Manager" – means the Head of Department directly accountable to the Municipal Manager in terms of Section 56(a) of the Local Government: Municipal Systems Act, No 32 of 2000.

the Municipal Manager" – means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, No. 117 of 1998.

"the Municipality" – means the **Raymond Mhlaba Local Municipality**

"the Parties" - means the **Employer** and the **Employee.**

2. PURPOSE OF THIS AGREEMENT

2.1 The Parties agree that the purposes of this Agreement are to:

2.1.1. comply with the provisions of Section 57(1)(b), (4A), (4B) and (5) of the Systems Act as well as the contract of employment entered into between the Parties;

2.1.2. specify objectives and targets established for the Employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;

2.1.3. specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;

2.1.4. monitor and measure performance against targeted outputs and outcomes;

2.1.5. use the performance agreement as the basis for assessing whether the employee has met performance expectations applicable to his or her job;

2.1.6. appropriately reward the employee in accordance with the Municipality's performance management policy in the event of outstanding performance;

2.1.7. establish a transparent and accountable working relationship; and

2.1.8. give effect to the Municipality's commitment to a performance-orientated relationship with its Employee in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

3.1 Notwithstanding the date of signature this Agreement will commence on the 1st of July 2022 and will remain in force until 30 June 2023 thereafter a new Performance Agreement, Performance Plan and Personal Development Plan shall be concluded between parties for the next financial year or any portion thereof.

3.2 The Parties will review the provisions of this Agreement during June each year. The Parties will conclude a new performance agreement including a Performance Plan and Personal Development Plan that replaces this Agreement at least once a year by not later than the 31st of July each year.

3.3 The payment of the performance bonus is determined by the performance score obtained during the 4th quarter annual performance assessment as informed by the quarterly performance assessments. Should the Employee be entitled to a bonus, this will be paid out after approval by Council and not later than sixty (60) days thereafter in the Employee's salary for a month that shall be applicable.

3.4 The payment of a performance bonus for the year in which the Employee's contract of employment expires will be done as set out in clause 3.3 and the bonus so determined will be paid to the Employee on the last day of his/her employment or not later than 30 days thereafter.

3.5 In the event of the Employee commencing or terminating his services with the Municipality during the validity period of this Agreement, the Employee's performance for the portion of the period referred to in clause 3.1 during which he was employed, will be evaluated and he will be entitled to a pro rata performance bonus based on his evaluated performance and the period of actual service.

3.6 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon by the Parties.

3.7 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

3.8 This Agreement will terminate on the termination of the Employee's contract of employment for any reason.

4. PERFORMANCE OBJECTIVES

4.1 The Performance Plan in **Annexure A** sets out:

4.1.1 The performance objectives and targets which must be met by the Employee; and

4.1.2 The time frames within which those performance objectives and targets must be met.

4.2 The Personal Development Plan in **Annexure B** sets out the Employee's personal developmental requirements in line with the objectives and targets of the Municipality.

4.3 The Core Management Competencies reflected sets out those management skills regarded as critical to the position held by the Employee.

4.4 The performance objectives and targets reflected in **Annexure A** are set by the Municipality in consultation with the Employee and based on the Integrated Development Plan and the budget of the Municipality, and include key objectives, key performance areas, target dates and weightings.

4.5 The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the time frame in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.

4.6 The Employee's performance will, in addition, be measured in terms of contributions to the development objectives and strategies set out in the Municipality's Integrated Development Plan.

5. PERFORMANCE MANAGEMENT SYSTEM

5.1 The Employee agrees to participate in the performance management system that the Municipality adopts or introduces for the municipal management and municipal staff of the Municipality.

5.2 The Employee accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the municipal management and municipal staff to perform to the standards required.

5.3 The Executive Authority (the Mayor) will consult the Employee about the specific performance standards that will be included in the performance management system as applicable to the Employee.

5.4 The Employee undertakes to actively focus towards the promotion and implementation of his/her Key Performance Areas as set out in **Annexure A** including special projects relevant to the Employee's responsibilities within the local government framework.

6. PERFORMANCE ASSESSMENT

6.1 The performance of the Employee will be assessed against the outputs and outcomes achieved in terms of his/her Key Performance Areas (KPAs) as fully described in Annexure A and his/her Core Management Competencies (CMCs) determined at the commencement of this Agreement with a weighting of 80:20 allocated to the KPAs and CMCs respectively. Therefore the KPAs that refer to the main tasks of the Employee account for 80% of his/her assessment while the CMCs make up the other 20% of the Employee's assessment score.

6.2 The weightings agreed to in respect of the Employee's KPAs attached as Annexure A are set out in the table below:

KEY PERFORMANCE AREAS (KPAS) (80%)	WEIGHT
KPA 1: Institutional Development and Transformation	15%
KPA 2: Service Delivery and Infrastructure Provision	40%
KPA 3: Local Economic Development	15%
KPA 4: Financial Viability and Management	10%
KPA 5: Good Governance and Public Participation	20%
Total	100%

6.3 The weightings agreed to in respect of the CMCs considered most critical for the Employee's position and further defined in Annexure C are set out in the table below:

Core Competency Requirements from Regulations (2014): 20%					
COMPETENCY FRAMEWORK FOR SENIOR MANAGERS					
LEADING COMPETENCIES		Achievement Levels	Weight	HOD's Achievement Level	Municipal Managers Score Level
Strategic Direction and Leadership	• Impact and Influence	Basic	8.4		
	• Institutional Performance Management	Competent			
	• Strategic Planning and Management	Advanced			
	• Organisational Awareness	Superior			
People Management	• Human Capital Planning and Development	Basic	8.4		
	• Diversity Management	Competent			
	• Employee Relations Management	Advanced			
	• Negotiation and Dispute Management	Superior			
Programme and Project Management	• Program and Project Planning and Implementation	Basic	8.4		
	• Service Delivery Management	Competent			
	• Program ad Project Monitoring and Evaluation	Advanced			
		Superior			
Financial Management	• Budget Planning and Execution	Basic	8.3		
	• Financial Strategy and Delivery	Competent			
	• Financial Reporting and Monitoring	Advanced			
		Superior			
Change Leadership	• Change Vision and Strategy	Basic	8.3		
	• Process Design and Improvement	Competent			
	• Change Impact Monitoring and Evaluation	Advanced			
	•	Superior			
Governance Leadership	• Policy Formulation	Basic	8.4		
	• Risk and Compliance	Competent			

	Management				
	• Cooperative Governance	Advanced			
		Superior			

CORE COMPETENCIES:

	Achievement Levels	Weight	HOD's Achievement Level	Municipal Managers Score Level
Moral Competence	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Planning and Organising	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Analysis and Innovation	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Knowledge and Information Management	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Communication	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Results and Quality focus	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Total		**100%**		

6.4 The assessment of the performance of the Employee will be based on the following levels for KPAs and CMCs:

LEVEL	TERMINOLOGY	DESCRIPTION
5	**Outstanding Performance**	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year.
4	**Performance significantly above expectations**	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	**Fully effective**	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	**Not fully effective**	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
1	**Unacceptable performance**	Performance does not meet the standard expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

6.5 To determine which rating on the five-point scale did the Manager achieve for each KPA the following criteria should be used:

Duration of task	- Was the target achieved within the projected time frame?
Level of complexity	- Required problem solving - Reconciling different perceptions - Innovative alternatives used
Cost	- within budget - saving - overspending
Constraints	- Did envisaged constraints materialise? - If so, were steps taken to manage/reduce the effect of the constraint? - If not, did it beneficially affect the completion of the target? - Any innovative/pro-active steps to manage the constraint

6.6 Annexure "B" may be used as the basis for progress discussions by the Municipality.

7. PANEL AND SCHEDULE FOR PERFORMANCE ASSESSMENTS

7.1 QUARTERLY PERFORMANCE ASSESSMENTS:

7.1.1 Quarterly performance of the Employee will be assessed by the Mayor in relation to his/her achievement of:

1) The targets indicated for each KPA in Annexure A; and
2) The CCRs as defined in clause 6.3 of this agreement

On a date to be determined for each of the following quarterly periods:

1st Quarter (July to September):	**October 2022**
2nd Quarter (October to December):	**January 2023**
3rd Quarter (January to March):	**April 2023**
4th Quarter (April to June):	**July 2023**

7.2 ANNUAL PERFORMANCE ASSESSMENT:

7.2.1 An assessment panel consisting of the following persons will be established:

7.2.1.1 Mayor;

7.2.1.2 Chairperson of the Performance Audit Committee or the audit committee in the absence of a performance audit committee.

7.2.1.3 Member of the Mayoral or Executive Committee or in respect of a plenary type municipality, another member of Council;

7.2.1.4 Mayor and/or Municipal Manager from another municipality; and

7.2.1.5 Member of a Ward Committee

7.3 The performance of the Employee will be assessed in relation to his/her achievement of:

7.3.1 The targets indicated for each KPA in Annexure A; and

7.3.2 The CCRs as defined in clause 6.3 of this agreement

8. EVALUATING PERFORMANCE AND MANAGEMENT OF EVALUATION OUTCOMES

8.1 The Employee will submit quarterly performance reports and a comprehensive annual performance report prior to the performance assessment meetings to the Employer

8.2 The Employer will give performance feedback to the Employee after each quarterly and the annual assessment meetings.

8.3 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

8.4 At the end of the 4th quarter, the Executive Authority will determine if the Employee is eligible for a performance bonus as envisaged in his/her contract of employment based on the bonus allocation set out in clause 8.11 of this agreement.

8.5 The results of the annual assessment and the scoring report of the Employee for the purposes of bonus allocation, if applicable, will be submitted to the Executive Authority for a recommendation to the full Council.

8.6 A fully effective assessment score will render the Employee eligible to be considered for a performance related increase (pay progression) as envisaged in his/her contract of employment provided the Employee has completed at least 12 months continuous service with the Municipality at his/her current remuneration package on the 30th of June.

8.7 Personal growth and development needs identified during any performance assessment discussion, must be documented in the Employee's Personal Development Plan as well as the action steps and set time frames agreed to.

8.8 Despite the establishment of agreed intervals for assessment, the Employer may, in addition, review the Employee's performance at any stage while his/her contract of employment remains in force.

8.9 The Employer will be entitled to review and make reasonable changes to the provisions of Annexure "A" from time to time for operational reasons. The Employee will be fully consulted before any such change is made.

8.10 The provisions of Annexure "A" may be amended by the Executive Authority when the Municipality's performance management system is adopted, implemented and/or amended as the case may be subject to clause 5.3.

8.11 The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

8.11.1 A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator; provided that -

(a) a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and

(b) a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

9. OBLIGATIONS OF THE MUNICIPALITY

9.1 The Municipality will create an enabling environment to facilitate effective performance by the Employee.

9.2 The Employee will be provided with access to skills development and capacity building opportunities.

9.3 The Municipality will work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee.

9.4 The Municipality will make available to the Employee such resources including employees as the he/she may reasonably require from time to time to assist him/her to meet the performance objectives and targets established in terms of this Agreement; provided that it will at all times remain the responsibility of the Employee to ensure that he/she complies with those performance obligations and targets.

9.5 The Employee will, at his/her request, be delegated such powers by the Municipality as may in the discretion of the Municipality be reasonably required from time to time to enable him to meet the performance objectives and targets established in terms of this Agreement.

10. CONSULTATION

10.1 The Employer agrees to consult the Employee within a reasonable time where the exercising of the Employer's powers will –

10.1.1 have a direct effect on the performance of any of the Employee's functions;

10.1.2 commit the Employee to implement or to give effect to a decision made by the Employer;

10.1.3 have a substantial financial effect on the Municipality.

10.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 10.1 as soon as is practicable, to enable the Employee to take any necessary action without delay.

11. CONSEQUENCE OF UNACCEPTABLE OR POOR PERFORMANCE

The management of poor performance should be seen as a corrective process, focusing on addressing issues that led to poor performance related problems. The process to be followed in addressing poor performance of both the municipal manager and section 56 managers is contained in Regulations 16 of the Local Government: Disciplinary Regulations for Senior Managers and shall be adhered to.

11.1 Where the Employer is, at any time during the Employee's employment, not satisfied with the Employee's performance with respect to any matter dealt with in this Agreement, the Employer will give notice to the Employee to attend a meeting with the Employer.

11.2 The Employee will have the opportunity at the meeting to satisfy the Employer of the measures being taken to ensure that the Employee's performance becomes satisfactory in accordance with a documented programme, including any dates, for implementing these measures.

11.3 The Municipality will provide systematic remedial or developmental support to assist the Employee to improve his/her performance.

11.4 If, after appropriate performance counselling and having provided the necessary guidance and/or support as well as reasonable time for improvement in performance, the Employer holds the view that the performance of the Employee is not satisfactory, the Municipal Council will, subject to compliance with applicable labour legislation, be entitled by notice in writing to the Employee, to terminate the Employee's employment in accordance with the notice period set out in the his/her contract of employment.

11.5 Where there is a dispute or difference as to the performance of the Employee under this Agreement, the Parties will confer with a view to resolving the dispute or difference.

11.6 Nothing contained in this Agreement in any way limits the right of the Municipality to terminate the Employee's contract of employment with or without notice for any other breach by the Employee of his obligations to the Municipality or for any other valid reason in law.

12. DISPUTES

12.1 Any disputes about the nature of the **Employee's** performance agreement whether it relates to key responsibilities, priorities, methods of assessment and/or any other matter for, shall be mediated by-

12.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the **Employee**; or

12.1.2 Any other person appointed by the MEC

12.1.3 In the case of managers directly accountable to the municipal manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27 (4) (e) of the Municipal Performance Regulations 2006, within thirty (30) days of receipt of a formal dispute from the employee

whose decision shall be final on both parties.

12.2 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

13. GENERAL

13.1 The contents of this Agreement and the outcome of any review conducted in terms of Annexure "A" will not be confidential, and may be made available to the public by the Municipality, where appropriate.

13.2 Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

Signed at FORT BEAUFORT on this 14 day of JULY 2022

As Witnesses:

1. .....

.....
Ms U.T Malinzi
Municipal Manager

Signed at Fort Beaufort on this 14 day of JULY 2022

As Witnesses:

1. .....

.....
Councillor Z Rasmeni
Mayor

ANNEXURE A

MUNICIPAL MANAGER'S PERFORMANCE PLAN

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1. **Purpose**

The performance plan defines the Council's expectations of the Municipal Manager Performance agreement to which this document is attached and Section 57 (5) of the Municipal Systems Act, which provides that performance objectives and targets must be based on the key performance indicators as set in the Municipality's Integrated Development Plan (IDP) and SDBIP, as reviewed annually.

2. **Objective of Local Government**

The following objectives of Local Government informed the IDP of the Raymond Mhlaba Local Municipality and will inform the Municipal Manager's performance against set performance indicators.

2.1 Provide democratic and accountable government for local communities.

2.2 Ensure the provision of services to communities in a sustainable manner.

2.3 Promote social and economic development

2.4 Promote a safe and healthy environment

2.5 Encourage the involvement of communities and community organisations in the maters of local government

3. **Scorecard of the Municipal Manager**

3.1 The municipality approved the strategic objectives in the IDP of 2017-2022. The targets to achieve the objectives for the financial year 2022/2023 were defined in the approved SDBIP. The Municipal Manager is required to ensure that all targets, programmes and projects as committed on the IDP and SDBIP are delivered according to the commitments of the Executive Committee and Council.

A key principle is that owner departments must lead all the programmes allocated to them in the SDBIP, and ensure that contributor departments contribute, comply and report.

The scorecard of the Municipal Manager is made up of the following:

The Performance Plan set out:

a) Key Performance Areas that are employee should focus on, performance objectives, key performance indicators and targets that must be met within a specific timeframe;
b) Core competencies required from employees prescribed in the Performance Regulation for Municipal Managers and Managers Directly accountable to the Municipal Manager, R805 of 2006.

ZR PN

The employee's assessment will be based on his/ her performance in terms of the outputs/ outcomes (performance indicators) identified as per the performance plan which are linked to the National KPA's, which constitute 80% of the overall assessment result as per the weightings agreed to between the employer and employees.

KPA's covering the main areas of work will account for 80% and CCR's will account for 20% of the final assessment.

Key performance Areas (KPA's)	Weighting	Core Competency Requirements	Weighting
Municipal Transformation & Institutional Development		Strategic Direction and Leadership	
Basic Service Delivery		People Management	
Local Economic Development		Programme and Project Management	
Municipal Financial Viability & Management		Financial Management	
Good Governance & Public Participation		Change Leadership	
		Governance Leadership	
		Moral Competence	
		Planning and Organising	
		Analysis and Innovation	
		Knowledge and Information Management	
		Communication	
		Results and Quality focus	
Total	80%	Total	20%

The assessment of the performance of the employee will be based on the following rating scale for KPA's and CCRs

Category	Colour	Explanation
KPI's Not Met/ Unacceptable performance	1	Performance does not meet the standard expected for the job. The review/ assessment indicate that their employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.
KPI's Almost Met/ Not Fully Effective	2	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/ assessment indicate that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
KPI's Met/ Fully Effective	3	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
KPI's Well Met/ Performance significantly above expectations	4	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
KPI's Extremely Well Met/ Outstanding Performance	5	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.

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KPA 1: INSTITUTIONAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

KPA WEIGHT 15%

IDP REF	REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE 5 YEAR ANNUAL TARGET (2022-2027)	BUDGET 2022-2023	Qtr 1 Target	Qtr 1 Financial Target	Qtr 1 Audit evidence	Qtr 2 Target	Qtr 2 Financial Target	Qtr 2 Audit evidence	Qtr 3 Target	Qtr 3 Financial Target	Qtr 3 Audit evidence	Qtr 4 Target	Qtr 4 Financial Target	Qtr 4 Audit evidence	Custodian
KPI 1	IT 1	Human Resources	To ensure effective and efficient workforce by aligning institutional arrangements to the overall strategy to deliver quality services by 2027	Achievement of gender balance / representation in the workforce	Recruitment of women	Number of female representation from employment equity groups appointed in the Middle Management	55%	Quarterly report reflecting the number of female representation Appointment letters Employment Equity	65	13	4	N/A	Quarterly report reflecting the number of female representation Appointment letters Employment Equity	3	N/A	Quarterly report reflecting the number of female representation Appointment letters	3	N/A	Quarterly report reflecting the number of female representation Appointment letters Employment Equity	N/A	Quarterly report reflecting the number of female representation Appointment letters Employment Equity	Corporate Service
KPI 2	IT 2	Human Resources	To ensure effective and efficient workforce by aligning institutional arrangements to the overall strategy to deliver quality services by 2027	Achievement of representative workforce by having people living with disability in the RULM staff compliment	Recruitment of People Living with Disability	Number of people living with disability from employment equity groups employed in the Municipal Manager	0%	Quarterly report reflecting number of people living with disability recruited Appointment letters Employment equity	170	4	1	N/A	Quarterly report reflecting number of people living with disability recruited Appointment letters Employment equity	1	N/A	Quarterly report reflecting number of people living with disability recruited Appointment letters Employment equity	1	N/A	Quarterly report reflecting number of people living with disability recruited Appointment letters Employment equity	N/A	Quarterly report reflecting number of people living with disability recruited Appointment letters Employment equity	Corporate Service
KPI 3	IT 3	Human Resources	To ensure effective and efficient workforce by aligning institutional arrangements to the overall strategy to deliver quality services by 2027	Productive, effective and efficient workforce	Facilitate the workstudy exercise	Number of workstudy exercises conducted	Workstudy done	Quarterly report, Outcomes report approved by Council and implementation of recommendations	2	1	N/A	N/A	Quarterly report, Outcomes report approved by Council and implementation of recommendations	N/A	N/A	Quarterly report, Outcomes report approved by Council and implementation of recommendations	N/A	N/A	N/A	N/A	N/A	N/A	Corporate Service
KPI 4	IT 4	Human Resources	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Productive, effective and efficient workforce	Review of the organizational structure	Number of organizational structures reviewed	–	Reviewed organizational structure approved by Council	5	1	N/A	N/A	Draft list of inputs submitted to the Management	1 Draft organizational structure	N/A	1 Draft organization	1 Final organizational report		Reviewed organizational structure approved by Council	Corporate Service
KPI 5	IT 5	Human Resources	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Productive, effective and efficient workforce	Training and development of employees	Number of employees skills Plans (WSP) implemented	0	Quarterly report on the implementation of WSP	20	6	1	N/A	Quarterly report on the implementation of WSP	1	N/A	Quarterly report on the implementation of WSP	1	N/A	Quarterly report on the implementation of WSP	N/A	N/A	Quarterly report on the implementation of WSP	Corporate Service
KPI 6	IT 6	Human Resources	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Effective and efficient workforce	Coordinate training of councillors through WSP SALGA PROGRAMS. SALGA AMATHOLE District Municipality NGOs and other Sector Departments	Number of councillor trainings	41	Report reflecting councillor trainings	45	9	2	N/A	Report reflecting councillor trainings	3	N/A	Report reflecting councillor trainings	2	N/A	Report reflecting councillor trainings	N/A	N/A	Report reflecting councillor trainings	Corporate Service
KPI 7	IT 7	Human Resources	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Effective and productive workforce	Facilitate employee wellness	Number of wellness programmes facilitated	4	Quarterly reports on wellness programmes	20	4	1	N/A	Quarterly reports on wellness programmes	1	N/A	Quarterly reports on wellness programmes	1	N/A	Quarterly reports on wellness programmes	1	N/A	Quarterly reports on wellness programmes	Corporate Service
KPI 8	IT 8	Human Resources	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Enhanced good governance	Policy development and reviewal	Number of policy workshops facilitated	0	Approved policies Council Resolution	5	1	N/A	N/A	Signed list of policies to be presented to Management	N/A	N/A	Signed list of policies to be presented to Management	N/A	N/A	N/A	1	N/A	Approved policies by Council Council Resolution	Corporate Service
KPI 9	IT 9	Human Resources	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Road safety measures	Enhancement of fleet management	Number of municipal vehicle maintenance report	0	Quarterly comprehensive fleet report on a Fuel use, accidents controls and breaks downs	170	34	N/A	N/A	Quarterly comprehensive fleet report on a Fuel use, accidents controls and breaks downs	34	N/A	Quarterly comprehensive fleet report on a Fuel use, accidents controls and breaks downs	34	N/A	Quarterly comprehensive fleet report on a Fuel use, accidents controls and breaks downs	N/A	N/A	Quarterly comprehensive fleet report on a Fuel use, accidents controls and breaks downs	Corporate Service
KPI 10	IT 10	Information Communication Technology	To enhance technological advancement that ensures the implementation of the IDP by 2027	Enhanced good governance	Enhancement of IT governance	Number of ICT programmes implemented as to the functionality of the wans and municipal systems	0	Progress Reports Functional ICT steering committee minutes Committee resolution Matrix	20	4	1	N/A	Progress Reports Functional ICT steering committee minutes Committee resolution Matrix	1	N/A	Progress Reports Functional ICT steering committee minutes Committee resolution Matrix	1	N/A	Progress Reports Functional ICT steering committee minutes Committee resolution Matrix	1	N/A	Progress Reports Functional ICT steering committee with signed minute Committee resolution Matrix	Corporate Service
KPI 11	IT 11	Performance Management	To ensure a safe, friendly and sustainable environment by 2027	Community driven and responsive management	Conduct organizational assessments	Number of organizational performance assessments conducted	0	Quarterly organizational performance reports	20	4	1	N/A	Quarterly organizational performance reports	1	N/A	Quarterly organizational performance reports	1	N/A	Quarterly organizational performance reports	1	N/A	Quarterly organizational performance reports	Strategic Planning and LED
KPI 12	IT 12	Township Economy	To ensure a safe, friendly and sustainable environment by 2027	Productive development	Development of Rural and Township Economy strategy	Number of Developed Township Economy Strategy	0	Concept documents, Report on roll out plans	1	N/A	N/A	N/A	N/A	N/A	N/A	Draft Township Economy Strategy	1	N/A	Draft Township Economy Strategy	1	N/A	Approved Township Economy Strategy	Strategic Planning and LED
KPI 13	IT 13	Waste Management	To ensure a safe, friendly and sustainable environment by 2027	Clean environment	Develop the Integrated Waste Management Plan	Number of Developed Integrated Waste Management Plan (IWMP)	0	Approved IWMP	1	1	N/A	N/A	N/A	1 Draft IWMP	N/A	1 Draft IWMP	1		Approved IWMP	Community Services
KPI 14	IT 14	Environmental Health	To ensure a safe, friendly and sustainable environment by 2027	Safe environment	Develop Environmental Management Plan	Number of Developed Environmental Management Plan (EMP)	0	Approved EMP	1	1	N/A	N/A	N/A	1 Draft EMP	N/A	1 Draft EMP	1		Approved EMP	Community Services
KPI 15	IT 15	Safety and Security	To ensure effective and efficient workforce by 2027	Safe environment	Develop an Institutional security risk plan	Number of Developed Security Risk Plan	0	Approved Security risk plan	1	1	N/A	N/A	N/A	1 Draft Security Plan	N/A	1 Draft Security Plan	1		Approved Security Plan	Community Services
KPI 16	IT 16	Disaster and Risk Management	To ensure effective and efficient workforce by 2027	Safe environment	Implement Security Risk Plan	Number of security programmes implemented	New indicator	Quarterly Report on security risk assessment,	20	4	1	N/A	Quarterly Report on security risk assessment,	1	N/A	Quarterly Report on security risk assessment,	1	N/A	Quarterly Report on security risk assessment,	1	N/A	Quarters Report on security risk assessment	Community Services
KPI 17	IT 17	Advertising	To ensure effective and efficient workforce by 2027	Road safety	Development of Billboard policy	Number of Developed Billboard Policy	New indicator	Approved Billboard policy	1	1	N/A	N/A	N/A	1 Draft Billboards Policy	N/A	1 Draft Billboards Policy	1		Approved Billboard Policy	Community Services
KPI 18	IT 18	Cemetery	To ensure effective and efficient workforce by 2027	Complied burial sites	Development of Cemetery policy	Number of Developed Cemetery Policy	New indicator	Approved Cemetery Policy	1	1	N/A	N/A	N/A	1 Draft Cemetery Policy	N/A	1 Draft Cemetery Policy	1		Approved Cemetery Policy	Community Services
KPI 19	IT 19	Environmental Health	To ensure effective and efficient workforce by 2027	Effective land use	Review of Spatial Development Framework (SDF)	Number of Reviewed Spatial Development Framework (SDF)	0	Approved SDF	1	1	N/A	N/A	N/A	1 Draft SDF	N/A	1 Draft SDF	1		Approved SDF	Engineering Services
KPI 20	IT 20	Land Use Management	To ensure effective and efficient workforce by 2027	Effective land use	Development of Land Use Scheme	Number of Developed Land Use Scheme	0	Approved Land Use Scheme	1	1	N/A	N/A	N/A	1 Draft land use scheme	N/A	1 Draft land use scheme	1	N/A	Approved Land Use Scheme	Engineering Services
KPI 21	IT 21	Land and Human Settlements	To ensure effective and efficient workforce by 2027	Effective land use	Develop an Encroachment Plan	Number of Developed Encroachment Plan	New indicator	Approved Encroachment Plan			N/A	N/A	N/A	N/A	N/A	1 Draft encroachment plan	N/A	N/A	1 Draft encroachment plan	1	N/A	Approved Encroachment Plan	Engineering Services
KPI 22	IT 22	Land and Human Settlements	To ensure effective and efficient workforce by 2027	Effective land use	Development and reviewing of Housing Sector Plan	Number of Developed Housing Sector Plan	0	Approved Housing Sector Plan	1	1	N/A	N/A	N/A	N/A	N/A	N/A	1	N/A	1 Draft housing sector plan	1	N/A	Approved Housing Sector Plan	Engineering Services

KPA 2: BASIC SERVICE DELIVERY

IDP REF	REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE 5 YEAR ANNUAL TARGET (2022-2027)	BUDGET 2022-2023	Qtr 1 Target	Qtr 1 Financial Target	Qtr 1 Audit evidence	Qtr 2 Target	Qtr 2 Financial Target	Qtr 2 Audit evidence	Qtr 3 Target	Qtr 3 Financial Target	Qtr 3 Audit evidence	Qtr 4 Target	Qtr 4 Financial Target	Qtr 4 Audit evidence	Custodian

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KPI REF	SDD No.	To ensure adequate efficient, sustainable environment by 2027	Orderly Development	Approval of Land Use Applications	Percentage of Approved Conducive Land Use Applications	%100	Quarterly report, list of land use applications	100%			Quarterly report, list of land use applications	100%			Quarterly report, list of land use applications	100%			Quarterly report, list of land use applications received	Economic Planning and Development	Economic Planning and Development
KPI 45	SDD 23	To ensure Adequate, efficient, sustainable energy supply and infrastructure by 2027	Health, social and economic planning for Basic Services	Implementation of MIG projects	Percentage MIG Capital projects implemented	%100	Quarterly reports, progress reports, expenditure report	100%	25%		Quarterly reports, progress reports, expenditure report	25%			Quarterly reports, progress reports, expenditure reports	75%			Quarterly reports, progress reports, verification reports, pictures	Economic Planning and Development	Economic Planning and Development
KPI 46	SDD 24	To ensure adequate efficient, sustainable energy supply and infrastructure by 2027	Free Basic Services	Review indigent register	Percentage of developing indigents awarding	%100	1 Updated indigent register	90%	90%	100%	N/A	100%	N/A	N/A	Updated indigent register with 100% of new applications processed	100%	N/A		Updated indigent register with 100% of new applications processed	Budget and Treasury	Budget and Treasury

IDP REF	REF	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE ANNUAL TARGET (2022-2027)	BUDGET	Qtr 1 Audit evidence	Qtr 1 Target	Qtr 1 Financial target	Qtr 2 Audit evidence	Qtr 2 Target	Qtr 2 Financial target	Qtr 3 Audit evidence	Qtr 3 Target	Qtr 3 Financial target	Qtr 4 Audit evidence	Qtr 4 Target	Qtr 4 Financial target	Qtr 4 Audit evidence	Custodian
									KEA 3: LOCAL ECONOMIC DEVELOPMENT														
		PRIORITY AREA		KEA 2: WEIGHT 15%																			
KPI 47	LED 1	To ensure sustainable Local Economic Development by 2027	Economically active communities	Job creation through LED initiatives	Number of jobs created through LED initiatives	500	Quarterly report, Contracts of people employed	250	50	Quarterly reports Contracts of people employed	13		Quarterly reports Contracts of people employed	13		Quarterly reports Contracts of people employed	13		Quarterly reports Contracts of people employed	15		Quarterly reports, Contracts of people employed	Strategic Planning & LED
KPI 48	LED 2	To ensure sustainable Local Economic Development by 2027	Economically active communities	Job creation through EPWP Projects	Number of jobs created through EPWP Programme	500	Quarterly reports Contracts of people employed	500	100	Quarterly report, Contracts of people employed	25		Quarterly reports Contracts of people employed	25		Quarterly reports Contracts of people employed	25		Quarterly reports Contracts of people employed	25		Quarterly reports, Contracts of people employed	Strategic Planning and Services
KPI 49	LED 3	To ensure sustainable Local Economic Development by 2027	Economically active communities	Job creation through CWP	Number of jobs created through CWP Programme	500	Quarterly reports Contracts of people employed	500	100	Quarterly report, Contracts of people employed	25		Quarterly report, Contracts of people employed	15		Quarterly report, Contracts of people employed	15		Quarterly report, Contracts of people employed	15		Quarterly report, Contracts of people employed	Strategic Planning and Services
KPI 50	LED 4	To ensure sustainable Local Economic Development by 2027	Improved economic growth and development of SDM area	Initiate and support economic (Heritage Ruby Christmas in July Games Festival and Heritage Month Celebrations)	Number of economic activities supported	New Indicator	Quarterly reports	50	10	3	Quarterly report,	2		Quarterly report,	3		Quarterly report,	2		Quarterly report,		Strategic Planning & LED
		SMMEs																					
KPI 51	LED 5	To ensure sustainable Local Economic Development by 2027	Improved economic growth and development of SDM area	Provide Support to SMMEs (Training Technical Support Financial based on their needs)	Number of SMMEs supported by the end of June	0	Quarterly reports Attendance Register, Proof of Payment, Technical Report.	50	10	3	Quarterly report Attendance registers for the participants Agenda Proof of payment Technical Report.	2		Quarterly report Attendance Register, Proof of support, Technical Report	3		Quarterly report Feed back from the participants Attendance Register, Proof of support, Technical Report	2		Quarterly report, Feed back from the participants Attendance Register, Proof of support, Technical Report	Strategic Planning & LED
		Tourism																					
KPI 52	LED 6	To ensure sustainable Local Economic Development by 2027	Planned tourism destination	Promotion of local tourism (printing and production of brochures)	Number of tourism products/ programmes supported	New Indicator	Quarterly reports Brochure Developed Delivery Note	12	2	N/A	N/A	1	Quarterly reports Brochure Developed Delivery Note	1		Quarterly reports Brochure Developed Delivery Note	1		Quarterly reports Brochure Developed Delivery Note	N/A	N/A	N/A	Strategic Planning & LED
		Heritage Tourism Destination																					
KPI 53	LED 7	To ensure sustainable Local Economic Development by 2027	Promote green economy, Trade and Investment	Operationalize Heritage Site programme	Number of plants to be given over to the beneficiation programmes to create jobs	New Indicator	1) Concept document, 2) Attendance Register and Out plants	5	1	N/A	N/A	N/A	N/A	N/A	1	1) Concept documents, 2) Attendance register and Out plants	1	N/A	N/A	N/A	N/A	Strategic Planning & LED
		Agriculture																					
KPI 54	LED 8	To ensure sustainable Local Economic Development by 2027	Promotion of agriculture products	Promotion of agriculture products	Number of functional Fresh produce markets	New Indicator	Quarterly report on production and sales	5	1	N/A	N/A	1	N/A	N/A	1	Quarterly report on production and sales	N/A	N/A	N/A	N/A	N/A	N/A	Strategic Planning & LED

IDP REF	REF	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE ANNUAL TARGET (2022-2027)	BUDGET	Qtr 1 Audit evidence	Qtr 1 Target	Qtr 1 Financial target	Qtr 2 Audit evidence	Qtr 2 Target	Qtr 2 Financial target	Qtr 3 Audit evidence	Qtr 3 Target	Qtr 3 Financial target	Qtr 4 Audit evidence	Qtr 4 Target	Qtr 4 Financial target	Qtr 4 Audit evidence	Custodian
									KEA 4: MUNICIPAL FINANCIAL VIABILITY														
		PRIORITY AREA		KEA 4: WEIGHT 15%																			
KPI 56	MFV 1	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Increased revenue collection to enhance efficient	To improve revenue collection	Percentage of total collection on outstanding debts	%00	80%	70%	70%	Quarterly collection report	70%	39 156 955.80	Quarterly collection report	70%	39 156 955.80	Quarterly collection report	70%	39 156 955.80	Quarterly collection report	70%	39 156 955.80	Quarterly collection report	Budget and Treasury
		Expenditure Management																					
KPI 57	MFV 2	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Full spent of conditional grants to sustain service delivery	Spending of 100% MIG operational grant	Percentage spent on MIG operational grant	%100	1. Quarterly reports 2. System Generated Report	100%	25%	R25 500 00	42%	1 187 500 00	Quarterly reports System Generated Report	72%	2 685 500 00	Quarterly reports System Generated Report	72%	2 685 500 00	Quarterly reports, System Generated Report	100%	2 850 000 00	Quarterly reports, System Generated Report	Budget and Treasury
KPI 58	MFV 3	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Full spent of conditional grants to sustain service delivery	Spending of 100% MIG grant	Percentage spent on MIG Capital grant	%100	1. Quarterly reports 2. System Generated Report	100%	25%		50%		Quarterly reports System Generated Report	75%		Quarterly reports System Generated Report	100%		Quarterly reports, System Generated Report	100%		Quarterly reports, System Generated Report	Budget and Treasury
KPI 59	MFV 4	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Full spent of conditional grants to sustain service delivery	Spending of 100% INEP Capital grant	Percentage spent on INEP Capital grant	%100	1. Quarterly reports 2. System Generated Report	100%	25%		100%		Quarterly reports System Generated Report	N/A	N/A	Quarterly reports System Generated Report	N/A	N/A	N/A	N/A	N/A	N/A	Budget and Treasury
KPI 60	MFV 5	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Full spent of conditional grants to sustain service delivery	Spending of 100% EPWP grant	Percentage spent of EPWP grant	%100	1. Quarterly reports 2. System Generated Report	100%	45%		72%		Quarterly reports System Generated Report	72%		Quarterly reports System Generated Report	82%		Quarterly reports System Generated Report	100%		Quarterly reports System Generated Report	Budget and Treasury
		Revenue Management																					
KPI 61	MFV 6	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Payment of valid invoices within 30 days of invoice date	Payment of valid invoices within 30 days of invoice date	Percentage of valid invoices paid within 30 days of invoice date	New Indicator	Creditors Age Analysis	100%	100%	N/A	100%	N/A	Quarterly report Creditors Age Analysis	100%	N/A	Quarterly report, Creditors Age Analysis	100%	N/A	Quarterly report, Creditors Age Analysis	100%	N/A	Quarterly report, Creditors Age Analysis	Budget and Treasury
KPI 62	MFV 7	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Improved supply chain management	Development and review of Procurement plan	Number of procurement plans developed	New Indicator	Developed Procurement implementation reports	5	1	2	N/A	(1 Procurement plan Developed and Implementation	N/A	1	Procurement implementation report	1	N/A	Procurement implementation report	1	N/A	Procurement implementation report	Procurement implementation report	Budget and Treasury
KPI 63	MFV 8	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Improved financial management	Reduction of Unauthorized, Wasteful and Fruitless expenditure	Percentage of cost containment measures implemented	%00	Quarterly reports with supporting evidence (Base line PY vs CY)	50%	50%	N/A	50%	N/A	Quarterly reports with supporting evidence (Base line PY vs CY)	50%	N/A	Quarterly reports with supporting evidence (Base line PY vs CY)	50%	N/A	Quarterly reports with supporting evidence (Base line PY vs CY)	50%	N/A	Quarterly reports with supporting evidence (Base line PY vs CY)	Budget and Treasury
		Supply Chain Management																					
KPI 64	MFV 9	To ensure the sustainable Local Economic Development by 2027	Improved local economy Raymond Mhlaba	Tenders below R200 000 awarded to local SMME's and Vulnerable groups	Percentage of tenders below R200 000 awarded to local SMME's and Vulnerable groups	%00	Quarterly reports, List of tenders awarded to local SMME's and Vulnerable groups	90%	70%	N/A	70%	N/A	Quarterly reports List of tenders awarded to local SMME's and Vulnerable groups	70%	N/A	Quarterly reports, List of tenders awarded to local SMME's and Vulnerable groups	70%	N/A	Quarterly reports, List of tenders awarded to local SMME's and Vulnerable groups	70%	N/A	Quarterly reports, List of tenders awarded to local SMME's and Vulnerable groups	Budget and Treasury
KPI 65	MFV 10	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Improved local economy of Raymond Mhlaba	Total tenders above R200 000 awarded to local SMME's and vulnerable groups	Percentage of tenders above R200 000 awarded to local SMME's and Vulnerable groups	%00	Quarterly reports, List of tenders awarded to local SMME's and Vulnerable groups	40%	35%	35%	N/A	Quarterly reports List of tenders awarded to local SMME's and Vulnerable groups	35%	N/A	Quarterly reports List of tenders awarded to local SMME's and Vulnerable groups	30%	N/A	Quarterly reports, List of tenders awarded to local SMME's and Vulnerable groups	35%	N/A	Quarterly reports, List of tenders awarded to local SMME's and Vulnerable groups	Budget and Treasury
		Management																					
KPI 66	MFV 11	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Safeguarding of municipal assets	Development and implementation of Annual Asset Management Plan	Number of approved Annual Asset Management Plan	New Indicator	Approved Annual Asset Management Plan, Quarterly progress report on implementation of asset plan	5	1	1	N/A	Approved Annual Asset Management Plan	1	N/A	Quarterly progress report on the implementation of asset plan	1	N/A	Quarterly progress report on the implementation of asset plan	1	N/A	Quarterly progress report on the implementation of asset plan	Budget and Treasury

IDP REF	REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE 5 YEAR ANNUAL TARGET (2022-2027)	BUDGET 2022-2023	Qtr. 1 Target	Qtr. 1 financial target	Qtr. 1 Audit evidence	Qtr. 2 Target	Qtr. 2 financial target	Qtr. 2 Audit evidence	Qtr. 3 Target	Qtr. 3 financial target	Qtr. 3 Audit evidence	Qtr. 4 Target	Qtr. 4 financial target	Qtr. 4 Audit evidence	Custodian
		KPA 1: GOOD GOVERNANCE AND PUBLIC PARTICIPATION																					
KPI 67	NKPI 13	Municipal Transformation and Institutional Development	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Clean and conducive environment	Procurement of stock bins	Number of stock bin acquired	New indicator	Expenditure Reports Pictures Delivery note	20	4	N/A	N/A	N/A	2		Expenditure Reports Pictures Delivery note	1		Expenditure Reports Pictures Delivery note	1	N/A	Expenditure Reports Pictures Delivery note	Community Services
KPI 68	NKPI 14	Municipal Transformation and Institutional Development	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Clean governance	Compliance with GRAP standards	Number of GRAP Compliant Asset Register	1	Asset Register	5	1	1	N/A	N/A	1	N/A	Quarterly Reports on management of institutional assets (Loss register and asset verification reports)	1	N/A	Quarterly reports on management of institutional assets	1	N/A	Quarterly Reports on management of institutional assets (Loss register and asset verification reports)	Budget and Treasury
KPI 69	GDP 1	Governance	To entrench the culture of good governance by 2027	Improved Audit Opinion	Reduction of AG SA findings	Percentage of recurring findings Worsted since 2021	2020/2021 Management letter	Management report and audit action plan Internal Audit assessment report	100%	100%	N/A	N/A	Management report and audit action plan Internal Audit assessment report	100%	N/A	Management report and audit action plan Internal Audit assessment report	100%	N/A	Management report and Audit action plan Internal Audit assessment report	100%	N/A	Management report and Audit action plan Internal Audit assessment report	Budget and Treasury
KPI 70	GDP 2	Governance	To entrench the culture of good governance by 2027	Improved Audit Opinion	Improved Audit opinion	Number of unqualified audit opinions received from the auditor general	New indicator	Audit report issued by Auditor General	5	1	N/A	N/A	Audit report issued by Auditor General	N/A	Unqualified audit opinion	Audit report issued by Auditor General	Implementation of the Audit Action Plan	N/A	Progress report on the implementation of Audit Action Plan verified by Internal Audit.	Implementation of the Audit Action Plan	N/A	Progress report on the implementation of Audit Action Plan verified by Internal Audit.	Budget and Treasury
KPI 71	GDP 3	Governance	To entrench the culture of good governance by 2027	Proper governance	Assist Councillors to declare their financial interests	Number of councillors who have declared their financial interests	New indicator	Signed declaration forms	45	45	N/A	N/A	Signed declaration forms	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Strategic Planning & LED
KPI 72	GDP 4	Governance	To entrench the culture of good governance by 2027	Clean governance	Reduction of Internal Audit Findings	Percentage of internal audit recommendations implemented	100%	Quarterly Report, Internal Audit Report Matrix, Internal Audit Assessment Report	100%	100%	N/A	N/A	Quarterly Report, Internal Audit Report Matrix, Internal Audit Assessment Report	N/A	N/A	Quarterly Report, Internal Audit Report Matrix, Internal Audit Assessment Report	100%	N/A	Quarterly Report, Internal Audit Report Matrix, Internal Audit Assessment Report	100%	N/A	Quarterly Report, Internal Audit Report Matrix, Internal Audit Assessment Report	Strategic Planning & LED
KPI 73	GDP 5	Governance	To entrench the culture of good governance by 2027	Clean governance	Implementation of AC resolutions	Percentage of AC resolutions implemented	100%	Quarterly Report, AC resolution matrix, Assessment Report	100%	100%	N/A	N/A	Quarterly Report, AC resolution matrix,	100%	N/A	Quarterly Report, AC resolution matrix,	100%	N/A	Quarterly Report, AC resolution matrix,	100%	N/A	Quarterly Report AC resolution matrix, Assessment Report from IA	Strategic Planning & LED
KPI 74	GDP 6	Governance	To entrench the culture of good governance by 2027	Clean governance	Conduct Annual Risk Assessment	Number of risk assessment conducted	Y	Risk assessment report, Attendance Register	5	1	Risk assessment	N/A	Risk assessment report, Attendance Register	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Strategic Planning & LED
KPI 75	GDP 7	Public Participation	To improve the municipal responsiveness to service delivery breakdowns by 2027	An efficient responsive and accountable to resolve customer complains	Attending to customer complaints	Percentage of official complaints attended to through the municipal complaint management system	New indicator	Quarterly reports, Reconciliation of complaints received and attended to	100%	100%	100%	N/A	Quarterly reports Reconciliation of complaints received and attended to	100%	N/A	Quarterly reports Reconciliation of complaints received and attended to	100%	N/A	Quarterly reports Reconciliation of complaints received and attended to	100%		Quarterly reports Reconciliation of complaints received and attended to	Strategic Planning & LED
KPI 76	GDP 8	Public Participation	To improve the municipal responsiveness to service delivery breakdowns by 2027	Meaningful community engagements	Attending to Customer complaints	Number of average days on responding to complaints received	n	Quarterly Report, System Generated report on number of days taken to respond	3	3	3 days	N/A	Quarterly Report, System Generated report on number of days taken to respond	3 days	N/A	Quarterly Report, System Generated report on number of days taken to respond	3 days	N/A	Quarterly Report, System Generated report on number of days taken to respond	3 days	N/A	Quarterly Report, System Generated report on number of days taken to respond	Strategic Planning & LED
KPI 77	GDP 9	Public Participation	To improve community participation by 2027	Meaningful community engagements	Strengthen Participation (Mayors Imbizo, Ward committee Road shows) IDP	Number of community consultations conducted	Y	Quarterly reports Attendance Register (Delivery Note or order for digital platforms)	20	4	N/A	N/A	Quarterly reports Attendance Register	N/A	1 IDP/AC meetings and 1 Mayors imbizo	Quarterly reports Attendance Register (Delivery Note or order for digital platforms)		N/A		1 IDP Budget Roadshows	N/A	Quarterly reports Attendance Register (Delivery Note or order for digital platforms)	Strategic Planning & LED
KPI 78	GDP 10	Public Participation	To improve community participation by 2027	Meaningful community engagements	Promote effective ward committee system	Percentage of wards that have held at least one councillor-convened community meeting	New indicator	Quarterly reports Attendance Register	100%	100%	100%		Quarterly reports Attendance Register	100%		Quarterly reports Attendance Register	100%	N/A	Quarterly reports Attendance Register	100%		Quarterly reports Attendance Register	Strategic Planning & LED
KPI 79	GDP 11	Intergovernmental Relations	To improve information sharing to communities in the interest RIM	Informed communities	Development of communication plans	Number communication plans developed	-	Developed communication plan	5	1	1	N/A	Developed communication plan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Strategic Planning & LED
KPI 80	GDP 12	Intergovernmental Relations	To improve information sharing to communities in the interest RIM by 2027	Informed communities	Implementation of communication plan	Number of communication programs implement as per the Communication Plan	61	Quarterly reports Pictures Copy of the publication	20	4	1	N/A	Quarterly reports Pictures Copy of the publication	1	N/A	Quarterly reports Pictures Copy of the publication	1	N/A	Quarterly reports Pictures Copy of the publication	1	N/A	Quarterly reports Pictures Copy of the publication	Strategic Planning & LED
KPI 81	GDP 13	Intergovernmental Relations	To maintain a healthy branded stand	Improved brand visibility	To improve brand visibility	Number of Municipal profiles developed	New indicator	Quarterly Report Developed Municipal Profile	5	1	N/A	N/A	N/A	1	N/A	N/A	1	N/A	Quarterly Report Developed Municipal Profile	N/A	N/A	N/A	Strategic Planning & LED
KPI 82	GDP 14	Intergovernmental Relations	To ensure proper governance and accountability by 2027	Proper governance	To promote the functionality of IGR Structures	Number of IGR meetings convened	62	Quarterly reports Attendance Register Cluster reports (6) Resolution Matrix	20	4	1		1	Quarterly reports Attendance Register Cluster reports		1	Quarterly reports Attendance Register Cluster reports	1 (Inaugural Cricket Tournament)		1		1	Quarterly reports Attendance Register Cluster reports (6) Resolution Matrix	Strategic Planning & LED
KPI 83	GDP 15	Sport	To entrench social cohesion through vulnerable groups by 2027	Increased social cohesion	Promote sport development (Tournaments, Ward games, Mayors cup, Heritage Day event, Netball tournament, Rugby tournament)	Number of sport programmes implemented	n	Quarterly reports Expenditure Report Feed back forms on training	20	4	1 Interhigh Rugby Tournament		Quarterly reports Expenditure Report Feed back forms on training	1 (Athletics games)		Quarterly reports Expenditure Report, Feed back forms on training	1 (Independence games)		Quarterly reports Expenditure Report, Feed back forms on training	1 (Independence games)		Quarterly reports, Expenditure Report, Feed back forms on training	Strategic Planning & LED
KPI 84	GDP 16	Special Programmes	To entrench social cohesion through vulnerable groups by 2027	Mainstreamed social programmes	Development of SP programmes Model	Number Special programmes (SP) model developed	New indicator	Quarterly Report, Developed SP Model	5	1	1	N/A	Quarterly Report, Developed SP Model	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Strategic Planning & LED
KPI 85	GDP 17	Special Programmes	To entrench social cohesion through vulnerable groups by 2027	Mainstreamed social programmes	Implementation of SP programmes (Back to school, Golden Games, Exhibition, Golden games, Commemoration of 16 days of activism, child protection week, 16 Days of Activism, Breakfast with Elderly day celebrations)	Number of vulnerable groups programme implemented	4	Quarterly reports Attendance Register Expenditure report	20	5	2		Quarterly reports Attendance Register Expenditure report	1		Quarterly reports, Attendance Register Expenditure report	1		Quarterly reports Attendance Register Expenditure report	1		Quarterly reports Attendance Register Expenditure report	Strategic Planning & LED
KPI 86	GDP 18																						
KPI 87	GDP 19																						

KPI 65	GGP 17	Law enforcement	To ensure proper governance accountability and public participation by 2027	Enhanced law enforcement	Law and order enforced	Number of by-laws developed and promulgated	10	Quarterly reports with supporting evidence	10	2	Identification of By-laws to be developed and reviewed	N/A	Signed Situational Analysis Report	N/A	N/A	N/A	Public Consultations on 2 By-laws	N/A	Report, Attendance Registers	Submit 2 By-Laws for Promulgation	N/A	Advert, Council Resolution, Proof of submission to COGTA	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing

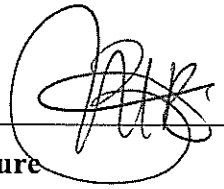
I ..UNATH THOLEKA MALINZI..... hereby accept this plan as a basis of monitoring and evaluating my performance during the 2022/2023 financial year. I accept that the indicators and targets as presented in the performance plan are accurate and that I have been given the opportunity to provide inputs in their development.

Signature

14/07/2022

Date

I ..ZINGISWA RAYMENY..... the Mayor of Raymond Mhlaba Local Municipality approve the performance Plan in terms of the requirements of the Local Government: Municipal Planning and Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers of 2006.



Signature

14/07/2022

Date

ANNEXURE B

PERSONAL DEVELOPMENT PLAN

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Skills Performance Gap	Outcomes Expected	Suggested training and/or development activity	Suggested mode of delivery	Suggested Time Frames	Work opportunity created to practice skill/development area	Support Person
1.						
2.						
3.						

Signed and accepted by the Employee

14/07/2022

Date

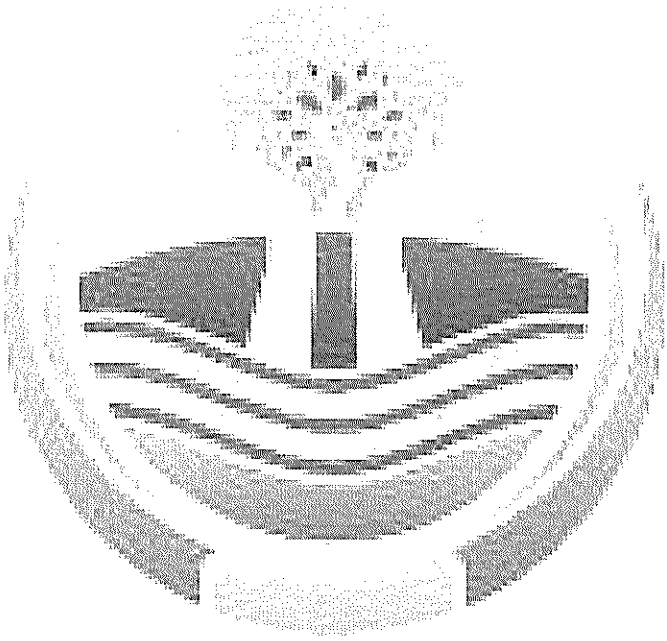
Signed by the Mayor on behalf of the Municipality

14/07/2022

Date

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN



KGOSIENTSHO RAYMOND MHLABA

AND

[illegible]

ZP MN KD

AYMOND MHLABA LOCAL MUNICIPALITY AS
EPRESENTED BY THE MUNICIPAL MANAGER,

UNATHI THOLEKA MALINZI

AND

MVELELI NGXOWA

THE EMPLOYEE OF THE MUNICIPALITY

FOR THE PERIOD 1 JULY 2022 TO 30 JUNE 2023

ZQ JM KD
MN

PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The RAYMOND MHLABA Municipality herein represented by Unathi Tholeka Malinzi **in her capacity as THE MUNICIPAL MANAGER** (hereinafter referred to as the **Employer** or **Supervisor)**

And Mveleli Ngxowa Employee of the Municipality (hereinafter referred to as the **Employee**).

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

1.1 **The** Employer **has entered into a contract of employment with the Employee in terms of section 57 (1) (a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act") as amended. The** Employer **and the** Employee **are hereinafter referred to as "the Parties".**

1.2 Section 57(1) (b) of the Systems Act, read with the Contract of Employment concluded between the Parties; require the Parties to conclude an annual performance agreement.

1.3 The Parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the **Employee** to a set of outcomes that will secure local government policy goals.

1.4 The Parties wish to ensure that there is compliance with Sections 57(4A), (4B) and (5) of the Systems Act.

1.5 In this Agreement the following words will have the meaning ascribed thereto:

"this Agreement" - means the performance agreement between the **Employer** and the **Employee** and the annexures thereto.

"the Executive Authority" - means the Mayoral Committee/ Executive Committee of the Municipality constituted in terms of Section 55 of the Local Government: Municipal Structures Act as represented by its chairperson, the Mayor.

"the Director" – means the Head of Department directly accountable to the Municipal Manager in terms of Section 56(a) of the Local Government: Municipal Systems Act, No 32 of 2000.

the Municipal Manager" – means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, No. 117 of 1998.

"the Municipality" – means the **Raymond Mhlaba Local Municipality**

"the Parties" - means the **Employer** and the **Employee**.

2. PURPOSE OF THIS AGREEMENT

2.1 The parties agree that the purposes of this Agreement are to:

2.1.1. comply with the provisions of Section 57(1)(b), (4A), (4B) and (5) of the Systems Act as well as the contract of employment entered into between the Parties;

2.1.2. specify objectives and targets established for the Employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;

2.1.3. specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;

2.1.4. monitor and measure performance against targeted outputs and outcomes;

2.1.5. use the performance agreement as the basis for assessing whether the employee has met performance expectations applicable to his or her job;

2.1.6. appropriately reward the employee in accordance with the Municipality's performance management policy in the event of outstanding performance;

2.1.7. establish a transparent and accountable working relationship; and

2.1.8. give effect to the Municipality's commitment to a performance-orientated relationship with its Employee in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

3.1 Notwithstanding the date of signature this Agreement will commence on the 1st of July 2022 and will remain in force until 30 June 2023 thereafter a new Performance Agreement, Performance Plan and Personal Development Plan shall be concluded between parties for the next period or any portion thereof.

3.2 The Parties will review the provisions of this Agreement during every year. The Parties will conclude a new performance agreement including a Performance Plan and Personal Development Plan that replaces this Agreement after at least once a year or by not later than July 31, each year.

3.3 The payment of the performance bonus is determined by the performance score obtained during the 4th quarter annual performance assessment as informed by the quarterly performance assessments. Should the Employee be entitled to a bonus, this will be paid out after approval by Council and not later than sixty (60) days thereafter in the Employee's salary for a month that shall be applicable.

3.4 The payment of a performance bonus for the year in which the Employee's contract of employment expires will be done as set out in clause 3.3 and the bonus so determined will be paid to the Employee on the last day of his/her employment or not later than 30 days thereafter.

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In the event of the Employee commencing or terminating her services with the Municipality during the validity period of this Agreement, the Employee's performance for the portion of the period referred to in clause 3.1 during which he was employed, will be evaluated and he will be entitled to a pro rata performance bonus based on his evaluated performance and the period of actual service.

3.6 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon by the Parties.

3.7 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

3.8 This Agreement will terminate on the termination of the Employee's contract of employment for any reason.

4. PERFORMANCE OBJECTIVES

4.1 The Performance Plan in **Annexure A** sets out:

4.1.1 the performance objectives and targets which must be met by the Employee; and

4.1.2 the time frames within which those performance objectives and targets must be met.

4.2 The Personal Development Plan in **Annexure B** sets out the Employee's personal developmental requirements in line with the objectives and targets of the Municipality.

4.3 The Core Management Competencies reflected sets out those management skills regarded as critical to the position held by the Employee.

4.4 The performance objectives and targets reflected in **Annexure A** are set by the Municipality in consultation with the Employee and based on the Integrated Development Plan and the budget of the Municipality, and include key objectives, key performance areas, target dates and weightings.

4.5 The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the time frame in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.

4.6 The Employee's performance will, in addition, be measured in terms of contributions to the development objectives and strategies set out in the Municipality's Integrated Development Plan.

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PERFORMANCE MANAGEMENT SYSTEM

5.1 The Employee agrees to participate in the performance management system that the Municipality adopts or introduces for the municipal management and municipal staff of the Municipality.

5.2 The Employee accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the municipal management and municipal staff to perform to the standards required.

5.3 The Employer will consult the Employee about the specific performance standards that will be included in the performance management system as applicable to the Employee.

5.4 The Employee undertakes to actively focus towards the promotion and implementation of his/her Key Performance Areas as set out in **Annexure A** including special projects relevant to the Employee's responsibilities within the local government framework.

6. PERFORMANCE ASSESSMENT

6.1 The performance of the Employee will be assessed against the outputs and outcomes achieved in terms of his/her Key Performance Areas (KPAs) as fully described in Annexure A and his/her Core Management Competencies (CMCs) determined at the commencement of this Agreement with a weighting of 80:20 allocated to the KPAs and CMCs respectively. Therefore the KPAs that refer to the main tasks of the Employee account for 80% of his/her assessment while the CMCs make up the other 20% of the Employee's assessment score.

6.2 The weightings agreed to in respect of the Employee's KPAs attached as Annexure A are set out in the table below:

KEY PERFORMANCE AREAS (KPAS) (80%)	WEIGHT
KPA 1: Institutional Development and Transformation	
KPA 2: Service Delivery and Infrastructure Provision	10
KPA 3: Local Economic Development	
KPA 4: Financial Viability and Management	60
KPA 5: Good Governance and Public Participation	30
Total	100

The weightings agreed to in respect of the CMCs considered most critical for the Employee's position and further defined in Annexure C are set out in the table below:

Competency Requirements from Regulations (2014): 20%					
CORE COMPETENCY FRAMEWORK FOR SENIOR MANAGERS					
CORE COMPETENCIES		Achievement Levels	Weight	HOD's Achievement Level	Municipal Managers Score Level
Strategic Direction and Leadership	◦ Impact and Influence	Basic	8.4		
	◦ Institutional Performance Management	Competent			
	◦ Strategic Planning and Management	Advanced			
	◦ Organisational Awareness	Superior			
People Management	◦ Human Capital Planning and Development	Basic	8.4		
	◦ Diversity Management	Competent			
	◦ Employee Relations Management	Advanced			
	◦ Negotiation and Dispute Management	Superior			
Programme and Project Management	◦ Program and Project Planning and Implementation	Basic	8.4		
	◦ Service Delivery Management	Competent			
	◦ Program ad Project Monitoring and Evaluation	Advanced			
		Superior			
Financial Management	◦ Budget Planning and Execution	Basic	8.3		
	◦ Financial Strategy and Delivery	Competent			
	◦ Financial Reporting and Monitoring	Advanced			
		Superior			
Leadership	◦ Change Vision and Strategy	Basic	8.3		
	◦ Process Design and Improvement	Competent			
	◦ Change Impact Monitoring and Evaluation	Advanced			

	◦	Superior			
	◦ Policy Formulation	Basic	8.4		
	◦ Risk and Compliance Management	Competent			
	◦ Cooperative Governance	Advanced			
		Superior			

CORE COMPETENCIES:

	Achievement Levels	Weight	HOD's Achievement Level	Municipal Managers Score Level
Moral Competence	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Planning and Organising	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Analysis and Innovation	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Knowledge and Information Management	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Communication	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Results and Quality focus	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Total		**100%**		

The assessment of the performance of the Employee will be based on the following levels for KPAs and CMCs:

LEVEL	TERMINOLOGY	DESCRIPTION
5	Outstanding Performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year.
4	**Performance significantly above expectations**	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	**Fully effective**	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	**Not fully effective**	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
1	**Unacceptable performance**	Performance does not meet the standard expected for the job. The review / assessment indicate that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

6.5 To determine which rating on the five-point scale did the Director achieve for each KPA the following criteria should be used:

Duration of task	- Was the target achieved within the projected time frame?
Level of complexity	- Required problem solving - Reconciling different perceptions - Innovative alternatives used
Cost	- within budget - saving - overspending
Constraints	- Did envisaged constraints materialise? - If so, were steps taken to manage/reduce the effect of the constraint? - If not, did it beneficially affect the completion of the target? - Any innovative/pro-active steps to manage the constraint

6.6 Annexure "B" may be used as the basis for progress discussions by the Municipality.

7. PANEL AND SCHEDULE FOR PERFORMANCE ASSESSMENTS

7.1 QUARTERLY PERFORMANCE ASSESSMENTS:

7.1.1 Quarterly performance of the Employee will be assessed by the Municipal Manager in relation to his/her achievement of:

1) The targets indicated for each KPA in Annexure A; and
2) The CCRs as defined in clause 6.3 of this agreement

On a date to be determined for each of the following quarterly periods:

1st Quarter (July to September):	**October 2022**
2nd Quarter (October to December):	**January 2023**
3rd Quarter (January to March):	**April 2023**
4th Quarter (April to June):	**July 2023**

7.2 ANNUAL PERFORMANCE ASSESSMENT:

7.2.1 An assessment panel consisting of the following persons will be established:

7.2.1.1 Municipal Manager;

7.2.1.2 Chairperson of the Performance Audit Committee or the audit committee in the absence of a performance audit committee.

7.2.1.3 Member of the Mayoral or Executive Committee or in respect of a plenary type municipality, another member of Council; and

7.2.1.4 Municipal Manager from another municipality

7.3 The performance of the Employee will be assessed in relation to his/her achievement of:

7.3.1 The targets indicated for each KPA in Annexure A; and

7.3.2 The CCRs as defined in clause 6.3 of this agreement

ZQ UM

MV KD

8. EVALUATING PERFORMANCE AND MANAGEMENT OF EVALUATION OUTCOMES

8.1 The Employee will submit quarterly performance reports and a comprehensive annual performance report prior to the performance assessment meetings to the Employer

8.2 The Employer will give performance feedback to the Employee after each quarterly and the annual assessment meetings.

8.3 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

8.4 At the end of the 4th quarter, the Executive Authority will determine if the Employee is eligible for a performance bonus as envisaged in his/her contract of employment based on the bonus allocation set out in clause 8.11 of this agreement.

8.5 The results of the annual assessment and the scoring report of the Employee for the purposes of bonus allocation, if applicable, will be submitted to the Executive Authority for a recommendation to the full Council.

8.6 A fully effective assessment score will render the Employee eligible to be considered for a performance related increase (pay progression) as envisaged in his/her contract of employment provided the Employee has completed at least 12 months continuous service with the Municipality at his/her current remuneration package on the 30th of June.

8.7 Personal growth and development needs identified during any performance assessment discussion, must be documented in the Employee's Personal Development Plan as well as the action steps and set time frames agreed to.

8.8 Despite the establishment of agreed intervals for assessment, the Employer may, in addition, review the Employee's performance at any stage while his/her contract of employment remains in force.

8.9 The Employer will be entitled to review and make reasonable changes to the provisions of Annexure "A" from time to time for operational reasons. The Employee will be fully consulted before any such change is made.

8.10 The provisions of Annexure "A" may be amended by the Executive Authority when the Municipality's performance management system is adopted, implemented and/or amended as the case may be subject to clause 5.3.

8.11 The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

8.11.1 A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator; provided that -

(a) a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and

(b) a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

9. OBLIGATIONS OF THE MUNICIPALITY

9.1 The Municipality will create an enabling environment to facilitate effective performance by the Employee.

9.2 The Employee will be provided with access to skills development and capacity building opportunities.

9.3 The Municipality will work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee.

9.4 The Municipality will make available to the Employee such resources including employees as the he/she may reasonably require from time to time to assist him/her to meet the performance objectives and targets established in terms of this Agreement; provided that it will at all times remain the responsibility of the Employee to ensure that he/she complies with those performance obligations and targets.

9.5 The Employee will, at his/her request, be delegated such powers by the Municipality as may in the discretion of the Municipality be reasonably required from time to time to enable him to meet the performance objectives and targets established in terms of this Agreement.

10. CONSULTATION

10.1 The Employer agrees to consult the Employee within a reasonable time where the exercising of the Employer's powers will –

10.1.1 have a direct effect on the performance of any of the Employee's functions;

10.1.2 commit the Employee to implement or to give effect to a decision made by the Employer;

10.1.3 have a substantial financial effect on the Municipality.

10.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 10.1 as soon as is practicable, to enable the Employee to take any necessary action without delay.

11. CONSEQUENCE OF UNACCEPTABLE OR POOR PERFORMANCE

The management of poor performance should be seen as a corrective process, focusing on addressing issues that led to poor performance related problems. The process to be followed in addressing poor performance of both the municipal manager and section 56 managers is contained in Regulations 16 of the Local Government: Disciplinary Regulations for Senior Managers and shall be adhered to.

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11.1 Where the Employer is, at any time during the Employee's employment, not satisfied with the Employee's performance with respect to any matter dealt with in this Agreement, the Employer will give notice to the Employee to attend a meeting with the Employer.

11.2 The Employee will have the opportunity at the meeting to satisfy the Employer of the measures being taken to ensure that the Employee's performance becomes satisfactory in accordance with a documented programme, including any dates, for implementing these measures.

11.3 The Municipality will provide systematic remedial or developmental support to assist the Employee to improve his/her performance.

11.4 If, after appropriate performance counselling and having provided the necessary guidance and/or support as well as reasonable time for improvement in performance, the Employer holds the view that the performance of the Employee is not satisfactory, the Municipal Council will, subject to compliance with applicable labour legislation, be entitled by notice in writing to the Employee, to terminate the Employee's employment in accordance with the notice period set out in the his/her contract of employment.

11.5 Where there is a dispute or difference as to the performance of the Employee under this Agreement, the Parties will confer with a view to resolving the dispute or difference.

11.6 Nothing contained in this Agreement in any way limits the right of the Municipality to terminate the Employee's contract of employment with or without notice for any other breach by the Employee of his obligations to the Municipality or for any other valid reason in law.

12. DISPUTES

12.1 Any disputes about the nature of the **Employee's** performance agreement whether it relates to key responsibilities, priorities, methods of assessment and/or any other matter for, shall be mediated by-

12.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the **Employee**; or

12.1.2 Any other person appointed by the MEC

12.1.3 In the case of managers directly accountable to the municipal manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27 (4) (e) of the Municipal Performance Regulations 2006, within thirty (30) days of receipt of a formal dispute from the employee

whose decision shall be final on both parties.

12.2 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

13.GENERAL

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13.1 The contents of this Agreement and the outcome of any review conducted in terms of Annexure "A" will not be confidential, and may be made available to the public by the Municipality, where appropriate.

13.2 Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

JM KD
FQ MN

Signed at Fort Beaufort on this 12 day of July 2022.

As Witnesses:

1. .....

.....
Mr Mveleli Ngxowa
Chief Financial Officer

Signed at Fort Beaufort on this 22 day of July 2022

As Witnesses:

1. .....

.....
Ms Unathi Tholeka Malinzi
Municipal Manager

ANNEXURE A

CHIEF FINANCIAL OFFICER
PERFORMANCE PLAN

1. Purpose

The performance plan defines the Council's expectations of the Chief Financial Officer Performance agreement to which this document is attached and Section 57 (5) of the Municipal Systems Act, which provides that performance objectives and targets must be based on the key performance indicators as set in the Municipality's Integrated Development Plan (IDP) and SDBIP, as reviewed annually.

2. Objective of Local Government

The following objectives of Local Government informed the IDP of the Raymond Mhlaba Local Municipality and will inform the Chief Financial Officer's performance against set performance indicators.

2.1 Provide democratic and accountable government for local communities.

2.2 Ensure the provision of services to communities in a sustainable manner.

2.3 Promote social and economic development

2.4 Promote a safe and healthy environment

2.5 Encourage the involvement of communities and community organisations in the maters of local government

3. Scorecard of the Chief Financial Officer

3.1 The municipality approved the strategic objectives in the IDP of 2022-2027. The targets to achieve the objectives for the financial year 2022/2023 were defined in the approved SDBIP. The Chief Financial Officer is required to ensure that all targets, programmes and projects as committed on the IDP and SDBIP are delivered according to the commitments of the Executive Committee and Council.

A key principle is that owner departments must lead all the programmes allocated to them in the SDBIP, and ensure that contributor departments contribute, comply and report.

The scorecard of the Chief Financial Officer is up of the following:

The Performance Plan set out:

- Key Performance Areas that are employee should focus on, performance objectives, key performance indicators and targets that must be met within a specific timeframe.
- [illegible] required from employees prescribed in the Performance Regulation for Municipal Managers and Managers Directly accountable to the Municipal Manager, [illegible]

20 4/2 MN KD

The employee's assessment will be based on his/ her performance in terms of the outputs/ outcomes (performance indicators) identified as per the performance plan which are linked to the National KPA's, which constitute 80% of the overall assessment result as per the weightings agreed to between the employer and employees.

KPA's covering the main areas of work will account for 80% and CCR's will account for 20% of the final assessment.

Key performance Areas (KPA's)	Weighting	Core Competency Requirements	Weighting
Municipal Transformation & Institutional Development		Strategic Direction and Leadership	8.4
Basic Service Delivery	10	People Management	8.4
Local Economic Development		Programme and Project Management	8.3
Municipal Financial Viability & Management	60	Financial Management	8.4
Good Governance & Public Participation	30	Change Leadership	8.3
		Governance Leadership	8.4
		Moral Competence	8.3
		Planning and Organising	8.3
		Analysis and Innovation	8.3
		Knowledge and Information Management	8.3
		Communication	8.3
		Results and Quality focus	8.3
Total	100	Total	100

The assessment of the performance of the employee will be based on the following rating scale for KPA's and CCRs

Category	Colour	Explanation
KPI's Not Met/ Unacceptable performance	1	Performance does not meet the standard expected for the job. The review/ assessment indicate that their employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.
KPI's Almost Met/ Not Fully Effective	2	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/ assessment indicate that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
KPI's Met/ Fully Effective	3	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
KPI's Well Met/ Performance significantly above expectations	4	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
KPI's Extremely Well Met/ Outstanding performance	5	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained in all areas of responsibility throughout the year.

KPA 2: BASIC SERVICE DELIVERY
KPA WEIGHT - 10%

IDP REF	REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE ANNUAL TARGET (2022-2027)	2022 -2023	BUDGET	Qtr. 1 target	Qtr. 1 financial target	Qtr. 1 Audit evidence	Qtr. 2 target	Qtr. 2 financial target	Qtr. 2 Audit evidence	Qtr. 3 target	Qtr. 3 financial target	Qtr. 3 Audit evidence	Qtr. 4 target	Qtr. 4 financial target	Qtr. 4 Audit evidence	Custodian
KPI 46	BSD 24	Free Basic Services	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Access to Free Basic Services	Review indigent register	Percentage of qualifying indigents benefiting	90%	1. Updated indigent register	90%	90%		100%	N/A	Updated indigent register with 100% of new applications processed	100%	N/A	Updated indigent register with 100% of new applications processed	100%	N/A	Updated indigent register with 100% of new applications processed	100%	N/A	Updated indigent register with 100% of new applications processed	Budget and Treasury

KPA 4: MUNICIPAL FINANCIAL VIABILITY
KPA WEIGHT - 60%

IDP REF	REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE ANNUAL TARGET (2022-2027)	2022 -2023	BUDGET	Qtr. 1 target	Qtr. 1 financial target	Qtr. 1 Audit evidence	Qtr. 2 target	Qtr. 2 financial target	Qtr. 2 Audit evidence	Qtr. 3 target	Qtr. 3 financial target	Qtr. 3 Audit evidence	Qtr. 4 target	Qtr. 4 financial target	Qtr. 4 Audit evidence	Custodian
KPI 56	MFV 1	Revenue Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Increased revenue Collection to enhance efficient service delivery	To improve revenue Collection to enhance efficient service delivery	Percentage of total collection on outstanding debts	60%	80%	60%	70%		70%	35,156,955.60	Quarterly collection report	70%	35,156,955.60	Quarterly collection report	70%	35,156,955.60	Quarterly collection report	70%	35,156,955.60	Quarterly collection report	Budget and Treasury
KPI 57	MFV 2	Expenditure Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Full spent of conditional grants to sustain service delivery	Spending of 100% FMG operating grant	Percentage spent on FMG operating grant	100%	1. Quarterly reports 2. System Generated Report	100%	100%		25%	825,000.00	Quarterly reports. System Generated Report	42%	1,197,000.00	Quarterly reports. System Generated Report	73%	2,080,500.00	Quarterly reports. System Generated Report	100%	2,850,000.00	Quarterly reports. System Generated Report	Budget and Treasury
KPI 60	MFV 6	Financial Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Payment of Service Providers including SMME's on time	Payment of valid invoices within 30 days of receipt	Percentage of valid invoices paid within 30 days of invoice date		Quarterly report. Creditors Age Analysis				100%	N/A	Quarterly report. Creditors Age Analysis	100%	N/A	Quarterly report. Creditors Age Analysis	100%	N/A	Quarterly report. Creditors Age Analysis	100%	N/A	Quarterly report. Creditors Age Analysis	Budget and Treasury
KPI 61	MFV 7		To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Improved financial management	Development and implementation of Procurement plan	Number of procurement plans developed	New indicator	Developed procurement implementation reports	5	1		2	N/A	1 Procurement Plan Developed and 1 Implementation report submitted	1	N/A	Procurement Implementation report	1	N/A	Procurement Implementation report	1	N/A	Procurement Implementation report	Budget and Treasury
KPI 62	MFV 8		To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Improved financial management	Reduction of Fruitless and Wasteful expenditure	Percentage of cost containment measures implemented	50%	Quarterly reports with supporting evidence (Base line PY vs CY)				50%	N/A	Quarterly reports with supporting evidence (Base line PY vs CY)	50%	N/A	Quarterly reports with supporting evidence (Base line PY vs CY)	50%	N/A	Quarterly reports with supporting evidence (Base line PY vs CY)	50%	N/A	Quarterly reports with supporting evidence (Base line PY vs CY)	Budget and Treasury
KPI 63	MFV 9	Supply Chain Management	To ensure the sustainable Local Economic Development by 2027	Improved Local economy of Raymond Mhlaba.	Tenders below R200 000 awarded to local SMME's and vulnerable groups	Percentage of tenders below R200 000 awarded to local SMME's and Vulnerable groups	90%	Quarterly reports. List of tenders awarded to local SMME's and Vulnerable groups	90%	70%		70%	N/A	Quarterly reports. List of tenders awarded to local SMME's and Vulnerable groups	70%	N/A	Quarterly reports. List of tenders awarded to local SMME's and Vulnerable groups	70%	N/A	Quarterly reports List of tenders awarded to local SMME's and Vulnerable groups	70%	N/A	Quarterly reports. List of tenders awarded to local SMME's and Vulnerable groups	Budget and Treasury
KPI 64	MFV 10		To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Improved Local economy of Raymond Mhlaba.	Total tenders above R200 000 be awarded to local SMME's and vulnerable groups	Percentage of tenders above R200 000 awarded to local SMME's and Vulnerable groups	70%	Quarterly reports List of tenders awarded to local SMME's and Vulnerable groups	40%	30%		30%	N/A	Quarterly reports List of tenders awarded to local SMME's and Vulnerable groups	30%	N/A	Quarterly reports. List of tenders awarded to local SMME's and Vulnerable groups	30%	N/A	Quarterly reports List of tenders awarded to local SMME's and Vulnerable groups	30%	N/A	Quarterly reports. List of tenders awarded to local SMME's and Vulnerable groups	Budget and Treasury
KPI 65	MFV 11	Asset Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Safeguarding of municipal assets	Development and implementation of Annual Asset Management Plan	Number of approved Annual Asset Management Plan	New indicator	Approved Annual Asset Management Plan. Quarterly progress report on the implementation of asset plan	5	1		1	N/A	Approved Annual Asset Management Plan	1	N/A	Quarterly progress report on the implementation of asset plan	1	N/A	Quarterly progress report on the implementation of asset plan	1	N/A	Quarterly progress report on the implementation of asset plan	Budget and Treasury
[illegible]	[illegible]		To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Safeguarding of municipal assets	Develop GRAP compliant Asset Register	Number of GRAP Compliant Asset Register	1	Quarterly Reports on management of institutional assets (Loss register and new acquisitions register). Updated Assets register	5	1		1	N/A	Quarterly Reports on management of institutional assets (Loss register and new acquisitions register). Updated Assets register	1	N/A	Quarterly Reports on management of institutional assets (Loss register and new acquisitions register). Updated Assets register	1	N/A	Quarterly Reports on management of institutional assets (Loss register and new acquisitions register). Updated Assets register	1	N/A	Quarterly Reports on management of institutional assets (Loss register and new acquisitions register). Updated Assets register	Budget and Treasury

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION
KPA WEIGHT - 30 %

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE ANNUAL TARGET (2022-2027)	2022 -2023	BUDGET	Qtr. 1 target	Qtr. 1 financial target	Qtr. 1 Audit evidence	Qtr. 2 target	Qtr. 2 financial target	Qtr. 2 Audit evidence	Qtr. 3 target	Qtr. 3 financial target	Qtr. 3 Audit evidence	Qtr. 4 target	Qtr. 4 financial target	[illegible]	Custodian

KPI 68	GGP 1	Governance	To entrench the culture of good governance by 2027	Clean governance	Reduction of AGSA Findings	Percentage of recurring findings reduced since 2021	2020/ 2021 Management letter	Management report and audit action plan. Internal Audit assessment report.	100%	100%		100%		Management report and audit action plan. Internal Audit assessment report.	100%		Management report and audit action plan. Internal Audit assessment report.	100%		Management report and audit action plan. Internal Audit assessment report.	100%		Management report and audit action plan. Internal Audit assessment report.	Budget and
KPI 69	GGP 2		To entrench the culture of good governance by 2027	Improved Audit Opinion	Improved Audit Opinion	Number of unqualified audit opinions obtained from the Auditor General	New Indicator	Audit report issued by Auditor General. Progress report on the Implementation of Audit Action Plan verified by Internal Audit.	5	1		N/A		N/A	Unqualified audit opinion		Audit report issued by Auditor General.	Implementation of the Audit Action Plan		Progress report on the Implementation of Audit Action Plan verified by Internal Audit.	Implementation of the Audit Action Plan		Progress report on the Implementation of Audit Action Plan verified by Internal Audit.	Budget and
KPI 71	GGP 4	Governance	To entrench the culture of good governance by 2027	Clean governance	Reduction of Internal Audit Findings	Percentage of internal audit recommendations implemented	100%	Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	100%	100%		100%		Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	100%		Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	100%		Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	100%		Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	Budget and Treasury
KPI 72	GGP 5		To entrench the culture of good governance by 2027	Clean governance	Implementation of AC Resolutions	Percentage of AC resolutions implemented	100%	Quarterly Report. AC resolution matrix. Assessment Report from IA	100%	100%		100%		Quarterly Report. AC resolution matrix. Assessment Report from IA	100%		Quarterly Report. AC resolution matrix. Assessment Report from IA	100%		Quarterly Report. AC resolution matrix. Assessment Report from IA	100%		Quarterly Report. AC resolution matrix. Assessment Report from IA	Budget and Treasury
KPI 73	GGP 6.1	Risk Management	To ensure propor governance, accountability and public participation buy 2027	Clean governance	Conduct Annual Risk Assessment	Number of updated risk registers	New Indicator	Updated departmental risk register	20	4		1	N/A	Updated departmental risk register	1	N/A	Updated departmental risk register	1	n/a	Updated departmental risk register	1	N/A	Updated departmental risk register	Budget and
KPI 74	GGP 7	Public Participation	To improve the municipal responsiveness to service delivery breakdowns by 2027	An efficient turnaround time to resolve customer complaints	Attending to Customer complaints	Percentage of official complaints responded to through the municipal complaint management system	New Indicator	Quarterly reports. Reconciliation of complaints received and attended to	100%	100%		100%		Quarterly reports. Reconciliation of complaints received and attended to	100%		Quarterly reports. Reconciliation of complaints received and attended to	100%		Quarterly reports. Reconciliation of complaints received and attended to	100%		Quarterly reports. Reconciliation of complaints received and attended to	Budget and

I ...Mvuleli Mathew Ngxowa..... hereby accept this plan as a basis of monitoring and evaluating my performance during the 2022/2023 financial year. I accept that the indicators and targets as presented in the performance plan are accurate and that I have been given the opportunity to provide inputs in their development.

Signature

16/02/22

Date

I ..... the Municipal Manager of Raymond Mhlaba Local Municipality approve the performance Plan in terms of the requirements of the Local Government: Municipal Planning and Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers of 2006.

Signature

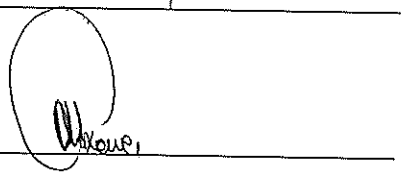
22/08/22

Date

ANNEXURE B

PERSONAL DEVELOPMENT PLAN

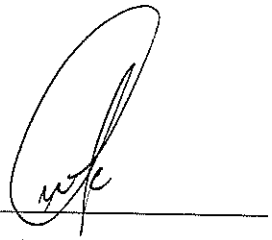
Skills Performance Gap	Outcomes Expected	Suggested training and/or development activity	Suggested mode of delivery	Suggested Time Frames	Work opportunity created to practice skill/development area	Support Person
1.						
2.						
3.						



Signed and accepted by the Employee

18/07/22

Date

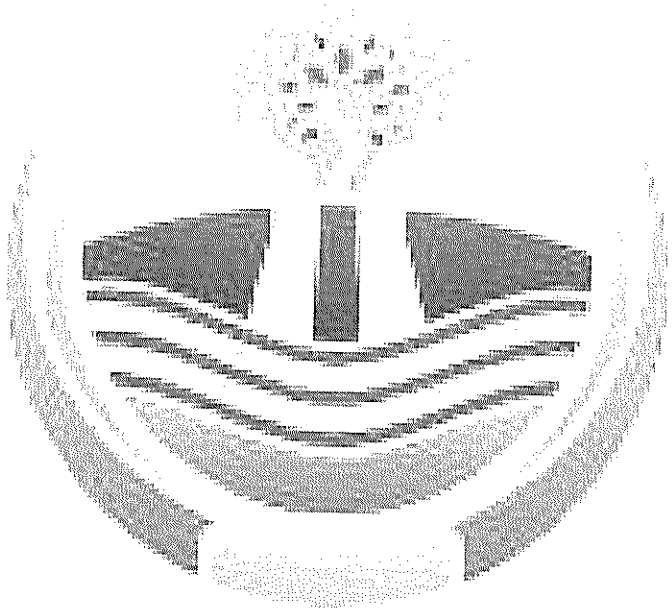


Signed by the Municipal Manager on behalf of the Municipality

22/07/2022

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN



KAMOGELO MHLABA

RAYMOND MHLABA LOCAL MUNICIPALITY AS REPRESENTED BY THE MUNICIPAL MANAGER,

UNATHI. T MALINZI

AND

NOSIPHIWO SPEELMAN

THE EMPLOYEE OF THE MUNICIPALITY

FOR THE PERIOD 01 JULY 2022 TO 30 SEPTERMBER 2022

UM 2.9
N.S K.L

PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The **RAYMOND MHLABA** Municipality herein represented by Unathi T Malinzi **in her** capacity as **THE MUNICIPAL MANAGER** (hereinafter referred to as the **Employer** or **Supervisor**)

And **Nosiphiwe Speelman** Employee of the Municipality (hereinafter referred to as the **Employee**).

WHEREBY IT IS AGREED AS FOLLOWS:

1. NTRODUCTION

1.1 **The** Employer **has entered into a contract of employment with the Employee in terms of section 57 (1) (a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act") as amended. The** Employer **and the** Employee **are hereinafter referred to as "the Parties".**

1.2 Section 57(1) (b) of the Systems Act, read with the Contract of Employment concluded between the Parties; require the Parties to conclude an annual performance agreement.

1.3 The Parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the **Employee** to a set of outcomes that will secure local government policy goals.

1.4 The Parties wish to ensure that there is compliance with Sections 57(4A), (4B) and (5) of the Systems Act.

1.5 In this Agreement the following words will have the meaning ascribed thereto:

"this Agreement" - means the performance agreement between the **Employer** and the **Employee** and the annexures thereto.

"the Executive Authority" - means the Mayoral Committee/ Executive Committee of the Municipality constituted in terms of Section 55 of the Local Government: Municipal Structures Act as represented by its chairperson, the Mayor.

"the Director" – means the Head of Department directly accountable to the Municipal Manager in terms of Section 56(a) of the Local Government: Municipal Systems Act, No 32 of 2000.

the Municipal Manager" – means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, No. 117 of 1998.

"the Municipality" – means the **Raymond Mhlaba Local Municipality**

"the Parties" - means the **Employer** and the **Employee**.

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2. PURPOSE OF THIS AGREEMENT

2.1 The Parties agree that the purposes of this Agreement are to:

2.1.1. comply with the provisions of Section 57(1)(b), (4A), (4B) and (5) of the Systems Act as well as the contract of employment entered into between the Parties;

2.1.2. specify objectives and targets established for the Employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;

2.1.3. specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;

2.1.4. monitor and measure performance against targeted outputs and outcomes;

2.1.5. use the performance agreement as the basis for assessing whether the employee has met performance expectations applicable to his or her job;

2.1.6. appropriately reward the employee in accordance with the Municipality's performance management policy in the event of outstanding performance;

2.1.7. establish a transparent and accountable working relationship; and

2.1.8. give effect to the Municipality's commitment to a performance-orientated relationship with its Employee in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

3.1 Notwithstanding the date of signature this Agreement will commence on the 1st of July 2022 and will remain in force until 30 September 2022 thereafter a new Performance Agreement, Performance Plan and Personal Development Plan shall be concluded between parties for the next financial year or any portion thereof.

3.2 The Parties will review the provisions of this Agreement every three months. The Parties will conclude a new performance agreement including a Performance Plan and Personal Development Plan that replaces this Agreement every three months.

3.3 The payment of the performance bonus is determined by the performance score obtained during the 4th quarter annual performance assessment as informed by the quarterly performance assessments. Should the Employee be entitled to a bonus, this will be paid out after approval by Council and not later than sixty (60) days thereafter in the Employee's salary for a month that shall be applicable.

3.4 The payment of a performance bonus for the year in which the Employee's contract of employment expires will be done as set out in clause 3.3 and the bonus so determined will be paid to the Employee on the last day of his/her employment or not later than 30 days thereafter.

3.5 In the event of the Employee commencing or terminating his services with the Municipality during the validity period of this Agreement, the Employee's performance for the portion of the period referred to in clause 3.1 during which he was employed, will be evaluated and he will be entitled to a pro rata performance bonus based on his evaluated performance and the period of actual service.

3.6 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon by the Parties.

3.7 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

3.8 This Agreement will terminate on the termination of the Employee's contract of employment for any reason.

4. PERFORMANCE OBJECTIVES

4.1 The Performance Plan in **Annexure A** sets out:

4.1.1 the performance objectives and targets which must be met by the Employee; and

4.1.2 the time frames within which those performance objectives and targets must be met.

4.2 The Personal Development Plan in **Annexure B** sets out the Employee's personal developmental requirements in line with the objectives and targets of the Municipality.

4.3 The Core Management Competencies reflected sets out those management skills regarded as critical to the position held by the Employee.

4.4 The performance objectives and targets reflected in **Annexure A** are set by the Municipality in consultation with the Employee and based on the Integrated Development Plan and the budget of the Municipality, and include key objectives, key performance areas, target dates and weightings.

4.5 The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the time frame in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.

4.6 The Employee's performance will, in addition, be measured in terms of contributions to the development objectives and strategies set out in the Municipality's Integrated Development Plan.

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5. PERFORMANCE MANAGEMENT SYSTEM

5.1 The Employee agrees to participate in the performance management system that the Municipality adopts or introduces for the municipal management and municipal staff of the Municipality.

5.2 The Employee accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the municipal management and municipal staff to perform to the standards required.

5.3 The Employer will consult the Employee about the specific performance standards that will be included in the performance management system as applicable to the Employee.

5.4 The Employee undertakes to actively focus towards the promotion and implementation of his/her Key Performance Areas as set out in **Annexure A** including special projects relevant to the Employee's responsibilities within the local government framework.

6. PERFORMANCE ASSESSMENT

6.1 The performance of the Employee will be assessed against the outputs and outcomes achieved in terms of his/her Key Performance Areas (KPAs) as fully described in Annexure A and his/her Core Management Competencies (CMCs) determined at the commencement of this Agreement with a weighting of 80:20 allocated to the KPAs and CMCs respectively. Therefore the KPAs that refer to the main tasks of the Employee account for 80% of his/her assessment while the CMCs make up the other 20% of the Employee's assessment score.

6.2 The weightings agreed to in respect of the Employee's KPAs attached as Annexure A are set out in the table below:

KEY PERFORMANCE AREAS (KPAS) (80%)	WEIGHT
KPA 1: Institutional Development and Transformation	15
KPA 2: Service Delivery and Infrastructure Provision	50
KPA 3: Local Economic Development	
KPA 4: Financial Viability and Management	15
KPA 5: Good Governance and Public Participation	20
Total	100

6.3 The weightings agreed to in respect of the CMCs considered most critical for the Employee's position and further defined in Annexure C are set out in the table below:

Core Competency Requirements from Regulations (2014): 20%					
COMPETENCY FRAMEWORK FOR SENIOR MANAGERS					
LEADING COMPETENCIES		Achievement Levels	Weight	HOD's Achievement Level	Municipal Managers Score Level
Strategic Direction and Leadership	• Impact and Influence	Basic	8.4		
	• Institutional Performance Management	Competent			
	• Strategic Planning and Management	Advanced			
	• Organisational Awareness	Superior			
People Management	• Human Capital Planning and Development	Basic	8.4		
	• Diversity Management	Competent			
	• Employee Relations Management	Advanced			
	• Negotiation and Dispute Management	Superior			
Programme and Project Management	• Program and Project Planning and Implementation	Basic	8.4		
	• Service Delivery Management	Competent			
	• Program ad Project Monitoring and Evaluation	Advanced			
		Superior			
Financial Management	• Budget Planning and Execution	Basic	8.3		
	• Financial Strategy and Delivery	Competent			
	• Financial Reporting and Monitoring	Advanced			
		Superior			
Change Leadership	• Change Vision and Strategy	Basic	8.3		
	• Process Design and Improvement	Competent			
	• Change Impact Monitoring and	Advanced			

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	Evaluation				
	•	Superior			
Governance Leadership	• Policy Formulation	Basic	8.4		
	• Risk and Compliance Management	Competent			
	• Cooperative Governance	Advanced			
		Superior			

CORE COMPETENCIES:

	Achievement Levels	Weight	HOD's Achievement Level	Municipal Managers Score Level
Moral Competence	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Planning and Organising	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Analysis and Innovation	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Knowledge and Information Management	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Communication	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Results and Quality focus	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Total		**100%**		

6.4 The assessment of the performance of the Employee will be based on the following levels for KPAs and CMCs:

LEVEL	TERMINOLOGY	DESCRIPTION
5	**Outstanding Performance**	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year.
4	**Performance significantly above expectations**	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	**Fully effective**	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	**Not fully effective**	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
1	**Unacceptable Performance**	Performance does not meet the standard expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

6.5 To determine which rating on the five-point scale did the Director achieve for each KPA the following criteria should be used:

Duration of task	- Was the target achieved within the projected time frame?
Level of complexity	- Required problem solving - Reconciling different perceptions - Innovative alternatives used
Cost	- within budget - saving - overspending
Constraints	- Did envisaged constraints materialise? - If so, were steps taken to manage/reduce the effect of the constraint? - If not, did it beneficially affect the completion of the target? - Any innovative/pro-active steps to manage the constraint

6.6 Annexure "B" may be used as the basis for progress discussions by the Municipality.

7. PANEL AND SCHEDULE FOR PERFORMANCE ASSESSMENTS

7.1 QUARTERLY PERFORMANCE ASSESSMENTS:

7.1.1 Quarterly performance of the Employee will be assessed by the Municipal Manager in relation to his/her achievement of:

1) The targets indicated for each KPA in Annexure A; and
2) The CCRs as defined in clause 6.3 of this agreement

On a date to be determined for each of the following quarterly periods:

1st Quarter (July to September): **October 2022**

2nd Quarter (October to December): **January 2023**

3rd Quarter (January to March): **April 2023**

4th Quarter (April to June): **July 2023**

7.2 ANNUAL PERFORMANCE ASSESSMENT:

7.2.1 An assessment panel consisting of the following persons will be established:

7.2.1.1 Municipal Manager;

7.2.1.2 Chairperson of the Performance Audit Committee or the audit committee in the absence of a performance audit committee.

7.2.1.3 Member of the Mayoral or Executive Committee or in respect of a plenary type municipality, another member of Council; and

7.2.1.4 Municipal Manager from another municipality

7.3 The performance of the Employee will be assessed in relation to his/her achievement of:

7.3.1 The targets indicated for each KPA in Annexure A; and

7.3.2 The CCRs as defined in clause 6.3 of this agreement

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8. EVALUATING PERFORMANCE AND MANAGEMENT OF EVALUATION OUTCOMES

8.1 The Employee will submit quarterly performance reports and a comprehensive annual performance report prior to the performance assessment meetings to the Employer

8.2 The Employer will give performance feedback to the Employee after each quarterly and the annual assessment meetings.

8.3 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

8.4 At the end of the 4th quarter, the Executive Authority will determine if the Employee is eligible for a performance bonus as envisaged in his/her contract of employment based on the bonus allocation set out in clause 8.11 of this agreement.

8.5 The results of the annual assessment and the scoring report of the Employee for the purposes of bonus allocation, if applicable, will be submitted to the Executive Authority for a recommendation to the full Council.

8.6 A fully effective assessment score will render the Employee eligible to be considered for a performance related increase (pay progression) as envisaged in his/her contract of employment provided the Employee has completed at least 12 months continuous service with the Municipality at his/her current remuneration package on the 30th of June.

8.7 Personal growth and development needs identified during any performance assessment discussion, must be documented in the Employee's Personal Development Plan as well as the action steps and set time frames agreed to.

8.8 Despite the establishment of agreed intervals for assessment, the Employer may, in addition, review the Employee's performance at any stage while his/her contract of employment remains in force.

8.9 The Employer will be entitled to review and make reasonable changes to the provisions of Annexure "A" from time to time for operational reasons. The Employee will be fully consulted before any such change is made.

8.10 The provisions of Annexure "A" may be amended by the Executive Authority when the Municipality's performance management system is adopted, implemented and/or amended as the case may be subject to clause 5.3.

8.11 The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

8.11.1 A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator; provided that -

(a) a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and

(b) a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

9. OBLIGATIONS OF THE MUNICIPALITY

9.1 The Municipality will create an enabling environment to facilitate effective performance by the Employee.

9.2 The Employee will be provided with access to skills development and capacity building opportunities.

9.3 The Municipality will work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee.

9.4 The Municipality will make available to the Employee such resources including employees as the he/she may reasonably require from time to time to assist him/her to meet the performance objectives and targets established in terms of this Agreement; provided that it will at all times remain the responsibility of the Employee to ensure that he/she complies with those performance obligations and targets.

9.5 The Employee will, at his/her request, be delegated such powers by the Municipality as may in the discretion of the Municipality be reasonably required from time to time to enable him to meet the performance objectives and targets established in terms of this Agreement.

10. CONSULTATION

10.1 The Employer agrees to consult the Employee within a reasonable time where the exercising of the Employer's powers will –

10.1.1 have a direct effect on the performance of any of the Employee's functions;

10.1.2 commit the Employee to implement or to give effect to a decision made by the Employer;

10.1.3 have a substantial financial effect on the Municipality.

10.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 10.1 as soon as is practicable, to enable the Employee to take any necessary action without delay.

11. CONSEQUENCE OF UNACCEPTABLE OR POOR PERFORMANCE

The management of poor performance should be seen as a corrective process, focusing on addressing issues that led to poor performance related problems. The process to be followed in addressing poor performance of both the municipal manager and section 56 managers is contained in Regulations 16 of the Local Government: Disciplinary Regulations for Senior Managers and shall be adhered to.

11.1 Where the Employer is, at any time during the Employee's employment, not satisfied with the Employee's performance with respect to any matter dealt with in this Agreement, the Employer will give notice to the Employee to attend a meeting with the Employer.

11.2 The Employee will have the opportunity at the meeting to satisfy the Employer of the measures being taken to ensure that the Employee's performance becomes satisfactory in accordance with a documented programme, including any dates, for implementing these measures.

11.3 The Municipality will provide systematic remedial or developmental support to assist the Employee to improve his/her performance.

11.4 If, after appropriate performance counselling and having provided the necessary guidance and/or support as well as reasonable time for improvement in performance, the Employer holds the view that the performance of the Employee is not satisfactory, the Municipal Council will, subject to compliance with applicable labour legislation, be entitled by notice in writing to the Employee, to terminate the Employee's employment in accordance with the notice period set out in the his/her contract of employment.

11.5 Where there is a dispute or difference as to the performance of the Employee under this Agreement, the Parties will confer with a view to resolving the dispute or difference.

11.6 Nothing contained in this Agreement in any way limits the right of the Municipality to terminate the Employee's contract of employment with or without notice for any other breach by the Employee of his obligations to the Municipality or for any other valid reason in law.

12. DISPUTES

12.1 Any disputes about the nature of the **Employee's** performance agreement whether it relates to key responsibilities, priorities, methods of assessment and/or any other matter for, shall be mediated by-

12.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the **Employee**; or

12.1.2 Any other person appointed by the MEC

12.1.3 In the case of managers directly accountable to the municipal manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27 (4) (e) of the Municipal Performance Regulations 2006, within thirty (30) days of receipt of a formal dispute from the employee

whose decision shall be final on both parties.

12.2 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

13.GENERAL

13.1 The contents of this Agreement and the outcome of any review conducted in terms of Annexure "A" will not be confidential, and may be made available to the public by the Municipality, where appropriate.

13.2 Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

13.2 Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

Signed at Fort Beaufort on this 12 day of July 2022

As Witnesses:

1. .....

.....
Ms Nosiphiwe Speelman
Acting Director Community Services

Signed at Fort Beaufort on this 22 day of July 2022

As Witnesses:

1. .....
2. .....

.....
Municipal Manager of the Raymond Mhlaba Local MUNICIPALITY

ANNEXURE A

ACTING DIRECTOR COMMUNITY SERVICE PERFORMANCE PLAN

1. **Purpose**

The performance plan defines the Council's expectations of Director Community Service performance agreement to which this document is attached and Section 57 (5) of the Municipal Systems Act, which provides that performance objectives and targets must be based on the key performance indicators as set in the Municipality's Integrated Development Plan (IDP) and SDBIP, as reviewed annually.

2. **Objective of Local Government**

The following objectives of Local Government informed the IDP of the Raymond Mhlaba Local Municipality and will inform the Senior Manager's performance against set performance indicators.

2.1 Provide democratic and accountable government for local communities.

2.2 Ensure the provision of services to communities in a sustainable manner.

2.3 Promote social and economic development

2.4 Promote a safe and healthy environment

2.5 Encourage the involvement of communities and community organisations in the maters of local government

3. **Scorecard of Director Community Services**

The municipality approved the strategic objectives in the IDP of 2022-2027. The targets to achieve the objectives for the financial year 2022/2023 were defined in the approved SDBIP of 2022/ 2023. The Acting Director is required to ensure that all targets, programmes and projects as committed on the IDP and SDBIP are delivered according to the commitments of the Executive Committee and Council.

A key principle is that owner departments must lead all the programmes allocated to them in the SDBIP, and ensure that contributor departments contribute, comply and report.

The scorecard of Director Community Services is up of the following:

The Performance Plan set out:
Key Performance Areas that are employee should focus on, performance objectives, key performance indicators and targets that must be met within a specific timeframe;
Core competencies required from employees prescribed in the Performance Regulation for Municipal Managers and Managers Directly accountable to the Municipal Manager, R805 of 2006.

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The employee's assessment will be based on his/ her performance in terms of the outputs/ outcomes (performance indicators) identified as per the performance plan which are linked to the National KPA's, which constitute 80% of the overall assessment result as per the weightings agreed to between the employer and employees.

KPA's covering the main areas of work will account for 80% and CCR's will account for 20% of the final assessment.

Key performance Areas (KPA's)	Weighting	Core Competency Requirements	Weighting
Municipal Transformation & Institutional Development		Strategic Leadership and Management	
Basic Service Delivery		Programme and Project Management	
Local Economic Development		Financial Management	
Municipal Financial Viability & Management		Change Management	
Good Governance & Public Participation		Knowledge Management	
		Problem Solving and Analytical Thinking	
		People and Diversity Management	
		Client Orientation and Customers Care	
		Service Delivery Innovation	
		Communication Accountability	
Total		Total	

The assessment of the performance of the employee will be based on the following rating scale for KPA's and CCRs

Category	Colour	Explanation
KPI's Not Met/ Unacceptable performance	1	Performance does not meet the standard expected for the job. The review/ assessment indicate that their employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.
KPI's Almost Met/ Not Fully Effective	2	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/ assessment indicate that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
KPI's Met/ Fully Effective	3	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
KPI's Well Met/ Performance significantly above expectations	4	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
KPI's Extremely Well Met/ Outstanding Performance	5	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.

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KPA 1: INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

KPA WEIGHT15%

IDP REF	REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE ANNUAL TARGET (2022-2027)	2022 -2023	BUDGET	Qtr. 1 target	Qtr. 1 financial target	Qtr. 1 Audit evidence	Qtr. 2 target	Qtr. 2 financial target	Qtr. 2 Audit evidence	Qtr. 3 target	Qtr. 3 financial target	Qtr. 3 Audit evidence	Qtr. 4 target	Qtr. 4 financial target	Qtr. 4 Audit evidence	Custodian
KPI 13	IT 13	Waste Management	To ensure a safe, friendly and sustainable environment by 2027.	Clean environment	Develop the Integrated Waste Management Plan (IWMP)	Number of Developed Integrated Waste Management Plan (IWMP)	0	Approved IWMP,	1	1		N/A	N/A	N/A	N/A	N/A	N/A	1 Draft IWMP	N/A	1. Draft IWMP	1		Approved IWMP	Community Services
KPI 14	IT 14	Environmental Management	To ensure a safe, friendly and sustainable environment by 2027.	Safe environment	Develop Environmental Management Plan	Number of Developed Environmental Management Plan (EMP)	0	Approved EMP	1	1		N/A	N/A	N/A	N/A	N/A	N/A	1 Draft EMP	N/A	1. Draft EMP	1		Approved EMP	Community Services
KPI 15	IT 15	Safety and Security	To ensure effective and efficient workforce by 2027	Safe environment	Develop an annual security risk plan	Number of Developed Security Risk Plan	0	Approved Security risk plan	1	1		N/A	N/A	N/A	N/A	N/A	N/A	1 Draft Security Plan	N/A	1. Draft Security Plan	1		Approved Security Plan	Community Services
KPI 16	IT 16		To ensure effective and efficient workforce by 2027.	Safe environment	Implement Security Risk Plan	Number of security programmes implemented	New indicator	Quarterly Report on security risk assessment.	20	4		1	N/A	Quarterly Report on security risk assessment.	1	N/A	Quarterly Report on security risk assessment.	1	N/A	Quarterly Report on security risk assessment.	1	N/A	Quarterly Report on security risk assessment.	Community Services
KPI 17	IT 17	Advertisement	To ensure effective and efficient workforce by 2027	Road safety	Development of billboard policy	Number of Developed Billboard Policy	New indicator	Approved Billboard policy	1	1		N/A	N/A	N/A	N/A	N/A	N/A	1 Draft Billboard Policy	N/A	1 Draft Billboard Policy	1		Approved Billboard Policy	Community Services
KPI 18	IT 18	Cemeteries	To ensure effective and efficient workforce by 2027	Controlled burial sites	Development of Cemetery policy	Number of Developed Cemetery Policy	New indicator	Approved Cemetery Policy	1	1		N/A	N/A	N/A	N/A	N/A	N/A	1 Draft Cemetery Policy	N/A	1 Draft Cemetery Policy	1		Approved Cemetery Policy	Community Services

KPA 2: BASIC SERVICE DELIVERY

KPA WEIGHT 50%

IDP REF	REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE ANNUAL TARGET (2022-2027)	2022 -2023	BUDGET	Qtr. 1 target	Qtr. 1 financial target	Qtr. 1 Audit evidence	Qtr. 2 target	Qtr. 2 financial target	Qtr. 2 Audit evidence	Qtr. 3 target	Qtr. 3 financial target	Qtr. 3 Audit evidence	Qtr. 4 target	Qtr. 4 financial target	Qtr. 4 Audit evidence	Custodian
KPI 23	BSD 1	Facilities	To ensure accessible and safe municipal facilities by 2027	Acceptable State of community facilities	Renovations of community halls	Number of Community halls renovated	4	Approved maintenance plan, Expenditure report, maintenance report, completion report	10	2		N/A	N/A	N/A	1 Fort Beaufort Old Age community Hall	N/A	Approved maintenance plan, Expenditure report, maintenance report, completion report	N/A	N/A	N/A	1 Alice Happy Rest community Hall	N/A	Approved maintenance plan, Expenditure report, maintenance report, completion report	Community Services
KPI 23,1	BSD, 1		To ensure accessible and safe municipal facilities by 2027	Acceptable State of community facilities	Renovations of community halls	Number of approved plans on the renovation of community halls	1	Renovation approved plan (encapsulating which halls will be renovated and detailed work needed)	5	1		1	N/A	Approved Renovation plan(encapsulating which halls will be renovated and detailed work needed)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Community Services
KPI 25	BSD 3		To ensure the provision and standardization of fire services by 2027	Functional fire services	Renovation of a fire base	Number of renovated fire base	2	progress report, expenditure report, pictures,	1	1		N/A	N/A	N/A	N/A	N/A	N/A	1 fire base renovated in Hogsback	N/A	progress report, expenditure report, pictures,	N/A	N/A	N/A	Community Services
KPI 27	BSD 5	Waste Management	To ensure a safe, friendly and sustainable environment by 2027	Clean and conducive environment	Conduct clean up and awareness campaign	Number of clean up campaigns conducted	New indicator	Clean up reports, Before and after photos	140	28		7	N/A	Clean up reports, Before and after photos	7	N/A	Clean up reports, Before and after photos	7	N/A	Clean up reports, Before and after photos	7	N/A	Clean up reports, Before and after photos	Community Services
KPI 28	BSD 6		To ensure a safe, friendly and sustainable environment by 2027	Clean and conducive environment	Provision of refuse removal services and waste disposal to formal households	Number of reports on provision of refuse removal services and waste disposal to formal households	14 602	12 Monthly reports to the Director on the number of formal households where refuse is collected 2. List of formal households charged for the service.	60	12		3	N/A	3 Monthly reports to the Director on the number of formal households where refuse is collected 2. List of formal households charged for the service.	3	N/A	3 Monthly reports to the Director on the number of formal households where refuse is collected 2. List of formal households charged for the service.	3	N/A	3 Monthly reports to the Director on the number of formal households where refuse is collected 2. List of formal households charged for the service.	3	N/A	3 Monthly reports to the Director on the number of formal households where refuse is collected 2. List of formal households charged for the service.	Community Services

KPI 29	BSD 7	Law enforcement	To ensure a safe, friendly and sustainable environment by 2027	Road safety	Refurbishment of vehicle testing system	Number of Functional Vehicle testing stations	New indicator	Function report, expenditure report, pictures, Roadworthy certificates produced, Systems generated reports	1	1		1 progress report on the functionality of the vehicle testing station	N/A	Progress report, Pictures of work done, Expenditure report	1 completed vehicle testing station in Fort Beaufort	N/A	Function report, expenditure report, pictures, Roadworthy certificates produced, Systems	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Community Services
KPI 29,1	BSD 7,1		To ensure a safe, friendly and sustainable environment by 2027	Road safety	Drivers license and learners licensing	Number of reports on drivers license and learners license issued	New indicator	Quarterly report, system generated report	20	4		1	n/a	Quarterly report, system generated report	1	n/a	Quarterly report, system generated report	1	n/a	Quarterly report, system generated report	1	n/a	Quarterly report, system generated report	Community Services
KPI 39	BSD 8		To ensure a safe, friendly and sustainable environment by 2027	Road safety	Conduct traffic enforcement operations	Number of traffic enforcement operations to ensure orderly road traffic control	144	Detailed Report on Roadblock Conducted. Register (encapsulating car registration and drive names). Report on any fines issued.	720	144		34	N/A	Detailed Report on Roadblock Conducted. Register (encapsulating car registration and drive names). Report on any fines issued	30	N/A	Detailed Report on Roadblock Conducted. Register (encapsulating car registration and drive names). Report on any fines issued.	40	N/A	Detailed Report on Roadblock Conducted. Register (encapsulating car registration and drive names). Report on any fines issued.	40	N/A	Detailed Report on Roadblock Conducted. Register (encapsulating car registration and drive names). Report on any fines issued.	Community Services
KPI 31	BSD 9	Cemeteries	To ensure a safe, friendly and sustainable environment by 2027	Controlled burial sites	Construct cemeteries in Bedford, Adelaide, Fort Beaufort and Alice	Number of fully functional cemeteries	New indicator	Environmental Impact assessment (EIA) approval letters from DEDEAT. Expenditure report. Pictures	4	1		N/A	N/A	N/A	N/A	N/A	N/A	1 Fort Beaufort	N/A	EIA approval letters from DEDEAT. Expenditure report. pictures	N/A	N/A	N/A	Community Services

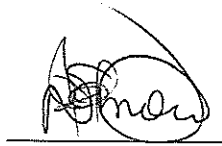
KPA 4: MUNICIPAL FINANCIAL VIABILITY
KPA WEIGHT 15%

IDP REF	REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE ANNUAL TARGET (2022-2027)	2022 -2023	BUDGET	Qtr. 1 target	Qtr. 1 financial target	Qtr. 1 Audit evidence	Qtr. 2 target	Qtr. 2 financial target	Qtr. 2 Audit evidence	Qtr. 3 target	Qtr. 3 financial target	Qtr. 3 Audit evidence	Qtr. 4 target	Qtr. 4 financial target	Qtr. 4 Audit evidence	Custodian
KPI 67	MFV 13	Waste Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Clean and conducive environment	Procurement of skip bins	Number of skip bin acquired	New indicator	Expenditure. Reports. Pictures. Delivery note	20	4		N/A	N/A	N/A	2		Expenditure Reports. Pictures. Delivery note	1		Expenditure Reports. Pictures. Delivery note	1		Expenditure Reports. Pictures. Delivery note	Community Services
KPI 62,1	MFV 8,1	Financial Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Improved financial management	Reduction of Fruitless and Wasteful expenditure	Percentage of cost containment measures implemented	60%	Quarterly reports with supporting evidence (Base line PY vs CY)				50%	N/A	Quarterly reports with supporting evidence (Base line PY vs CY)	50%	N/A	Quarterly reports with supporting evidence (Base line PY vs CY)	50%	N/A	Quarterly reports with supporting evidence (Base line PY vs CY)	50%	N/A	Quarterly reports with supporting evidence (Base line PY vs CY)	Community Services

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION
KPA WEIGHT 20 %

IDP REF	REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE ANNUAL TARGET (2022-2027)	2022 -2023	BUDGET	Qtr. 1 target	Qtr. 1 financial target	Qtr. 1 Audit evidence	Qtr. 2 target	Qtr. 2 financial target	Qtr. 2 Audit evidence	Qtr. 3 target	Qtr. 3 financial target	Qtr. 3 Audit evidence	Qtr. 4 target	Qtr. 4 financial target	Qtr. 4 Audit evidence	Custodian
KPI 71	GGP 4	Governance	To entrench the culture of good governance by 2027	Clean governance	Reduction of Internal Audit Findings	Percentage of internal audit recommendations implemented	100%	Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	100%	100%		100%		Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	100%		Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	100%		Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	100%		Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	Community Services
KPI 72	GGP 5		To entrench the culture of good governance by 2027	Clean governance	Implementation of AC Resolutions	Percentage of AC resolutions implemented	100%	Quarterly Report. AC resolution matrix. Assessment Report from IA	100%	100%		100%		Quarterly Report. AC resolution matrix. Assessment Report from IA	100%		Quarterly Report. AC resolution matrix. Assessment Report from IA	100%		Quarterly Report. AC resolution matrix. Assessment Report from IA	100%		Quarterly Report. AC resolution matrix. Assessment Report from IA	Community Services
KPI 73,1	GGP 6,1	Risk Management	To ensure proper governance, accountability and public participation buy 2027	Clean governance	Conduct Annual Risk Assessment	Number of updated risk registers	New indicator	Updated departmental risk register	20	4		1	N/A	Updated risk register	1	N/A	Updated risk register	1	N/A	Updated risk register	1	N/A	Updated risk register	Community Services
KPI 85,1	GGP 17,1		To ensure proper governance, accountability and public participation by 2027	Enhanced law enforcement	Law and order enforced	Number of by-laws implemented	14	Quarterly reports, matrix of by laws implemented and offences	14	14		14	N/A	Quarterly reports, matrix of by laws implemented and offences	14	N/A	Quarterly reports, matrix of by laws implemented and offences	14	N/A	Quarterly reports, matrix of by laws implemented and offences	14	N/A	Quarterly reports, matrix of by laws implemented and offences	Community Services

I ...N. Speelman..... hereby accept this plan as a basis of monitoring and evaluating my performance during the 2022/2023 financial year. I accept that the indicators and targets as presented in the performance plan are accurate and that I have been given the opportunity to provide inputs in their development.



Signature

18/07/22

Date

I ...U. T. Malinzi..... the Municipal Manager of Raymond Mhlaba Local Municipality approve the performance Plan in terms of the requirements of the Local Government: Municipal Planning and Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers of 2006.

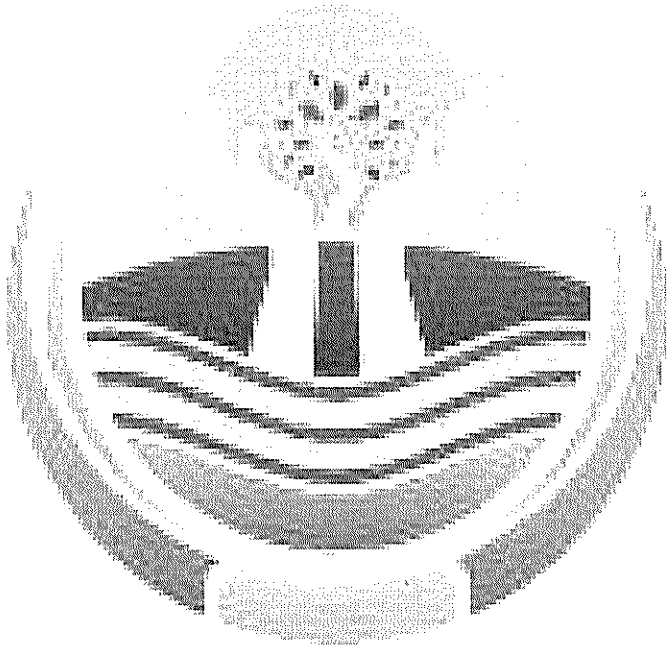
Signature

22/07/2022

Date

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN



RAYMOND MHLABA

MUNICIPALITY

AND

EMPLOYEE

RAYMOND MHLABA LOCAL MUNICIPALITY AS REPRESENTED BY THE MUNICIPAL MANAGER

UNATHI THOLEKA MALINZI

AND

MZWANDILE PATRICK NINI

THE EMPLOYEE OF THE MUNICIPALITY

FOR THE PERIOD 1 JULY 2022 TO 31 AUGUST 2022

MP. UM KD

PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The **RAYMOND MHLABA** Municipality herein represented by Unathi Tholeka Malinzi **in her** capacity as **THE MUNICIPAL MANAGER** (hereinafter referred to as the **Employer** or **Supervisor)**

And **Mzwandile Patrick Nini** Employee of the Municipality (hereinafter referred to as the **Employee**).

WHEREBY IT IS AGREED AS FOLLOWS:

1. NTRODUCTION

1.1 **The** Employer **has entered into a contract of employment with the Employee in terms of section 57 (1) (a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act") as amended. The** Employer **and the** Employee **are hereinafter referred to as "the Parties".**

1.2 Section 57(1) (b) of the Systems Act, read with the Contract of Employment concluded between the Parties; require the Parties to conclude an annual performance agreement.

1.3 The Parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the **Employee** to a set of outcomes that will secure local government policy goals.

1.4 The Parties wish to ensure that there is compliance with Sections 57(4A), (4B) and (5) of the Systems Act.

1.5 In this Agreement the following words will have the meaning ascribed thereto:

"this Agreement" - means the performance agreement between the **Employer** and the **Employee** and the annexures thereto.

"the Executive Authority" - means the Mayoral Committee/ Executive Committee of the Municipality constituted in terms of Section 55 of the Local Government: Municipal Structures Act as represented by its chairperson, the Mayor.

"the Director" – means the Head of Department directly accountable to the Municipal Manager in terms of Section 56(a) of the Local Government: Municipal Systems Act, No 32 of 2000.

the Municipal Manager" – means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, No. 117 of 1998.

"the Municipality" – means the **Raymond Mhlaba Local Municipality**

"the Parties" - means the **Employer** and the **Employee**.

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2. PURPOSE OF THIS AGREEMENT

2.1 The Parties agree that the purposes of this Agreement are to:

2.1.1. comply with the provisions of Section 57(1)(b), (4A), (4B) and (5) of the Systems Act as well as the contract of employment entered into between the Parties;

2.1.2. specify objectives and targets established for the Employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;

2.1.3. specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;

2.1.4. monitor and measure performance against targeted outputs and outcomes;

2.1.5. use the performance agreement as the basis for assessing whether the employee has met performance expectations applicable to his or her job;

2.1.6. appropriately reward the employee in accordance with the Municipality's performance management policy in the event of outstanding performance;

2.1.7. establish a transparent and accountable working relationship; and

2.1.8. give effect to the Municipality's commitment to a performance-orientated relationship with its Employee in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

3.1 Notwithstanding the date of signature this Agreement will commence on the 1st of July 2022 and will remain in force until 31 August 2022 thereafter a new Performance Agreement, Performance Plan and Personal Development Plan shall be concluded between parties for the next financial year or any portion thereof.

3.2 The Parties will review the provisions of this Agreement during July each year. The Parties will conclude a new performance agreement including a Performance Plan and Personal Development Plan that replaces this Agreement at least once a year by not later than the 31st of July each year.

3.3 The payment of the performance bonus is determined by the performance score obtained during the 4th quarter annual performance assessment as informed by the quarterly performance assessments. Should the Employee be entitled to a bonus, this will be paid out after approval by Council and not later than sixty (60) days thereafter in the Employee's salary for a month that shall be applicable.

3.4 The payment of a performance bonus for the year in which the Employee's contract of employment expires will be done as set out in clause 3.3 and the bonus so determined will be paid to the Employee on the last day of his/her employment or not later than 30 days thereafter.

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3.5 In the event of the Employee commencing or terminating his services with the Municipality during the validity period of this Agreement, the Employee's performance for the portion of the period referred to in clause 3.1 during which he was employed, will be evaluated and he will be entitled to a pro rata performance bonus based on his evaluated performance and the period of actual service.

3.6 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon by the Parties.

3.7 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

3.8 This Agreement will terminate on the termination of the Employee's contract of employment for any reason.

4. PERFORMANCE OBJECTIVES

4.1 The Performance Plan in **Annexure A** sets out:

4.1.1 the performance objectives and targets which must be met by the Employee; and

4.1.2 the time frames within which those performance objectives and targets must be met.

4.2 The Personal Development Plan in **Annexure B** sets out the Employee's personal developmental requirements in line with the objectives and targets of the Municipality.

4.3 The Core Management Competencies reflected sets out those management skills regarded as critical to the position held by the Employee.

4.4 The performance objectives and targets reflected in **Annexure A** are set by the Municipality in consultation with the Employee and based on the Integrated Development Plan and the budget of the Municipality, and include key objectives, key performance areas, target dates and weightings.

4.5 The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the time frame in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.

4.6 The Employee's performance will, in addition, be measured in terms of contributions to the development objectives and strategies set out in the Municipality's Integrated Development Plan.

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5. PERFORMANCE MANAGEMENT SYSTEM

5.1 The Employee agrees to participate in the performance management system that the Municipality adopts or introduces for the municipal management and municipal staff of the Municipality.

5.2 The Employee accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the municipal management and municipal staff to perform to the standards required.

5.3 The Employer will consult the Employee about the specific performance standards that will be included in the performance management system as applicable to the Employee.

5.4 The Employee undertakes to actively focus towards the promotion and implementation of his/her Key Performance Areas as set out in **Annexure A** including special projects relevant to the Employee's responsibilities within the local government framework.

6. PERFORMANCE ASSESSMENT

6.1 The performance of the Employee will be assessed against the outputs and outcomes achieved in terms of his/her Key Performance Areas (KPAs) as fully described in Annexure A and his/her Core Management Competencies (CMCs) determined at the commencement of this Agreement with a weighting of 80:20 allocated to the KPAs and CMCs respectively. Therefore the KPAs that refer to the main tasks of the Employee account for 80% of his/her assessment while the CMCs make up the other 20% of the Employee's assessment score.

6.2 The weightings agreed to in respect of the Employee's KPAs attached as Annexure A are set out in the table below:

KEY PERFORMANCE AREAS (KPAS) (80%)	WEIGHT
KPA 1: Institutional Development and Transformation	60
KPA 2: Service Delivery and Infrastructure Provision	
KPA 3: Local Economic Development	
KPA 4: Financial Viability and Management	10
KPA 5: Good Governance and Public Participation	30
Total	100

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6.3 The weightings agreed to in respect of the CMCs considered most critical for the Employee's position and further defined in Annexure C are set out in the table below:

Core Competency Requirements from Regulations (2014): 20%					
COMPETENCY FRAMEWORK FOR SENIOR MANAGERS					
LEADING COMPETENCIES		Achievement Levels	Weight	HOD's Achievement Level	Municipal Managers Score Level
Strategic Direction and Leadership	• Impact and Influence	Basic	8.4		
	• Institutional Performance Management	Competent			
	• Strategic Planning and Management	Advanced			
	• Organisational Awareness	Superior			
People Management	• Human Capital Planning and Development	Basic	8.4		
	• Diversity Management	Competent			
	• Employee Relations Management	Advanced			
	• Negotiation and Dispute Management	Superior			
Programme and Project Management	• Program and Project Planning and Implementation	Basic	8.4		
	• Service Delivery Management	Competent			
	• Program ad Project Monitoring and Evaluation	Advanced			
		Superior			
Financial Management	• Budget Planning and Execution	Basic	8.3		
	• Financial Strategy and Delivery	Competent			
	• Financial Reporting and Monitoring	Advanced			
		Superior			
Change Leadership	• Change Vision and Strategy	Basic	8.3		
	• Process Design and Improvement	Competent			
	• Change Impact Monitoring and	Advanced			

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	Evaluation •	Superior			
Governance Leadership	• Policy Formulation	Basic	8.4		
	• Risk and Compliance Management	Competent			
	• Cooperative Governance	Advanced			
		Superior			

CORE COMPETENCIES:

	Achievement Levels	Weight	HOD's Achievement Level	Municipal Managers Score Level
Moral Competence	Basic Competent Advanced Superior	8.3		
Planning and Organising	Basic Competent Advanced Superior	8.3		
Analysis and Innovation	Basic Competent Advanced Superior	8.3		
Knowledge and Information Management	Basic Competent Advanced Superior	8.3		
Communication	Basic Competent Advanced Superior	8.3		
Results and Quality focus	Basic Competent Advanced Superior	8.3		
Total		**100%**		

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6.4 The assessment of the performance of the Employee will be based on the following levels for KPAs and CMCs:

LEVEL	TERMINOLOGY	DESCRIPTION
5	**Outstanding Performance**	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year.
4	**Performance significantly above expectations**	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	**Fully effective**	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	**Not fully effective**	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
1	**Unacceptable performance**	Performance does not meet the standard expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

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6.5 To determine which rating on the five-point scale did the Director achieve for each KPA the following criteria should be used:

Duration of task	- Was the target achieved within the projected time frame?
Level of complexity	- Required problem solving - Reconciling different perceptions - Innovative alternatives used
Cost	- within budget - saving - overspending
Constraints	- Did envisaged constraints materialise? - If so, were steps taken to manage/reduce the effect of the constraint? - If not, did it beneficially affect the completion of the target? - Any innovative/pro-active steps to manage the constraint

6.6 Annexure "B" may be used as the basis for progress discussions by the Municipality.

7. PANEL AND SCHEDULE FOR PERFORMANCE ASSESSMENTS

7.1 QUARTERLY PERFORMANCE ASSESSMENTS:

7.1.1 Quarterly performance of the Employee will be assessed by the Municipal Manager in relation to his/her achievement of:

1) The targets indicated for each KPA in Annexure A; and
2) The CCRs as defined in clause 6.3 of this agreement

On a date to be determined for each of the following quarterly periods:

1st Quarter (July to September):	**October 2022**
2nd Quarter (October to December):	**January 2023**
3rd Quarter (January to March):	**April 2023**
4th Quarter (April to June):	**July 2023**

7.2 ANNUAL PERFORMANCE ASSESSMENT:

7.2.1 An assessment panel consisting of the following persons will be established:

7.2.1.1 Municipal Manager;

7.2.1.2 Chairperson of the Performance Audit Committee or the audit committee in the absence of a performance audit committee.

7.2.1.3 Member of the Mayoral or Executive Committee or in respect of a plenary type municipality, another member of Council; and

7.2.1.4 Municipal Manager from another municipality

7.3 The performance of the Employee will be assessed in relation to his/her achievement of:

7.3.1 The targets indicated for each KPA in Annexure A; and

7.3.2 The CCRs as defined in clause 6.3 of this agreement

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8. EVALUATING PERFORMANCE AND MANAGEMENT OF EVALUATION OUTCOMES

8.1 The Employee will submit quarterly performance reports and a comprehensive annual performance report prior to the performance assessment meetings to the Employer

8.2 The Employer will give performance feedback to the Employee after each quarterly and the annual assessment meetings.

8.3 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

8.4 At the end of the 4th quarter, the Executive Authority will determine if the Employee is eligible for a performance bonus as envisaged in his/her contract of employment based on the bonus allocation set out in clause 8.11 of this agreement.

8.5 The results of the annual assessment and the scoring report of the Employee for the purposes of bonus allocation, if applicable, will be submitted to the Executive Authority for a recommendation to the full Council.

8.6 A fully effective assessment score will render the Employee eligible to be considered for a performance related increase (pay progression) as envisaged in his/her contract of employment provided the Employee has completed at least 12 months continuous service with the Municipality at his/her current remuneration package on the 30th of June.

8.7 Personal growth and development needs identified during any performance assessment discussion, must be documented in the Employee's Personal Development Plan as well as the action steps and set time frames agreed to.

8.8 Despite the establishment of agreed intervals for assessment, the Employer may, in addition, review the Employee's performance at any stage while his/her contract of employment remains in force.

8.9 The Employer will be entitled to review and make reasonable changes to the provisions of Annexure "A" from time to time for operational reasons. The Employee will be fully consulted before any such change is made.

8.10 The provisions of Annexure "A" may be amended by the Executive Authority when the Municipality's performance management system is adopted, implemented and/or amended as the case may be subject to clause 5.3.

8.11 The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

8.11.1 A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator; provided that -

M.P. UM KD

(a) a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and

(b) a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

9. OBLIGATIONS OF THE MUNICIPALITY

9.1 The Municipality will create an enabling environment to facilitate effective performance by the Employee.

9.2 The Employee will be provided with access to skills development and capacity building opportunities.

9.3 The Municipality will work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee.

9.4 The Municipality will make available to the Employee such resources including employees as the he/she may reasonably require from time to time to assist him/her to meet the performance objectives and targets established in terms of this Agreement; provided that it will at all times remain the responsibility of the Employee to ensure that he/she complies with those performance obligations and targets.

9.5 The Employee will, at his/her request, be delegated such powers by the Municipality as may in the discretion of the Municipality be reasonably required from time to time to enable him to meet the performance objectives and targets established in terms of this Agreement.

10. CONSULTATION

10.1 The Employer agrees to consult the Employee within a reasonable time where the exercising of the Employer's powers will –

10.1.1 have a direct effect on the performance of any of the Employee's functions;

10.1.2 commit the Employee to implement or to give effect to a decision made by the Employer;

10.1.3 have a substantial financial effect on the Municipality.

10.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 10.1 as soon as is practicable, to enable the Employee to take any necessary action without delay.

11. CONSEQUENCE OF UNACCEPTABLE OR POOR PERFORMANCE

The management of poor performance should be seen as a corrective process, focusing on addressing issues that led to poor performance related problems. The process to be followed in addressing poor performance of both the municipal manager and section 56 managers is contained in Regulations 16 of the Local Government: Disciplinary Regulations for Senior Managers and shall be adhered to.

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11.1 Where the Employer is, at any time during the Employee's employment, not satisfied with the Employee's performance with respect to any matter dealt with in this Agreement, the Employer will give notice to the Employee to attend a meeting with the Employer.

11.2 The Employee will have the opportunity at the meeting to satisfy the Employer of the measures being taken to ensure that the Employee's performance becomes satisfactory in accordance with a documented programme, including any dates, for implementing these measures.

11.3 The Municipality will provide systematic remedial or developmental support to assist the Employee to improve his/her performance.

11.4 If, after appropriate performance counselling and having provided the necessary guidance and/or support as well as reasonable time for improvement in performance, the Employer holds the view that the performance of the Employee is not satisfactory, the Municipal Council will, subject to compliance with applicable labour legislation, be entitled by notice in writing to the Employee, to terminate the Employee's employment in accordance with the notice period set out in the his/her contract of employment.

11.5 Where there is a dispute or difference as to the performance of the Employee under this Agreement, the Parties will confer with a view to resolving the dispute or difference.

11.6 Nothing contained in this Agreement in any way limits the right of the Municipality to terminate the Employee's contract of employment with or without notice for any other breach by the Employee of his obligations to the Municipality or for any other valid reason in law.

12. DISPUTES

12.1 Any disputes about the nature of the **Employee's** performance agreement whether it relates to key responsibilities, priorities, methods of assessment and/or any other matter for, shall be mediated by-

12.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the **Employee**; or

12.1.2 Any other person appointed by the MEC

12.1.3 In the case of managers directly accountable to the municipal manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27 (4) (e) of the Municipal Performance Regulations 2006, within thirty (30) days of receipt of a formal dispute from the employee

whose decision shall be final on both parties.

12.2 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

13.GENERAL

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13.1 The contents of this Agreement and the outcome of any review conducted in terms of Annexure "A" will not be confidential, and may be made available to the public by the Municipality, where appropriate.

13.2 Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

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13.2 Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

Signed at Fort Beaufort on this 18 day of July 20.22

As Witnesses:

1. .....

.....
Mr Mzwandile Patrick Nini
Director Corporate Services

Signed at Fort Beaufort on this 22 day of July 20.22

As Witnesses:

1. .....

.....
Ms Unathi Tholeka Malinzi
Municipal Manager

ANNEXURE A

DIRECTOR CORPORATE SERVICES PERFORMANCE PLAN

1. **Purpose**

The performance plan defines the Council's expectations of Director Corporate Services Performance agreement to which this document is attached and Section 57 (5) of the Municipal Systems Act, which provides that performance objectives and targets must be based on the key performance indicators as set in the Municipality's Integrated Development Plan (IDP) and SDBIP, as reviewed annually.

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2. Objective of Local Government

The following objectives of Local Government informed the IDP of the Raymond Mhlaba Local Municipality and will inform the Director's performance against set performance indicators.

2.1 Provide democratic and accountable government for local communities.

2.2 Ensure the provision of services to communities in a sustainable manner.

2.3 Promote social and economic development

2.4 Promote a safe and healthy environment

2.5 Encourage the involvement of communities and community organisations in the maters of local government

3. Scorecard of the Director

3.1 The municipality approved the strategic objectives in the IDP of 2022-2027. The targets to achieve the objectives for the financial year 2022/2023 were defined in the approved SDBIP of 2022/2023. The Director is required to ensure that all targets, programmes and projects as committed on the IDP and SDBIP are delivered according to the commitments of the Executive Committee and Council.

A key principle is that owner departments must lead all the programmes allocated to them in the SDBIP, and ensure that contributor departments contribute, comply and report.

The scorecard of Director Corporate Services is up of the following:

The Performance Plan set out:

a) Key Performance Areas that are employee should focus on, performance objectives, key performance indicators and targets that must be met within a specific timeframe;
b) Core competencies required from employees prescribed in the Performance Regulation for Municipal Managers and Managers Directly accountable to the Municipal Manager, R805 of 2006.

The employee's assessment will be based on his/ her performance in terms of the outputs/ outcomes (performance indicators) identified as per the performance plan which are linked to the National KPA's, which constitute 80% of the overall assessment result as per the weightings agreed to between the employer and employees.

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KPA's covering the main areas of work will account for 80% and CCR's will account for 20% of the final assessment.

Key performance Areas (KPA's)	Weighting
Municipal Transformation & Institutional Development	
Basic Service Delivery	
Local Economic Development	
Municipal Financial Viability & Management	
Good Governance & Public Participation	
Total	100%

Core Competency Requirements	Weighting
Strategic Direction and Leadership	8.4
People Management	8.4
Programme and Project Management	8.4
Financial Management	8.3
Change Management	8.3
Governance Leadership	8.4
Moral Competence	8.3
Planning and Organising	8.3
Analysis and Innovation	8.3
Knowledge and Information Management	8.3
Communication	8.3
Results and Quality Focus	8.3
Total	100%

The assessment of the performance of the employee will be based on the following rating scale for KPA's and CCRs

Category	Colour	Explanation
KPI's Not Met/ Unacceptable performance	1	Performance does not meet the standard expected for the job. The review/ assessment indicate that their employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.
KPI's Almost Met/ Not Fully Effective	2	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/ assessment indicate that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
KPI's Met/ Fully Effective	3	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
KPI's Well Met/ Performance significantly above expectations	4	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
KPI's Extremely Well Met/ Outstanding Performance	5	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.

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KPA 1: INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

KPA WEIGHT :60%

IDP REF	REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE ANNUAL TARGET (2022-2027)	2022-2023	BUDGET	Qtr. 1 target	Qtr. 1 financial target	Qtr. 1 Audit evidence	Qtr. 2 target	Qtr. 2 financial target	Qtr. 2 Audit evidence	Qtr. 3 target	Qtr. 3 financial target	Qtr. 3 Audit evidence	Qtr. 4 target	Qtr. 4 financial target	Qtr. 4 Audit evidence	Custodian
KPI 1	IT 1	Human Resources	To ensure effective and efficient workforce by aligning institutional arrangements to the overall strategy to deliver quality services by 2027.	Achievement of gender balance / redress within RMLM staff compliment	Recruitment of women	Number of female representatives from employment equity groups employed submitted to the Municipal Manager	65%	Quarterly report reflecting the number of female recruited. Appointment letters. Employment Equity Plan	65	13		4	N/A	Quarterly report reflecting the number of female recruited. Appointment letters. Employment Equity Plan	3	N/A	Quarterly report reflecting the number of female recruited. Appointment letters. Employment	3	N/A	Quarterly report reflecting the number of female recruited. Appointment letters. Employment Equity Plan	3	N/A	Quarterly report reflecting the number of female recruited. Appointment letters. Employment Equity Plan	Corporate Service
KPI 2	IT 2	Human Resources	To ensure effective and efficient workforce by aligning institutional arrangements to the overal strategy to deliver quality services by 2027.	Achievement of representative disability staffing profile within RMLM staff compliment	Recruitment of People Living with Disability	Number of people living with disability from employment equity groups employed submitted to the Municipal Manager.	3%	Quarterly report reflecting number of people living with disability recruited. Appointment Letters. Employment equity	20	4		1	N/A	Quarterly report reflecting number of people living with disability recruited. Appointment Letters. Employment equity	1	N/A	Quarterly report reflecting number of people living with disability recruited. Appointment Letters. Employment	1	N/A	Quarterly report reflecting number of people living with disability recruited. Appointment Letters. Employment equity	1	N/A	Quarterly report reflecting number of people living with disability recruited. Appointment Letters. Employment equity	Corporate Service
KPI 3	IT 3	Human Resources	To ensure effective and efficient workforce by aligning institutional arrangements to the overall strategy to deliver quality services by 2027.	Productive, effective and efficient workforce	Facilitate the workstudy exercise	Number of workstudy exercises conducted	New indicator	Quarterly report. Outcomes report approved by Council and implementation of recommendations	2	1		N/A	N/A	N/A	N/A	N/A	N/A	1	N/A	Quarterly report. Outcomes report approved by Council and implementation of recommendations	N/A	N/A	N/A	Corporate Service
KPI 4	IT 4	Human Resources	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027.	Productive, effective and efficient workforce	Review of the organisational structure	Number of organizational structure reviews	1	Reviewed organisational structure approved by Council	5	1		N/A	N/A	N/A	Inputs from departments	N/A	Draft list of inputs submitted to the Management	1 Draft organisational structure	N/A	1, Draft organisational structure	1 Final organisational report		Reviewed organisational structure approved by Council	Corporate Service
KPI 5	IT 5	Human Resources	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Productive, effective and efficient workforce	Facilitate Training and development of employees	Number of Workplace skills Plans (WSP) implemented	8	Quarterly report on the implementation of WSP	20	4		1	N/A	Quarterly report on the implementation of WSP	1	N/A	Quarterly report on the implementation of WSP	1	N/A	Quarterly report on the implementation of WSP	1	N/A	Quarterly report on the implementation of WSP	Corporate Service
KPI 5.1	IT 5.1	Human Resources	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Productive, effective and efficient workforce	Facilitate Training and development of employees	Number of Workplace skills plans (WSP) developed for the year	New indicator	Developed workplace skills plan	5	1		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	N/A	Developed workplace skills plan (WSP)	Corporate Service
KPI 6	IT 6	Human Resources	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027.	Effective and efficient Councillors	Coordinate training of councillors through WSP, SALGA PROGRAMS, CoGTA, AMATHOLE District Municipality, NGOs and other Sector Departments	Number of councillor coordinated	5	Report reflecting councillor trainings	45	9		2	N/A	Report reflecting councillor trainings	3	N/A	Report reflecting councillor trainings	2	N/A	Report reflecting councillor trainings	2	N/A	Report reflecting councillor trainings	Corporate Service
KPI 7	IT 7	Human Resources	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027.	Effective and productive workforce	Facilitate Employee wellness	Number of wellness programmes facilitated	4	Quarterly reports on wellness programmes	20	4		1	N/A	Quarterly reports on wellness programmes	1	N/A	Quarterly reports on wellness programmes	1	N/A	Quarterly reports on wellness programmes	1	N/A	Quarterly reports on wellness programmes	Corporate Service
KPI 7.1	IT 7.1	Human Resources	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027.	Effective and productive workforce	Promotion of health and safety in the workplace	Number of health and safety assessments conducted in all 6 administrative areas (Fort Beaufort, Alice, Adelaide, Bedford, Seymour, Middledrift)	New indicator	Quarterly reports on health and safety assessments conducted	120	24		6	N/A	Quarterly reports on health and safety assessments conducted	6	N/A	Quarterly reports on health and safety assessments conducted	6	N/A	Quarterly reports on health and safety assessments conducted	6	N/A	Quarterly reports on health and safety assessments conducted	Corporate Service
KPI 8	IT 8	Policies	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Enhanced good governance	Policy development and reviewal	Number of policy workshops facilitated	1	Approved policies by Council. Council Resolution	5	1		N/A	N/A	N/A	Inputs from departments	N/A	Signed list of policies to be presented to Management	N/A	N/A	N/A	1	N/A	Approved policies by Council. Council Resolution	Corporate Service
KPI 8.1	IT 8.1	Policies	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Enhanced good governance	Policy development and reviewal	Number of policy workshops conducted for employees	New indicator	draft policies, report encapsulating employee inputs and attendance register	5	1		N/A	N/A	N/A	N/A	N/A	N/A	1	N/A	draft policies, report encapsulating employee inputs and attendance register	N/A	N/A	N/A	Corporate Service
KPI 9	IT 9	Fleet Management	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Road safety vehicles	Enhancement of fleet management	Number of individual vehicle maintenance report	4	Quarterly comprehensive fleet report on a Fuel use, accidents, controls and break downs	170	34		34	N/A	Quarterly comprehensive fleet report on a Fuel use, accidents, controls and break downs	34	N/A	Quarterly comprehensive fleet report on a Fuel use, accidents, controls and break downs	34	N/A	Quarterly comprehensive fleet report on a Fuel use, accidents, controls and break downs	34	N/A	Quarterly comprehensive fleet report on a Fuel use, accidents, controls and break downs	Corporate Service
KPI 10	IT 10	Information Communication	To enhance technological advancement that ensures the implementation of the IDP by 2027.	Enhanced good governance	Enhancement of IT governance	Number of ICT programmes implemented and the functionality of the website and municipal systems	4	Progress Reports Functional ICT steering committee with signed minutes Committee resolution Matrix	20	4		1	N/A	Progress Reports Functional ICT steering committee with signed minutes. Committee resolution Matrix	1	N/A	Progress Reports Functional ICT steering committee with signed minutes. Committee resolution Matrix	1	N/A	Progress Reports Functional ICT steering committee with signed minutes. Committee resolution Matrix	1	N/A	Progress Reports Functional ICT steering committee with signed minutes. Committee resolution Matrix	Corporate Service

KPA 4: FINANCIAL VIABILITY

KPA WEIGHT: 10%

IDP REF	REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE ANNUAL TARGET (2022-2027)	2022-2023	BUDGET	Qtr. 1 target	Qtr. 1 financial target	Qtr. 1 Audit evidence	Qtr. 2 target	Qtr. 2 financial target	Qtr. 2 Audit evidence	Qtr. 3 target	Qtr. 3 financial target	Qtr. 3 Audit evidence	Qtr. 4 target	Qtr. 4 financial target	Qtr. 4 Audit evidence	Custodian

| | | |

I ....M.P Nini..... hereby accept this plan as a basis of monitoring and evaluating my performance during the 2022/2023 financial year. I accept that the indicators and targets as presented in the performance plan are accurate and that I have been given the opportunity to provide inputs in their development.

Signature

18/07/2022

Date

I ....L.T Malinzi..... the Municipal Manager of Raymond Mhlaba Local Municipality approve the performance Plan in terms of the requirements of the Local Government: Municipal Planning and Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers of 2006.

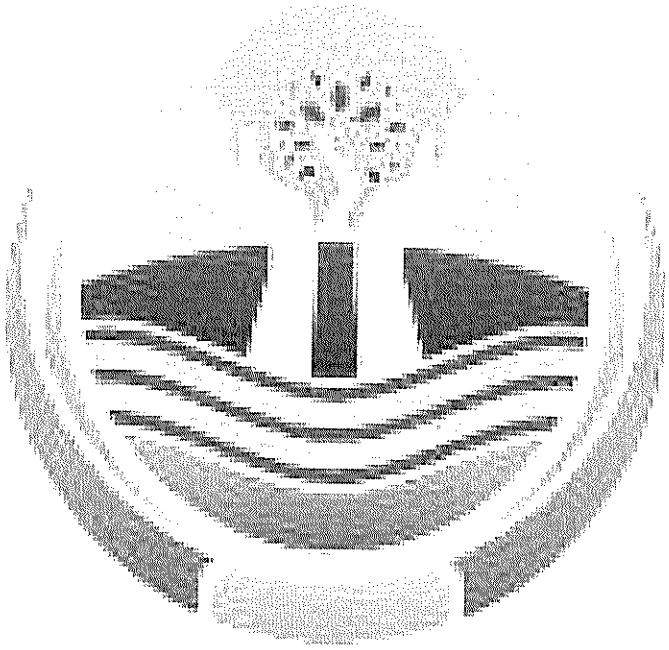
Signature

22/07/2022

Date

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN



RAYMOND MHLABA MUNICIPALITY

RAYMOND MHLABA LOCAL MUNICIPALITY AS REPRESENTED BY THE MUNICIPAL MANAGER,

UNATHI THOLEKA MALINZI

AND

DALUXOLO MLENZANA

THE EMPLOYEE OF THE MUNICIPALITY

FOR THE PERIOD 01JULY 2022 TO 30 JULY 2022

PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The **RAYMOND MHLABA** Municipality herein represented by Unathi Tholeka Malinzi **in her** capacity as **THE MUNICIPAL MANAGER** (hereinafter referred to as the **Employer** or **Supervisor**)

And **Daluxolo Mlenzana** Employee of the Municipality (hereinafter referred to as the **Employee**).

WHEREBY IT IS AGREED AS FOLLOWS:

1. NTRODUCTION

1.1 **The** Employer **has entered into a contract of employment with the Employee in terms of section 57 (1) (a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act") as amended. The** Employer **and the** Employee **are hereinafter referred to as "the Parties".**

1.2 Section 57(1) (b) of the Systems Act, read with the Contract of Employment concluded between the Parties; require the Parties to conclude an annual performance agreement.

1.3 The Parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the **Employee** to a set of outcomes that will secure local government policy goals.

1.4 The Parties wish to ensure that there is compliance with Sections 57(4A), (4B) and (5) of the Systems Act.

1.5 In this Agreement the following words will have the meaning ascribed thereto:

"this Agreement" - means the performance agreement between the **Employer** and the **Employee** and the annexures thereto.

"the Executive Authority" - means the Mayoral Committee of the Municipality constituted in terms of Section 55 of the Local Government: Municipal Structures Act as represented by its chairperson, the Mayor.

"the Senior Director" – means the Head of Department directly accountable to the Municipal Manager in terms of Section 56(a) of the Local Government: Municipal Systems Act, No 32 of 2000.

the Municipal Manager" – means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, No. 117 of 1998.

"the Municipality" – means the **Raymond Mhlaba Local Municipality**

"the Parties" - means the **Employer** and the **Employee**.

2. PURPOSE OF THIS AGREEMENT

2.1 The Parties agree that the purposes of this Agreement are to:

2.1.1. comply with the provisions of Section 57(1)(b), (4A), (4B) and (5) of the Systems Act as well as the contract of employment entered into between the Parties;

2.1.2. specify objectives and targets established for the Employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;

2.1.3. specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;

2.1.4. monitor and measure performance against targeted outputs and outcomes;

2.1.5. use the performance agreement as the basis for assessing whether the employee has met performance expectations applicable to his or her job;

2.1.6. appropriately reward the employee in accordance with the Municipality's performance management policy in the event of outstanding performance;

2.1.7. establish a transparent and accountable working relationship; and

2.1.8. give effect to the Municipality's commitment to a performance-orientated relationship with its Employee in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

3.1 Notwithstanding the date of signature this Agreement will commence on the 1st of July 2022 and will remain in force until 31 July 2022 thereafter a new Performance Agreement, Performance Plan and Personal Development Plan shall be concluded between parties for the next financial year or any portion thereof.

3.2 The Parties will review the provisions of this Agreement during June each year. The Parties will conclude a new performance agreement including a Performance Plan and Personal Development Plan that replaces this Agreement at least once a year by not later than the 31st of July each year.

3.3 The payment of the performance bonus is determined by the performance score obtained during the 4th quarter annual performance assessment as informed by the quarterly performance assessments. Should the Employee be entitled to a bonus, this will be paid out after approval by Council and not later than sixty (60) days thereafter in the Employee's salary for a month that shall be applicable.

3.4 The payment of a performance bonus for the year in which the Employee's contract of employment expires will be done as set out in clause 3.3 and the bonus so determined will be paid to the Employee on the last day of his/her employment or not later than 30 days thereafter.

3.5 In the event of the Employee commencing or terminating his services with the Municipality during the validity period of this Agreement, the Employee's performance for the portion of the period

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referred to in clause 3.1 during which he was employed, will be evaluated and he will be entitled to a pro rata performance bonus based on his evaluated performance and the period of actual service.

3.6 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon by the Parties.

3.7 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

3.8 This Agreement will terminate on the termination of the Employee's contract of employment for any reason.

4. PERFORMANCE OBJECTIVES

4.1 The Performance Plan in **Annexure A** sets out:

4.1.1 the performance objectives and targets which must be met by the Employee; and

4.1.2 the time frames within which those performance objectives and targets must be met.

4.2 The Personal Development Plan in **Annexure B** sets out the Employee's personal developmental requirements in line with the objectives and targets of the Municipality.

4.3 The Core Management Competencies reflected sets out those management skills regarded as critical to the position held by the Employee.

4.4 The performance objectives and targets reflected in **Annexure A** are set by the Municipality in consultation with the Employee and based on the Integrated Development Plan and the budget of the Municipality, and include key objectives, key performance areas, target dates and weightings.

4.5 The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the time frame in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.

4.6 The Employee's performance will, in addition, be measured in terms of contributions to the development objectives and strategies set out in the Municipality's Integrated Development Plan.

5. PERFORMANCE MANAGEMENT SYSTEM

5.1 The Employee agrees to participate in the performance management system that the Municipality adopts or introduces for the municipal management and municipal staff of the Municipality.

5.2 The Employee accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the municipal management and municipal staff to perform to the standards required.

5.3 The Employer will consult the Employee about the specific performance standards that will be included in the performance management system as applicable to the Employee.

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5.4 The Employee undertakes to actively focus towards the promotion and implementation of his/her Key Performance Areas as set out in **Annexure A** including special projects relevant to the Employee's responsibilities within the local government framework.

6. PERFORMANCE ASSESSMENT

6.1 The performance of the Employee will be assessed against the outputs and outcomes achieved in terms of his/her Key Performance Areas (KPAs) as fully described in Annexure A and his/her Core Management Competencies (CMCs) determined at the commencement of this Agreement with a weighting of 80:20 allocated to the KPAs and CMCs respectively. Therefore the KPAs that refer to the main tasks of the Employee account for 80% of his/her assessment while the CMCs make up the other 20% of the Employee's assessment score.

6.2 The weightings agreed to in respect of the Employee's KPAs attached as Annexure A are set out in the table below:

KEY PERFORMANCE AREAS (KPAS) (100%)	**WEIGHT**
KPA 1: Institutional Development and Transformation	**10%**
KPA 2: Service Delivery and Infrastructure Provision	**40%**
KPA 3: Local Economic Development	**20%**
KPA 4: Financial Viability and Management	**20%**
KPA 5: Good Governance and Public Participation	**10%**
Total	**100%**

6.3 The weightings agreed to in respect of the CMCs considered most critical for the Employee's position and further defined in Annexure C are set out in the table below:

Core Competency Requirements from Regulations (2014): 20%					
COMPETENCY FRAMEWORK FOR SENIOR MANAGERS					
LEADING COMPETENCIES		Achievement Levels	Weight	HOD's Achievement Level	Municipal Managers Score Level
Strategic Direction and Leadership	• Impact and Influence	Basic	8.4		
	• Institutional Performance Management	Competent			
	• Strategic Planning and Management	Advanced			
	• Organisational Awareness	Superior			
People Management	• Human Capital Planning and Development	Basic	8.4		
	• Diversity Management	Competent			
	• Employee Relations Management	Advanced			
	• Negotiation and Dispute Management	Superior			
Programme and Project Management	• Program and Project Planning and Implementation	Basic	8.4		
	• Service Delivery Management	Competent			
	• Program ad Project Monitoring and Evaluation	Advanced			
		Superior			
Financial Management	• Budget Planning and Execution	Basic	8.3		
	• Financial Strategy and Delivery	Competent			
	• Financial Reporting and Monitoring	Advanced			
		Superior			
Change Leadership	• Change Vision and Strategy	Basic	8.3		
	• Process Design and Improvement	Competent			
	• Change Impact Monitoring and	Advanced			

	Evaluation				
	•	Superior			
Governance Leadership	• Policy Formulation	Basic	8.4		
	• Risk and Compliance Management	Competent			
	• Cooperative Governance	Advanced			
		Superior			

CORE COMPETENCIES:

	Achievement Levels	Weight	HOD's Achievement Level	Municipal Managers Score Level
Moral Competence	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Planning and Organising	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Analysis and Innovation	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Knowledge and Information Management	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Communication	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Results and Quality focus	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Total		**100%**		

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6.4 The assessment of the performance of the Employee will be based on the following levels for KPAs and CMCs:

LEVEL	TERMINOLOGY	DESCRIPTION
5	**Outstanding Performance**	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year.
4	**Performance significantly above expectations**	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	**Fully effective**	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	**Not fully effective**	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
1	**Unacceptable performance**	Performance does not meet the standard expected for the job. The review / assessment indicate that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

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6.5 To determine which rating on the five-point scale did the Director achieve for each KPA the following criteria should be used:

Duration of task	- Was the target achieved within the projected time frame?
Level of complexity	- Required problem solving - Reconciling different perceptions - Innovative alternatives used
Cost	- within budget - saving - overspending
Constraints	- Did envisaged constraints materialise? - If so, were steps taken to manage/reduce the effect of the constraint? - If not, did it beneficially affect the completion of the target? - Any innovative/pro-active steps to manage the constraint

6.6 Annexure "B" may be used as the basis for progress discussions by the Municipality.

7. PANEL AND SCHEDULE FOR PERFORMANCE ASSESSMENTS

7.1 QUARTERLY PERFORMANCE ASSESSMENTS:

7.1.1 Quarterly performance of the Employee will be assessed by the Municipal Manager in relation to his/her achievement of:

1) The targets indicated for each KPA in Annexure A; and
2) The CCRs as defined in clause 6.3 of this agreement

On a date to be determined for each of the following quarterly periods:

1st Quarter (July to September):	**October 2022**
2nd Quarter (October to December):	**January 2023**
3rd Quarter (January to March):	**April 2023**
4th Quarter (April to June):	**July 2023**

7.2 ANNUAL PERFORMANCE ASSESSMENT:

7.2.1 An assessment panel consisting of the following persons will be established:

7.2.1.1 Municipal Manager;

7.2.1.2 Chairperson of the Performance Audit Committee or the audit committee in the absence of a performance audit committee.

7.2.1.3 Member of the Mayoral or Executive Committee or in respect of a plenary type municipality, another member of Council; and

7.2.1.4 Municipal Manager from another municipality

7.3 The performance of the Employee will be assessed in relation to his/her achievement of:

7.3.1 The targets indicated for each KPA in Annexure A; and

7.3.2 The CCRs as defined in clause 6.3 of this agreement

8. EVALUATING PERFORMANCE AND MANAGEMENT OF EVALUATION OUTCOMES

8.1 The Employee will submit quarterly performance reports and a comprehensive annual performance report prior to the performance assessment meetings to the Employer

8.2 The Employer will give performance feedback to the Employee after each quarterly and the annual assessment meetings.

8.3 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

8.4 At the end of the 4th quarter, the Executive Authority will determine if the Employee is eligible for a performance bonus as envisaged in his/her contract of employment based on the bonus allocation set out in clause 8.11 of this agreement.

8.5 The results of the annual assessment and the scoring report of the Employee for the purposes of bonus allocation, if applicable, will be submitted to the Executive Authority for a recommendation to the full Council.

8.6 A fully effective assessment score will render the Employee eligible to be considered for a performance related increase (pay progression) as envisaged in his/her contract of employment provided the Employee has completed at least 12 months continuous service with the Municipality at his/her current remuneration package on the 30th of June.

8.7 Personal growth and development needs identified during any performance assessment discussion, must be documented in the Employee's Personal Development Plan as well as the action steps and set time frames agreed to.

8.8 Despite the establishment of agreed intervals for assessment, the Employer may, in addition, review the Employee's performance at any stage while his/her contract of employment remains in force.

8.9 The Employer will be entitled to review and make reasonable changes to the provisions of Annexure "A" from time to time for operational reasons. The Employee will be fully consulted before any such change is made.

8.10 The provisions of Annexure "A" may be amended by the Executive Authority when the Municipality's performance management system is adopted, implemented and/or amended as the case may be subject to clause 5.3.

8.11 The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

8.11.1 A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator; provided that -

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(a) a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and

(b) a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

9. OBLIGATIONS OF THE MUNICIPALITY

9.1 The Municipality will create an enabling environment to facilitate effective performance by the Employee.

9.2 The Employee will be provided with access to skills development and capacity building opportunities.

9.3 The Municipality will work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee.

9.4 The Municipality will make available to the Employee such resources including employees as the he/she may reasonably require from time to time to assist him/her to meet the performance objectives and targets established in terms of this Agreement; provided that it will at all times remain the responsibility of the Employee to ensure that he/she complies with those performance obligations and targets.

9.5 The Employee will, at his/her request, be delegated such powers by the Municipality as may in the discretion of the Municipality be reasonably required from time to time to enable him to meet the performance objectives and targets established in terms of this Agreement.

10. CONSULTATION

10.1 The Employer agrees to consult the Employee within a reasonable time where the exercising of the Employer's powers will –

10.1.1 have a direct effect on the performance of any of the Employee's functions;

10.1.2 commit the Employee to implement or to give effect to a decision made by the Employer;

10.1.3 have a substantial financial effect on the Municipality.

10.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 10.1 as soon as is practicable, to enable the Employee to take any necessary action without delay.

11. CONSEQUENCE OF UNACCEPTABLE OR POOR PERFORMANCE

The management of poor performance should be seen as a corrective process, focusing on addressing issues that led to poor performance related problems. The process to be followed in addressing poor performance of both the municipal manager and section 56 managers is contained in Regulations 16 of the Local Government: Disciplinary Regulations for Senior Managers and shall be adhered to.

UM KB

11.1 Where the Employer is, at any time during the Employee's employment, not satisfied with the Employee's performance with respect to any matter dealt with in this Agreement, the Employer will give notice to the Employee to attend a meeting with the Employer.

11.2 The Employee will have the opportunity at the meeting to satisfy the Employer of the measures being taken to ensure that the Employee's performance becomes satisfactory in accordance with a documented programme, including any dates, for implementing these measures.

11.3 The Municipality will provide systematic remedial or developmental support to assist the Employee to improve his/her performance.

11.4 If, after appropriate performance counselling and having provided the necessary guidance and/or support as well as reasonable time for improvement in performance, the Employer holds the view that the performance of the Employee is not satisfactory, the Municipal Council will, subject to compliance with applicable labour legislation, be entitled by notice in writing to the Employee, to terminate the Employee's employment in accordance with the notice period set out in the his/her contract of employment.

11.5 Where there is a dispute or difference as to the performance of the Employee under this Agreement, the Parties will confer with a view to resolving the dispute or difference.

11.6 Nothing contained in this Agreement in any way limits the right of the Municipality to terminate the Employee's contract of employment with or without notice for any other breach by the Employee of his obligations to the Municipality or for any other valid reason in law.

12. DISPUTES

12.1 Any disputes about the nature of the **Employee's** performance agreement whether it relates to key responsibilities, priorities, methods of assessment and/or any other matter for, shall be mediated by-

12.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the **Employee**; or

12.1.2 Any other person appointed by the MEC

12.1.3 In the case of managers directly accountable to the municipal manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27 (4) (e) of the Municipal Performance Regulations 2006, within thirty (30) days of receipt of a formal dispute from the employee

whose decision shall be final on both parties.

12.2 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

13.GENERAL

13.1 The contents of this Agreement and the outcome of any review conducted in terms of Annexure "A" will not be confidential, and may be made available to the public by the Municipality, where appropriate.

13.2 Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

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Signed at FORT BEAUFORT on this 19 day of July 20 22

As Witnesses:

1. .....

.....
Mr Daluxolo Mlenzana
Director Engineering Services

Signed at Fort Beaufort on this 22 day of July 20 22

As Witnesses:

1. .....

.....
Ms Unathi Tholeka Malinzi
Municipal Manager

ANNEXURE A

DIRECTOR ENGINEERING SERVICE PERFORMANCE PLAN

1. **Purpose**

The performance plan defines the Council's expectations of Director Engineering Service performance agreement to which this document is attached and Section 57 (5) of the Municipal Systems Act, which provides that performance objectives and targets must be based on the key performance indicators as set in the Municipality's Integrated Development Plan (IDP) and SDBIP, as reviewed annually.

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2. Objective of Local Government

The following objectives of Local Government informed the IDP of the Raymond Mhlaba Local Municipality and will inform the Senior Manager's performance against set performance indicators.

2.1 Provide democratic and accountable government for local communities.

2.2 Ensure the provision of services to communities in a sustainable manner.

2.3 Promote social and economic development

2.4 Promote a safe and healthy environment

2.5 Encourage the involvement of communities and community organisations in the maters of local government

3. Scorecard of Director Engineering Services

3.1 The municipality approved the strategic objectives in the IDP of 2022-2023. The targets to achieve the objectives for the financial year 2022/2023 were defined in the approved SDBIP of 2022/23. The Director is required to ensure that all targets, programmes and projects as committed on the IDP and SDBIP are delivered according to the commitments of the Executive Committee and Council.

A key principle is that owner departments must lead all the programmes allocated to them in the SDBIP, and ensure that contributor departments contribute, comply and report.

The scorecard of Director Engineering Services is up of the following:

The Performance Plan set out:

a) Key Performance Areas that are employee should focus on, performance objectives, key performance indicators and targets that must be met within a specific timeframe;
b) Core competencies required from employees prescribed in the Performance Regulation for Municipal Managers and Managers Directly accountable to the Municipal Manager, R805 of 2006.

The employee's assessment will be based on his/ her performance in terms of the outputs/ outcomes (performance indicators) identified as per the performance plan which are linked to the National KPA's, which constitute 80% of the overall assessment result as per the weightings agreed to between the employer and employees.

KPA's covering the main areas of work will account for 80% and CCR's will account for 20% of the final assessment.

Key performance Areas (KPA's)	Weighting	Core Competency Requirements	Weighting
Municipal Transformation & Institutional Development		Strategic Direction and Leadership	
Basic Service Delivery		People Management	
Local Economic Development		Programme and Project Management	
Municipal Financial Viability & Management		Financial Management	
Good Governance & Public Participation		Change Management	
		Governance Leadership	
		Moral Competence	
		Planning and Organising	
		Analysis and Innovation	
		Knowledge and Information Management	
		Communication	
		Results and Quality Focus	
Total		Total	

The assessment of the performance of the employee will be based on the following rating scale for KPA's and CCRs

Category	Colour	Explanation
KPI's Not Met/ Unacceptable performance	1	Performance does not meet the standard expected for the job. The review/ assessment indicate that their employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.
KPI's Almost Met/ Not Fully Effective	2	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/ assessment indicate that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
KPI's Met/ Fully Effective	3	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
KPI's Well Met/ Performance significantly above expectations	4	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
KPI's Extremely Well Met/ Outstanding Performance	5	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.

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IDP REF	REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE ANNUAL TARGET (2022-2027)	2022 -2023	BUDGET	Qtr. 1 target	Qtr. 1 financial target	Qtr. 1 Audit evidence	Qtr. 2 target	Qtr. 2 financial target	Qtr. 2 Audit evidence	Qtr. 3 target	Qtr. 3 financial target	Qtr. 3 Audit evidence	Qtr. 4 target	Qtr. 4 financial target	Qtr. 4 Audit evidence	Custodian
KPA 1: INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT KPA WEIGHT : 10%																								
KPI 19	IT 19	Land and Human Settlements	To ensure effective and efficient workforce by 2027	Effective land use	Review of Spatial Development Framework	Number of Reviewed Spatial Development Framework (SDF)	0	Approved SDF	1	1		N/A	N/A	N/A	N/A	N/A	N/A	1 Draft SDF	N/A	1, Draft SDF	1		Approved SDF	Engineering Services
KPI 20	IT 20		To ensure effective and efficient workforce by 2027	Effective land use	Development of Land Use Scheme	Number of Developed Land Use Scheme	0	Approved Land Use Scheme	1	1		N/A	N/A	N/A	N/A	N/A	N/A	1 Draft land use scheme	N/A	1, Draft land use scheme	1	N/A	Approved Land Use Scheme	Engineering Services
KPI 21	IT 21		To ensure effective and efficient workforce by 2027	Effective land use	Develop an Encroachment Plan	Number of Developed Encroachment Plan	New Indicator	Approved Encroachment Plan				N/A	N/A	N/A	N/A	N/A	N/A	1 Draft encroachment plan	N/A	1, Draft encroachment plan	1	N/A	Approved Encroachment Plan	Engineering Services
KPI 22	IT 22		To ensure effective and efficient workforce by 2027	Effective land use	Development and reviewing of Housing Sector Plan	Number of Developed Housing Sector Plan	0	Approved Housing Sector Plan	1	1		N/A	N/A	N/A	N/A	N/A	N/A	1 Draft Housing Sector Plan	N/A	1, Draft housing sector plan	1	N/A	Approved Housing Sector Plan	Engineering Services
KPA 2: BASIC SERVICE DELIVERY KPA WEIGHT 40%																								
KPI 24	BSD 2	Facilities	To ensure a safe, friendly and sustainable environment by 2027	Acceptable state of Municipal Buildings	Renovation of Community Services building	Number of Municipal Office buildings renovated	New Indicator	Report on the renovated building, expenditure report, pictures	1	1		N/A	N/A	N/A	N/A	N/A	N/A	Renovation of Community Services Department		Report on the renovated building, expenditure report, pictures				Engineering Services
KPI 24.1	BSD 2.1		To ensure a safe, friendly and sustainable environment by 2027	Acceptable state of Municipal Buildings	Renovation of Community Services building	Number of approved plans on the renovation of municipal offices	New Indicator	Management approved plan (encapsulating which offices will be renovated and detailed work needed)	1	1		1	n/a	Approved municipal renovation plan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Engineering Services
KPI 26	BSD 4		To ensure the provision and standardization of fire services by 2027	Road safety	Renovation of a pound in Adelaide and Fort Beaufort	Number of pound facilities renovated in Adelaide and Fort Beaufort	New Indicator	Approved renovation plan, Expenditure report, renovation report, completion report , Pictures (before and after)	2	1		N/A	N/A	N/A	Renovation of Adelaide Pound	N/A	Approved renovation plan, Expenditure report, renovation report, completion report , Pictures (before and after)	N/A	N/A	N/A	Renovation of Fort Beaufort Pound	N/A	Approved renovation plan, Expenditure report, renovation report, completion report , Pictures (before and after)	Engineering Services
KPI 32	BSD 10	Utility	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Improved electricity infrastructure	Implementation of INEP projects	Percentage of INEP projects implemented	100%	Quarterly reports. Progress reports. Expenditure report. verification reports. Pictures	100%	100%		30%		Quarterly reports. Progress reports. Expenditure report, verification reports. Pictures	100%		Quarterly reports. Progress reports. Expenditure report. verification reports. Pictures	N/A	N/A	N/A	N/A	N/A	N/A	Engineering Services
KPI 32.1	BSD 10.1		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Improved electricity infrastructure	Implementation of INEP projects	Number of plans on the implementation of INEP projects	-	approved plan	6	1		1	N/A	Approved plan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Engineering Services
KPI 33	BSD 11		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Reduced electricity losses and elimination illegal connections	Auditing of illegal connections	Number of illegal connection audits conducted	12	Quarterly reports. Job cards.Signed List of household audited	20	4		1 Bedford		Quarterly reports. Job cards.Signed List of household audited	1 Fort Beaufort		Quarterly reports. Job cards.Signed List of household audited	Adelaide		Quarterly reports. Job cards.Signed List of household audited	1 Fort Beaufort		Quarterly reports. Job cards.Signed List of household audited	Engineering Services
KPI 34	BSD 12		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Electrification of all households within RMLM	Connection of new applications	Percentage of new connections within 21 days of application	New Indicator	Quarterly reports. Job cards. Listing of new connections conducted	100%	100%		100%		Quarterly reports. Job cards. Listing of new connections conducted	100%		Quarterly reports. Job cards. Listing of new connections conducted	100%		Quarterly reports. Job cards. Listing of new connections conducted	100%		Quarterly reports. Job cards. Listing of new connections conducted	Engineering Services

KPI 35	BSD 13	Elec	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Electrification of all households within RMLM	Reconnection of disconnected accounts	Percentage of reconnections completed within 7 days after settlement of municipal account	New Indicator	Quarterly reports. Job cards.Listing of reconnections conducted	100%	100%		100%		Quarterly reports. Job cards.Listing of reconnections conducted	100%		Quarterly reports. Job cards.Listing of reconnections conducted	100%		Quarterly reports. Job cards.Listing of reconnections conducted	100%		Quarterly reports. Job cards.Listing of reconnections conducted	Engineering Services
KPI 36	BSD 14		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Improved electricity infrastructure	Connection of new RDP houses through INEP	Number of house connections audit conducted	New Indicator	Quarterly reports. progress reports. Pictures. Expenditure report. Signed list of house connections	1000	200		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	200	N/A	Quarterly reports. progress reports. Pictures Expenditure report. Signed list of house connections	Engineering Services
KPI 37	BSD 15		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Proper maintained electricity infrastructure	Restoration of unplanned outages	Percentage of unplanned outages restored within 4 hours	New Indicator	Outage report highlighting cause of outage and restoration	70%	70%		70%		Outage report highlighting cause of outage and restoration	70%		Outage report highlighting cause of outage and restoration	70%		Outage report highlighting cause of outage and restoration	70%		Outage report highlighting cause of outage and restoration	Engineering Services
KPI 38	BSD 16		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Proper maintained electricity infrastructure	Maintenance of electricity infrastructure	Actual number of maintenance 'jobs' for planned or preventative maintenance	New Indicator	Maintenance report highlighting repair contents	10	2		N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	N/A	Maintenance report highlighting repair contents	1	N/A	Maintenance report highlighting repair contents	Engineering Services
KPI 39	BSD 17	Roads	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Proper maintained internal roads	Maintenance of municipal roads	Number of km regravelled	New Indicator	Quarterly reports, progress reports, pictures, listing of municipal roads regravelled	1500	300		50	N/A	Quarterly reports, progress reports, pictures, listing of municipal roads regravelled	100	N/A	Quarterly reports, progress reports, pictures, listing of municipal roads regravelled	100	N/A	Quarterly reports, progress reports, pictures, listing of municipal roads regravelled	50	N/A	Quarterly reports, progress reports, pictures, listing of municipal roads regravelled	Engineering Services
KPI 40	BSD 18		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Proper maintained internal roads	Maintenance of stormwater drains	Number of stormwater drainage maintained	300	Quarterly reports, progress reports, pictures, listing of stormwater drains maintained	1500	300		75	N/A	Quarterly reports, progress reports, pictures, listing of stormwater drains maintained	75	N/A	Quarterly reports, progress reports, pictures, listing of stormwater drains maintained	75	N/A	Quarterly reports, progress reports, pictures, listing of stormwater drains maintained	75	N/A	Quarterly reports, progress reports, picture, listing of stormwater drains maintained	Engineering Services
KPI 41	BSD 19		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Property maintained roads	Maintenance of municipal roads	Number of road markings maintained	New Indicator	Report on marked roads inclusive of street names and areas	250	50		10	N/A	Report on marked roads inclusive of street names and areas	15	N/A	Report on marked roads inclusive of street names and areas	15	N/A	Report on marked roads inclusive of street names and areas	10	N/A	Report on marked roads inclusive of street names and areas	Engineering Services
KPI 42	BSD 20	Land and Human Settlements	To ensure adequate, efficient, sustainable environment by 2027	Credible land audit	Conduct Land Audit	Number of updated Land Audit Report	0	Approved Land Audit Document	1	1		N/A	N/A	N/A	N/A	N/A	N/A	N/A	1		Approved Land Audit Document	N/A	N/A	N/A	Engineering Services
KPI 43	BSD 21		To ensure adequate, efficient, sustainable environment by 2027	Orderly development	Approval of Building Plans	Percentage of Approved Compliant Building Plans	1	Quarterly report, list of building plans received	100%	100%		100%		Quarterly report, list of building plans received	100%		Quarterly report, list of building plans received	100%		Quarterly report, list of building plans received	100%		Quarterly report, list of building plans received	Engineering Services
KPI 44	BSD 22		To ensure adequate, efficient, sustainable environment by 2027	Orderly development	Approval of Land Use Applications	Percentage of Approved Compliant Land Use Applications	50	Quarterly report, list of land use applications received	100%	100%		100%		Quarterly report, list of land use applications received	100%		Quarterly report, list of land use applications received	100%		Quarterly report, list of land use applications received	100%		Quarterly report, list of land use applications received	Engineering Services
KPI 45	BSD 23	Project Management	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Health, social and economic prosperity for communities	Implementation of MIG projects	Percentage MIG Capital projects implemented	100%	Quarterly reports, progress reports, expenditure report, verification reports, pictures	100%	100%		25%		Quarterly reports, progress reports, expenditure report, verification reports, pictures	50%		Quarterly reports, progress reports, expenditure report, verification reports, pictures	75%		Quarterly reports, progress reports, expenditure report, verification reports, pictures	100%		Quarterly reports, progress reports, expenditure report, verification reports, pictures	Engineering Services
KPI 45.1	BSD 23, 1		To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Improved electricity infrastructure	Implementation of MIG projects	Number of plans on the implementation of MIG projects	1	approved plan	5	1		1	n/a	approved plan	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Engineering Services

KPA 3: LOCAL ECONOMIC DEVELOPMENT

KPA WEIGHT 20%

IDP REF	REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE ANNUAL TARGET (2022-2027)	2022 -2023	BUDGET	Qtr. 1 target	Qtr. 1 financial target	Qtr. 1 Audit evidence	Qtr. 2 target	Qtr. 2 financial target	Qtr. 2 Audit evidence	Qtr. 3 target	Qtr. 3 financial target	Qtr. 3 Audit evidence	Qtr. 4 target	Qtr. 4 financial target	Qtr. 4 Audit evidence	Custodian
KPI 48	LED 2	Unemployment	To ensure sustainable Local Economic Development by 2027	Economically active communities	Job creation through MIG and Capital projects	Number of jobs created through Capital Projects	700	Quarterly reports. Contracts of people employed	500	100		25		Quarterly report. Contracts of people employed	25		Quarterly reports Contracts of people employed	25		Quarterly reports. Contracts of people employed	25		Quarterly reports. Contracts of people employed	Engineering Services
KPI 49	LED 3		To ensure sustainable Local Economic Development by 2027	Economically active communities	Job creation through EPWP	Number of jobs created through Expanded Public Works Programme	251	Quarterly reports. Contracts of people employed	500	100		50		Quarterly report. Contracts of people employed	20		Quarterly report. Contracts of people employed	15		Quarterly report. Contracts of people employed	15		Quarterly report. Contracts of people employed	Engineering Services

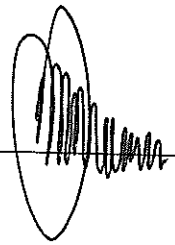
KPA 4: MUNICIPAL FINANCIAL VIABILITY
KPA WEIGHT 20%

IDP REF	REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE ANNUAL TARGET (2022-2027)	2022 -2023	BUDGET	Qtr. 1 target	Qtr. 1 financial target	Qtr. 1 Audit evidence	Qtr. 2 target	Qtr. 2 financial target	Qtr. 2 Audit evidence	Qtr. 3 target	Qtr. 3 financial target	Qtr. 3 Audit evidence	Qtr. 4 target	Qtr. 4 financial target	Qtr. 4 Audit evidence	Custodian
KPI 57	MFV 3	Expenditure Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Full spent of conditional grants to sustain service delivery	Spending of 100% MIG grant	Percentage spent on MIG Capital grant	100%	1. Quarterly reports 2. System Generated Report	100%	100%		25%		Quarterly reports. System Generated Report	50%		Quarterly reports. System Generated Report	75%		Quarterly reports. System Generated Report	100%		Quarterly reports. System Generated Report	Engineering Services
KPI 58	MFV 4		To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Full spent of conditional grants to sustain service delivery	Spending of 100% INEP capital grant	Percentage spent on INEP Capital grant	100%	1. Quarterly reports 2. System Generated Report	100%	100%		30%		Quarterly reports. System Generated Report	100%		Quarterly reports. System Generated Report	N/A	N/A	N/A	N/A	N/A	N/A	Engineering Services
KPI 59	MFV 5		To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Full spent of conditional grants to sustain service delivery	Spending of 100% EPWP grant	Percentage spent of EPWP grant	100%	1. Quarterly reports 2. System Generated Report	100%	100%		40%		Quarterly reports. System Generated Report	70%		Quarterly reports. System Generated Report	80%		Quarterly reports. System Generated Report	100%		Quarterly reports. System Generated Report	Engineering Services
KPI 62.1	MFV 8.1	Financial Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Improved financial management	Reduction of Fruitless and Wasteful expenditure	Percentage of cost containment measures implemented	50%	Quarterly reports with supporting evidence (Base line PY vs CY)				50%	N/A	Quarterly reports with supporting evidence (Base line PY vs CY)	50%	N/A	Quarterly reports with supporting evidence (Base line PY vs CY)	50%	N/A	Quarterly reports with supporting evidence (Base line PY vs CY)	50%	N/A	Quarterly reports with supporting evidence (Base line PY vs CY)	Engineering Services

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION
KPA WEIGHT 10 %

IDP REF	REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE ANNUAL TARGET (2022-2027)	2022 -2023	BUDGET	Qtr. 1 target	Qtr. 1 financial target	Qtr. 1 Audit evidence	Qtr. 2 target	Qtr. 2 financial target	Qtr. 2 Audit evidence	Qtr. 3 target	Qtr. 3 financial target	Qtr. 3 Audit evidence	Qtr. 4 target	Qtr. 4 financial target	Qtr. 4 Audit evidence	Custodian
KPI 71	GGP 4	Governance	To entrench the culture of good governance by 2027	Clean governance	Reduction of Internal Audit Findings	Percentage of internal audit recommendations implemented	100%	Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	100%	100%		100%		Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	100%		Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	100%		Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	100%		Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	Engineering Services
KPI 72	GGP 5		To entrench the culture of good governance by 2027	Clean governance	Implementation of AC Resolutions	Percentage of AC resolutions implemented	100%	Quarterly Report. AC resolution matrix. Assessment Report from IA	100%	100%		100%		Quarterly Report. AC resolution matrix. Assessment Report from IA	100%		Quarterly Report. AC resolution matrix. Assessment Report from IA	100%		Quarterly Report. AC resolution matrix. Assessment Report from IA	100%		Quarterly Report. AC resolution matrix. Assessment Report from IA	Engineering Services
KPI 73.1	GGP 6.1	Risk Management	To ensure proper governance, accountability and public participation buy 2027	Clean governance	Conduct Annual Risk Assessment	Number of updated risk registers	New Indicator	Updated departmental risk register	20	4		1	N/A	Updated departmental risk register	1	N/A	Updated departmental risk register	1	N/A	Updated departmental risk register	1	N/A	Updated departmental risk register	Engineering Services
KPI 74	GGP 7	Public Participation	To improve the municipal responsiveness to service delivery breakdowns by 2027	An efficient turnaround time to resolve customer complaints	Attending to Customer complaints	Percentage of official complaints responded to through the municipal complaint management system	New Indicator	Quarterly reports. Reconciliation of complaints received and attended to	100%	100%		100%		Quarterly reports. Reconciliation of complaints received and attended to	100%		Quarterly reports. Reconciliation of complaints received and attended to	100%		Quarterly reports. Reconciliation of complaints received and attended to	100%		Quarterly reports. Reconciliation of complaints received and attended to	Engineering Services

I DAWOLO MLENZANA ..... hereby accept this plan as a basis of monitoring and evaluating my performance during the 2022/2023 financial year. I accept that the indicators and targets as presented in the performance plan are accurate and that I have been given the opportunity to provide inputs in their development.



Signature

18/07/22

Date

I U.T Malinzi ..... the Municipal Manager of Raymond Mhlaba Local Municipality approve the performance Plan in terms of the requirements of the Local Government: Municipal Planning and Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers of 2006.

Signature

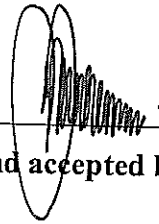
22/07/2022

Date

ANNEXURE B

PERSONAL DEVELOPMENT PLAN

Skills Performance Gap	Outcomes Expected	Suggested training and/or development activity	Suggested mode of delivery	Suggested Time Frames	Work opportunity created to practice skill/development area	Support Person
1.						
2.						
3.						



Signed and accepted by the Employee

17/07/2022

Date

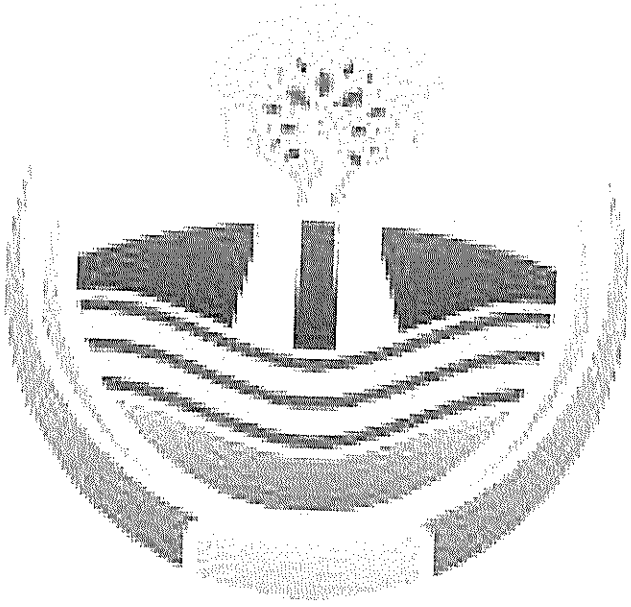
Signed by the Municipal Manager on behalf of the Municipality

22/07/2022

Date

PERFORMANCE AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN



RAYMOND MHLABA

[redacted]

RAYMOND MHLABA LOCAL MUNICIPALITY AS REPRESENTED BY THE MUNICIPAL MANAGER,

UNATHI THOLEKA MALINZI

AND

LULAMILE DONACIOUS HANABE

THE EMPLOYEE OF THE MUNICIPALITY

FOR THE PERIOD 01 JULY 2022 TO 30 NOVEMBER 2022

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PERFORMANCE AGREEMENT

ENTERED INTO BY AND BETWEEN:

The **RAYMOND MHLABA** Municipality herein represented by Unathi. T Malinzi **in her** capacity as **THE MUNICIPAL MANAGER** (hereinafter referred to as the **Employer** or **Supervisor**)

And **Lulamile Donacious Hanabe** Employee of the Municipality (hereinafter referred to as the **Employee**).

WHEREBY IT IS AGREED AS FOLLOWS:

1. INTRODUCTION

1.1 **The** Employer **has entered into a contract of employment with the Employee in terms of section 57 (1) (a) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act") as amended. The** Employer **and the** Employee **are hereinafter referred to as "the Parties".**

1.2 Section 57(1) (b) of the Systems Act, read with the Contract of Employment concluded between the Parties; require the Parties to conclude an annual performance agreement.

1.3 The Parties wish to ensure that they are clear about the goals to be achieved, and secure the commitment of the **Employee** to a set of outcomes that will secure local government policy goals.

1.4 The Parties wish to ensure that there is compliance with Sections 57(4A), (4B) and (5) of the Systems Act.

1.5 In this Agreement the following words will have the meaning ascribed thereto:

"this Agreement" - means the performance agreement between the **Employer** and the **Employee** and the annexures thereto.

"the Executive Authority" - means the Mayoral Committee/ Executive Committee of the Municipality constituted in terms of Section 55 of the Local Government: Municipal Structures Act as represented by its chairperson, the Mayor.

"the Director" – means the Head of Department directly accountable to the Municipal Manager in terms of Section 56(a) of the Local Government: Municipal Systems Act, No 32 of 2000.

the Municipal Manager" – means the Municipal Manager appointed in terms of Section 82 of the Local Government: Municipal Structures Act, No. 117 of 1998.

"the Municipality" – means the **Raymond Mhlaba Local Municipality**

"the Parties" - means the **Employer** and the **Employee**.

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2. PURPOSE OF THIS AGREEMENT

2.1 The Parties agree that the purposes of this Agreement are to:

2.1.1. comply with the provisions of Section 57(1)(b), (4A), (4B) and (5) of the Systems Act as well as the contract of employment entered into between the Parties;

2.1.2. specify objectives and targets established for the Employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;

2.1.3. specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;

2.1.4. monitor and measure performance against targeted outputs and outcomes;

2.1.5. use the performance agreement as the basis for assessing whether the employee has met performance expectations applicable to his or her job;

2.1.6. appropriately reward the employee in accordance with the Municipality's performance management policy in the event of outstanding performance;

2.1.7. establish a transparent and accountable working relationship; and

2.1.8. give effect to the Municipality's commitment to a performance-orientated relationship with its Employee in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

3.1 Notwithstanding the date of signature this Agreement will commence on the 1st of July 2022 and will remain in force until 30 November 2022 thereafter a new Performance Agreement, Performance Plan and Personal Development Plan shall be concluded between parties for the next financial year or any portion thereof.

3.2 The Parties will review the provisions of this Agreement during June each year. The Parties will conclude a new performance agreement including a Performance Plan and Personal Development Plan that replaces this Agreement at least once a year by not later than the 31st of July each year.

3.3 The payment of the performance bonus is determined by the performance score obtained during the annual performance assessment as informed by the quarterly performance assessments. Should the Employee be entitled to a bonus, this will be paid out after approval by Council and not later than sixty (60) days thereafter in the Employee's salary for a month that shall be applicable.

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3.4 The payment of a performance bonus for the year in which the Employee's contract of employment expires will be done as set out in clause 3.3 and the bonus so determined will be paid to the Employee on the last day of his/her employment or not later than 30 days thereafter.

3.5 In the event of the Employee commencing or terminating his services with the Municipality during the validity period of this Agreement, the Employee's performance for the portion of the period referred to in clause 3.1 during which he was employed, will be evaluated and he will be entitled to a pro rata performance bonus based on his evaluated performance and the period of actual service.

3.6 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon by the Parties.

3.7 If at any time during the validity of this Agreement the work environment alters (whether as a result of government or council decisions or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall immediately be revised.

3.8 This Agreement will terminate on the termination of the Employee's contract of employment for any reason.

4. PERFORMANCE OBJECTIVES

4.1 The Performance Plan in **Annexure A** sets out:

4.1.1 the performance objectives and targets which must be met by the Employee; and

4.1.2 the time frames within which those performance objectives and targets must be met.

4.2 The Personal Development Plan in **Annexure B** sets out the Employee's personal developmental requirements in line with the objectives and targets of the Municipality.

4.3 The Core Management Competencies reflected sets out those management skills regarded as critical to the position held by the Employee.

4.4 The performance objectives and targets reflected in **Annexure A** are set by the Municipality in consultation with the Employee and based on the Integrated Development Plan and the budget of the Municipality, and include key objectives, key performance areas, target dates and weightings.

4.5 The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the time frame in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.

4.6 The Employee's performance will, in addition, be measured in terms of contributions to the development objectives and strategies set out in the Municipality's Integrated Development Plan.

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5. PERFORMANCE MANAGEMENT SYSTEM

5.1 The Employee agrees to participate in the performance management system that the Municipality adopts or introduces for the municipal management and municipal staff of the Municipality.

5.2 The Employee accepts that the purpose of the performance management system will be to provide a comprehensive system with specific performance standards to assist the municipal management and municipal staff to perform to the standards required.

5.3 The Employer will consult the Employee about the specific performance standards that will be included in the performance management system as applicable to the Employee.

5.4 The Employee undertakes to actively focus towards the promotion and implementation of his/her Key Performance Areas as set out in **Annexure A** including special projects relevant to the Employee's responsibilities within the local government framework.

6. PERFORMANCE ASSESSMENT

6.1 The performance of the Employee will be assessed against the outputs and outcomes achieved in terms of his/her Key Performance Areas (KPAs) as fully described in Annexure A and his/her Core Management Competencies (CMCs) determined at the commencement of this Agreement with a weighting of 80:20 allocated to the KPAs and CMCs respectively. Therefore the KPAs that refer to the main tasks of the Employee account for 80% of his/her assessment while the CMCs make up the other 20% of the Employee's assessment score.

6.2 The weightings agreed to in respect of the Employee's KPAs attached as Annexure A are set out in the table below:

KEY PERFORMANCE AREAS (KPAS) (80%)	WEIGHT
KPA 1: Institutional Development and Transformation	30
KPA 2: Service Delivery and Infrastructure Provision	
KPA 3: Local Economic Development	40
KPA 4: Financial Viability and Management	5
KPA 5: Good Governance and Public Participation	25
Total	100

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6.3 The weightings agreed to in respect of the CMCs considered most critical for the Employee's position and further defined in Annexure C are set out in the table below:

Core Competency Requirements from Regulations (2014): 20%					
COMPETENCY FRAMEWORK FOR SENIOR MANAGERS					
LEADING COMPETENCIES		Achievement Levels	Weight	HOD's Achievement Level	Municipal Managers Score Level
Strategic Direction and Leadership	• Impact and Influence	Basic	8.4		
	• Institutional Performance Management	Competent			
	• Strategic Planning and Management	Advanced			
	• Organisational Awareness	Superior			
People Management	• Human Capital Planning and Development	Basic	8.4		
	• Diversity Management	Competent			
	• Employee Relations Management	Advanced			
	• Negotiation and Dispute Management	Superior			
Programme and Project Management	• Program and Project Planning and Implementation	Basic	8.4		
	• Service Delivery Management	Competent			
	• Program ad Project Monitoring and Evaluation	Advanced			
		Superior			
Financial Management	• Budget Planning and Execution	Basic	8.3		
	• Financial Strategy and Delivery	Competent			
	• Financial Reporting and Monitoring	Advanced			
		Superior			
Change Leadership	• Change Vision and Strategy	Basic	8.3		
	• Process Design and Improvement	Competent			
	• Change Impact Monitoring and	Advanced			

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	Evaluation				
	•	Superior			
Governance Leadership	• Policy Formulation	Basic	8.4		
	• Risk and Compliance Management	Competent			
	• Cooperative Governance	Advanced			
		Superior			

CORE COMPETENCIES:

	Achievement Levels	Weight	HOD's Achievement Level	Municipal Managers Score Level
Moral Competence	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Planning and Organising	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Analysis and Innovation	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Knowledge and Information Management	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Communication	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Results and Quality focus	Basic	8.3		
	Competent			
	Advanced			
	Superior			
Total		**100%**		

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6.4 The assessment of the performance of the Employee will be based on the following levels for KPAs and CMCs:

LEVEL	TERMINOLOGY	DESCRIPTION
5	**Outstanding Performance**	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year.
4	**Performance significantly above expectations**	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	**Fully effective**	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	**Not fully effective**	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicate that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
1	**Unacceptable performance**	Performance does not meet the standard expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

6.5 To determine which rating on the five-point scale did the Director achieve for each KPA the following criteria should be used:

Duration of task	- Was the target achieved within the projected time frame?
Level of complexity	- Required problem solving - Reconciling different perceptions - Innovative alternatives used
Cost	- within budget - saving - overspending
Constraints	- Did envisaged constraints materialise? - If so, were steps taken to manage/reduce the effect of the constraint? - If not, did it beneficially affect the completion of the target? - Any innovative/pro-active steps to manage the constraint

6.6 Annexure "B" may be used as the basis for progress discussions by the Municipality.

7. PANEL AND SCHEDULE FOR PERFORMANCE ASSESSMENTS

7.1 QUARTERLY PERFORMANCE ASSESSMENTS:

7.1.1 Quarterly performance of the Employee will be assessed by the Municipal Manager in relation to his/her achievement of:

1) The targets indicated for each KPA in Annexure A; and
2) The CCRs as defined in clause 6.3 of this agreement

On a date to be determined for each of the following quarterly periods:

1st Quarter (July to September):	**October 2022**
2nd Quarter (October to December):	**January 2023**
3rd Quarter (January to March):	**April 2023**
4th Quarter (April to June):	**July 2023**

7.2 ANNUAL PERFORMANCE ASSESSMENT:

7.2.1 An assessment panel consisting of the following persons will be established:

7.2.1.1 Municipal Manager;

7.2.1.2 Chairperson of the Performance Audit Committee or the audit committee in the absence of a performance audit committee.

7.2.1.3 Member of the Mayoral or Executive Committee or in respect of a plenary type municipality, another member of Council; and

7.2.1.4 Municipal Manager from another municipality

7.3 The performance of the Employee will be assessed in relation to his/her achievement of:

7.3.1 The targets indicated for each KPA in Annexure A; and

7.3.2 The CCRs as defined in clause 6.3 of this agreement

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8. EVALUATING PERFORMANCE AND MANAGEMENT OF EVALUATION OUTCOMES

8.1 The Employee will submit quarterly performance reports and a comprehensive annual performance report prior to the performance assessment meetings to the Employer

8.2 The Employer will give performance feedback to the Employee after each quarterly and the annual assessment meetings.

8.3 The evaluation of the Employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

8.4 At the end of the 4th quarter, the Executive Authority will determine if the Employee is eligible for a performance bonus as envisaged in his/her contract of employment based on the bonus allocation set out in clause 8.11 of this agreement.

8.5 The results of the annual assessment and the scoring report of the Employee for the purposes of bonus allocation, if applicable, will be submitted to the Executive Authority for a recommendation to the full Council.

8.6 A fully effective assessment score will render the Employee eligible to be considered for a performance related increase (pay progression) as envisaged in his/her contract of employment provided the Employee has completed at least 12 months continuous service with the Municipality at his/her current remuneration package on the 30th of June.

8.7 Personal growth and development needs identified during any performance assessment discussion, must be documented in the Employee's Personal Development Plan as well as the action steps and set time frames agreed to.

8.8 Despite the establishment of agreed intervals for assessment, the Employer may, in addition, review the Employee's performance at any stage while his/her contract of employment remains in force.

8.9 The Employer will be entitled to review and make reasonable changes to the provisions of Annexure "A" from time to time for operational reasons. The Employee will be fully consulted before any such change is made.

8.10 The provisions of Annexure "A" may be amended by the Executive Authority when the Municipality's performance management system is adopted, implemented and/or amended as the case may be subject to clause 5.3.

8.11 The evaluation of the employee's performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

8.11.1 A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an employee in recognition of outstanding performance. In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment-rating calculator; provided that -

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(a) a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and

(b) a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

9. OBLIGATIONS OF THE MUNICIPALITY

9.1 The Municipality will create an enabling environment to facilitate effective performance by the Employee.

9.2 The Employee will be provided with access to skills development and capacity building opportunities.

9.3 The Municipality will work collaboratively with the Employee to solve problems and generate solutions to common problems that may impact on the performance of the Employee.

9.4 The Municipality will make available to the Employee such resources including employees as the he/she may reasonably require from time to time to assist him/her to meet the performance objectives and targets established in terms of this Agreement; provided that it will at all times remain the responsibility of the Employee to ensure that he/she complies with those performance obligations and targets.

9.5 The Employee will, at his/her request, be delegated such powers by the Municipality as may in the discretion of the Municipality be reasonably required from time to time to enable him to meet the performance objectives and targets established in terms of this Agreement.

10. CONSULTATION

10.1 The Employer agrees to consult the Employee within a reasonable time where the exercising of the Employer's powers will –

10.1.1 have a direct effect on the performance of any of the Employee's functions;

10.1.2 commit the Employee to implement or to give effect to a decision made by the Employer;

10.1.3 have a substantial financial effect on the Municipality.

10.2 The Employer agrees to inform the Employee of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 10.1 as soon as is practicable, to enable the Employee to take any necessary action without delay.

11. CONSEQUENCE OF UNACCEPTABLE OR POOR PERFORMANCE

The management of poor performance should be seen as a corrective process, focusing on addressing issues that led to poor performance related problems. The process to be followed in addressing poor performance of both the municipal manager and section 56 managers is contained in Regulations 16 of the Local Government: Disciplinary Regulations for Senior Managers and shall be adhered to.

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11.1 Where the Employer is, at any time during the Employee's employment, not satisfied with the Employee's performance with respect to any matter dealt with in this Agreement, the Employer will give notice to the Employee to attend a meeting with the Employer.

11.2 The Employee will have the opportunity at the meeting to satisfy the Employer of the measures being taken to ensure that the Employee's performance becomes satisfactory in accordance with a documented programme, including any dates, for implementing these measures.

11.3 The Municipality will provide systematic remedial or developmental support to assist the Employee to improve his/her performance.

11.4 If, after appropriate performance counselling and having provided the necessary guidance and/or support as well as reasonable time for improvement in performance, the Employer holds the view that the performance of the Employee is not satisfactory, the Municipal Council will, subject to compliance with applicable labour legislation, be entitled by notice in writing to the Employee, to terminate the Employee's employment in accordance with the notice period set out in the his/her contract of employment.

11.5 Where there is a dispute or difference as to the performance of the Employee under this Agreement, the Parties will confer with a view to resolving the dispute or difference.

11.6 Nothing contained in this Agreement in any way limits the right of the Municipality to terminate the Employee's contract of employment with or without notice for any other breach by the Employee of his obligations to the Municipality or for any other valid reason in law.

12. DISPUTES

12.1 Any disputes about the nature of the **Employee's** performance agreement whether it relates to key responsibilities, priorities, methods of assessment and/or any other matter for, shall be mediated by-

12.1.1 The MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the **Employee**; or

12.1.2 Any other person appointed by the MEC

12.1.3 In the case of managers directly accountable to the municipal manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27 (4) (e) of the Municipal Performance Regulations 2006, within thirty (30) days of receipt of a formal dispute from the employee

whose decision shall be final on both parties.

12.2 In the event that the mediation process contemplated above fails, clause 20.3 of the Contract of Employment shall apply.

13.GENERAL

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13.1 The contents of this Agreement and the outcome of any review conducted in terms of Annexure "A" will not be confidential, and may be made available to the public by the Municipality, where appropriate.

13.2 Nothing in this Agreement diminishes the obligations, duties or accountabilities of the Employee in terms of his/her contract of employment, or the effects of existing or new regulations, circulars, policies, directives or other instruments.

Signed at Fort Beaufort on this 18 day of July 2022

As Witnesses:

1. .....

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Dr. Lulamile Donacious Hanabe
Director Strategic Planning and Local Economic Development

Signed at Fort Beaufort on this 18 day of July 2022.

As Witnesses:

1. .....

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Ms. Unathi Tholeka Malinzi
Municipal Manager

IDP REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Statement	PLAN	KEY PERFORMANCE INDICATOR	BASELINE	MEANS OF VERIFICATION	ACCUMULATIVE ANNUAL TARGET (2022-2027)	BUDGET	Qtr. 1 target	Qtr. 1 financial target	Qtr. 1 Audit evidence	Qtr. 2 target	Qtr. 2 financial target	Qtr. 2 Audit evidence	Qtr. 3 target	Qtr. 3 financial target	Qtr. 3 Audit evidence	Qtr. 4 target	Qtr. 4 financial target	Qtr. 4 Audit evidence	Custodian
KPA 1: INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT KPA WEIGHT: 35%																						
KPI 11	Performance Management System	To ensure effective and efficient workforce by 2027	Community driven and accountable Performance management System	Conduct organisational assessments	Number of organizational performance assessments conducted	0	Quarterly organizational performance reports	20	4	1	N/A	Quarterly organizational performance reports	1	N/A	Quarterly organizational performance reports	1	N/A	Quarterly organizational performance reports	1	N/A	Quarterly organizational performance reports	Strategic Planning and LED
KPI 11.1	Performance Management System	To ensure effective and efficient workforce by 2027	Community driven and accountable Performance management System	Conduct organisational assessments	Number of individual performance assessments conducted for MM and Directors	0	Quarterly individual performance reports	20	4	1	n/a	Quarterly individual performance reports	1	n/a	Quarterly individual performance reports	1	n/a	Quarterly individual performance reports	1	n/a	Quarterly individual performance reports	Strategic Planning and LED
KPI 11.2	Performance Management System	To ensure effective and efficient workforce by 2027.	Community driven and accountable Performance management System	PMS Policy	Number of PMS Policy reviewed	1	Reviewed PMS Policy	1 Reviewed PMS Policy	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1 PMS Policy	N/A	1 Draft Reviewed PMS Policy	1 Final Reviewed PMS Policy	N/A	Approved PMS Policy	Strategic Planning and LED
KPI 12	Township Economy	To ensure a safe, friendly and sustainable environment by 2027	Promote rural development	Development of Rural and Township economy strategy	Number of Developed Township Economy Strategy	0	Concept documents. Report on roll out plans	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1 Draft Township Economy Strategy	N/A	Draft Township Economy Strategy	1 Final Township Strategy	N/A	Approved Township Economy Strategy	Strategic Planning and LED
KPA 3: LOCAL ECONOMIC DEVELOPMENT KPA WEIGHT: 40%																						
KPI 47	Unemployment	To ensure sustainable Local Economic Development by 2027	Economically active communities	Job creation through LED initiatives. Initiative (Feed Lot, Fresh Produce, Brickyard, Citrus Development	Number of jobs created through LED initiatives	300	Quarterly report Contracts of people employed	250	50	13		Quarterly reports. Contracts of people employed	11		Quarterly reports Contracts of people employed	13		Quarterly reports Contracts of people employed	13		Quarterly reports. Contracts of people employed	Strategic Planning & LED
KPI 50	Unemployment	To ensure sustainable Local Economic Development by 2027	Improved economic growth and development of RMLM area	Initiate and support economic activities (Heritage Ruby, Christmas in July, Garden Festival, Famers Market day, Cooperative Intiaitis)	Number of economic activities supported	0	Quarterly reports.	50	10	3		Quarterly report.	2		Quarterly report.	3		Quarterly report.	2		Quarterly report.	Strategic Planning & LED
KPI 51	SMMEs	To ensure sustainable Local Economic Development by 2027	Improved economic growth and development of RMLM area	Provide Support to SMME's (Training, Network support, Financial support on their needs)	Number of SMMEs supported by the Municipality	72	Quarterly reports Feed back from the participants Attendance Register Proof of support. Technical Report	60	10	3		Quarterly report. Feed back from the participants Attendance Register. Proof of support. Technical Report	12		Quarterly report Feed back from the participants Attendance Register Proof of support Technical Report	3		Quarterly report. Feed back from the participants Attendance Register Proof of support. Technical Report	2		Quarterly report. Feed back from the participants Attendance Register. Proof of support. Technical Report	Strategic Planning & LED
KPI 52	Tourism	To ensure sustainable Local Economic Development by 2027	Preferred tourism destination	Promotion of local tourism (profiling and marketing of heritage sites, Holiday destinations and Accommodations) (Tourism Week Festival	Number of tourism products/ programmes supported	72	Quarterly reports. Brochure Developed Delivery Note	12	2	N/A	N/A	N/A	1		Quarterly reports Brochure Developed Delivery Note	1Brochure Developed		Quarterly reports Brochure developed Delivery Note	N/A	N/A	N/A	Strategic Planning & LED

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	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y
1				To ensure proper governance, accountability and public participation by 2027	Clean governance	Conduct Annual Risk Assessment	Number of updated risk registers	New Indicator	Updated institutional risk register	20	4	1	N/A	Updated institutional risk register	1	N/A	Updated institutional risk register	1	N/A	Updated institutional risk register	1	N/A	Updated institutional risk register	Strategic Planning & LED
2	KPI	73.1	GGP 6.1																						
3				To ensure proper governance, accountability and public participation by 2027	Clean governance	Conduct Annual Risk Assessment	Number of updated risk registers	New Indicator	Updated departmental risk register	20	4	1	n/a	Updated departmental risk register	1	n/a	Updated departmental risk register	1	n/a	Updated departmental risk register	1	n/a	Updated departmental risk register	Strategic Planning & LED
4	KPI	73.2	GGP 6.2																						
5				To ensure proper governance, accountability and public participation by 2028	Clean governance	Clean governance	IDP Developed and submitted to Council	2022/2023TDP	IDP and Budget	Final IDP and Budget	Final IDP and Budget		IDP/ Budget/ PMS Process Plan Submitted to Council by August 2022		1. Copy of process plan 2. Proof of submission Council	Not set as target			DRAFT IDP and Budget Submitted to Council by March 2023		1. Copy of Draft IDP and Budget.	Final IDP and Budget Submitted to Council by May 2023		4. Copy of Final IDP and Budget	Strategic Planning & LED
6	KPI	73.3	GGP 6.3																						
7				To improve the municipal responsiveness to service delivery breakdowns by 2027	An efficient turnaround time to resolve customer complaints	Attending to Customer complaints	Percentage of official complaints responded to through the municipal complaint management system	New Indicator	Quarterly reports. Reconciliation of complaints received and attended to	100%	100%	100%	100%		Quarterly reports Reconciliation of complaints received and attended to	100%	Quarterly reports Reconciliation of complaints received and attended to	100%		Quarterly reports Reconciliation of complaints received and attended to	100%		Quarterly reports Reconciliation of complaints received and attended to	Strategic Planning & LED
8	KPI	74	GGP 7																						
9				To improve the municipal responsiveness to service delivery breakdowns by 2027		Attending to Customer complaints	Number of average days in responding to complaints received	Ps	Quarterly Report. System Generated report on number of days taken to respond	3	3	3 days	N/A	Quarterly Report System Generated report on number of days taken to respond	3 days	N/A	Quarterly Report. System Generated report on number of days taken to respond	13 days	N/A	Quarterly Report. System Generated report on number of days taken to respond	3 days	N/A	Quarterly Report. System Generated report on number of days taken to respond	Strategic Planning & LED
10	KPI	75	GGP 8																						
11				To improve community participation by 2027	Meaningful community engagements	Strengthen Public Participation (Mayoral Imbizo, Annual Report Road shows, IDP and Budget)	Number of community consultations conducted	4	Quarterly reports. Attendance Register (Delivery Note or order for digital platforms)	20	4	N/A	N/A	N/A	1 MPAC roadshow and 1 Mayoral Imbizo	N/A	Quarterly reports Attendance Register (Delivery Note or order for digital platforms)			1 IDP/ Budget Roadshows	N/A	Quarterly reports. Attendance Register (Delivery Note or order for digital platforms)	Strategic Planning & LED
12	KPI	76	GGP 9																						
13				To improve community participation by 2027		Promote effective ward committee system	Percentage of wards that have held at least one councillor-convened community meeting	New Indicator	Quarterly reports. Attendance Register	100%	100%	100%		Quarterly reports. Attendance Register	100%		Quarterly reports Attendance Register	100%		Quarterly reports Attendance Register	100%		Quarterly reports Attendance Register	Strategic Planning & LED
14	KPI	77	GGP 10																						
15				To improve information sharing to communities to the people RAM by 2027		Developed communication plan	Number communication plans developed	1	Developed communication plan	5	1	1		Developed communication plan	N/A		N/A	N/A		N/A	N/A		N/A	Strategic Planning & LED
16	KPI	78	GGP 11																						
17				To improve information sharing to communities to the people RAM by 2027		Implementation of communication plan	Number of communication programs implemented as per the Communication Plan	12	Quarterly reports Pictures. Copy of the publication	20	4	1		Quarterly reports Pictures. Copy of the publication	1		Quarterly reports. Pictures. Copy of the publication	1		Quarterly reports. Pictures. Copy of the publication	1		Quarterly reports. Pictures. Copy of the publication	Strategic Planning & LED
18	KPI	79	GGP 12																						
19				To maintain healthy trusted brand		To improve brand visibility (Development of Municipal Profile)	Number of Municipal profiles developed	New Indicator	Quarterly Report. Developed Municipal Profile	5	1	N/A	N/A	N/A	N/A	N/A	N/A	1		Quarterly Report. Municipal Profile	N/A	N/A	N/A	Strategic Planning & LED
20	KPI	80	GGP 13																						
21				To ensure proper governance and accountability by 2027		To improve the functionality IGR Structures	Number of IGR meetings convened	20	Quarterly reports Attendance Register Cluster reports (6). Resolution Matrix	20	4	1	1	1	Quarterly reports Attendance Register Cluster reports (6). Resolution Matrix		Quarterly reports Attendance Register. Cluster reports (6). Resolution Matrix	1		1	1		Quarterly reports Attendance Register. Cluster reports (6). Resolution Matrix	Strategic Planning & LED
22	KPI	81	GGP 14																						

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y
41	KPI 82	GGP 15	Sport	To entrench social cohesion through vulnerable groups by 2027	Increased social cohesion	Promote sport development (Trainings, Ward Championships, Mayors cup, Heritage tournament, Ngumbela tournament)	Number of sport programmes implemented	5	Quarterly reports Expenditure Report. Feed back forms on training.	20	4		1 (Heritage rugby tournament)		Quarterly reports Expenditure Report. Feed back forms on training	1 (Awareness campaigns)		Quarterly reports. Expenditure Report. Feed back forms on training	1 (Ngumbela Cricket)		Quarterly reports. Expenditure Report. Feed back forms on training.	1 (Indegenous games)		Quarterly reports. Expenditure Report. Feed back forms on training	Strategic Planning & LED
42	KPI 83	GGP 16	Special Programmes	To entrench social cohesion through vulnerable groups by 2027	Mainstreamed special programmes	Development of Special programmes Model	Number Special programmes model developed	2 New indicator	Quarterly Report. Developed Special Programmes(SP) Model	5	1		1	N/A	Quarterly Report. Developed SP Model	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Strategic Planning & LED
43	KPI 84	GGP 16		To entrench social cohesion through vulnerable groups by 2027	Mainstreamed special programmes	Implementation of SP programmes (Back to school, Career Exhibition, golden games, women day, 16 days of activism, child protection week, aids day, June 16, Mayor's Breakfast with Elderly day, disability month, capacity building for military veterans)	Number of vulnerable groups programme implemented	2	Quarterly reports Attendance Register Expenditure report	25	5		2		Quarterly reports. Attendance Register. Expenditure report	1		Quarterly reports Attendance Register Expenditure report	1		Quarterly reports. Attendance Register Expenditure report	1		Quarterly reports. Attendance Register Expenditure report	Strategic Planning & LED

I ..... Hereby accept this plan as a basis of monitoring and evaluating my performance during the 2022/2023 financial year. I accept that the indicators and targets as presented in the performance plan are accurate and that I have been given the opportunity to provide inputs in their development.

Signature

18 July 2022

Date

I ..UNATHI THOLEA MALINZI..... the Municipal Manager of Raymond Mhlaba Local Municipality approve the performance Plan in terms of the requirements of the Local Government: Municipal Planning and Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers of 2006.

Signature

18 July 2022

Date

ANNEXURE A

DIRECTOR STRATEGIC PLANNING AND LOCAL ECONOMIC DEVELOPMENT PERFORMANCE PLAN

1. Purpose

The performance plan defines the Council's expectations of Director Strategic Planning and Local Economic Development performance agreement to which this document is attached and Section 57 (5) of the Municipal Systems Act, which provides that performance objectives and targets must be based on the key performance indicators as set in the Municipality's Integrated Development Plan (IDP) and SDBIP, as reviewed annually.

ZT MM LD

2. Objective of Local Government

The following objectives of Local Government informed the IDP of the Raymond Mhlaba Local Municipality and will inform the Senior Manager's performance against set performance indicators.

2.1 Provide democratic and accountable government for local communities.

2.2 Ensure the provision of services to communities in a sustainable manner.

2.3 Promote social and economic development

2.4 Promote a safe and healthy environment

2.5 Encourage the involvement of communities and community organisations in the maters of local government

3. Scorecard of Director Strategic Planning and Local Economic Development

3.1 The municipality approved the strategic objectives in the IDP of 2022-2027. The targets to achieve the objectives for the financial year 2022/2023 were defined in the approved SDBIP . The Director is required to ensure that all targets, programmes and projects as committed on the IDP and SDBIP are delivered according to the commitments of the Executive Committee and Council.

A key principle is that owner departments must lead all the programmes allocated to them in the SDBIP, and ensure that contributor departments contribute, comply and report.

The scorecard of Director Strategic Planning and Local Economic Development is up of the following:

The Performance Plan set out:

a) Key Performance Areas that are employee should focus on, performance objectives, key performance indicators and targets that must be met within a specific timeframe;
b) Core competencies required from employees prescribed in the Performance Regulation for Municipal Managers and Managers Directly accountable to the Municipal Manager, R805 of 2006.

The employee's assessment will be based on his/ her performance in terms of the outputs/ outcomes (performance indicators) identified as per the performance plan which are linked to the National KPA's, which constitute 80% of the overall assessment result as per the weightings agreed to between the employer and employees.

ZT UM LD

KPA's covering the main areas of work will account for 80% and CCR's will account for 20% of the final assessment.

Key performance Areas (KPA's)	Weighting	Core Competency Requirements	Weighting
Municipal Transformation & Institutional Development		Strategic Direction and Leadership	
Basic Service Delivery		People Management	
Local Economic Development		Programme and Project Management	
Municipal Financial Viability & Management		Financial Management	
Good Governance & Public Participation		Change Leadership	
		Governance Leadership	
		Moral Competence	
		Planning and Organising	
		Analysis and Innovation	
		Knowledge and Information Management	
		Communication	
		Results and Quality focus	
Total	80%	Total	20%

The assessment of the performance of the employee will be based on the following rating scale for KPA's and CCRs

Category	Colour	Explanation
KPI's Not Met/ Unacceptable performance	1	Performance does not meet the standard expected for the job. The review/ assessment indicate that their employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.
KPI's Almost Met/ Not Fully Effective	2	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/ assessment indicate that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
KPI's Met/ Fully Effective	3	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
KPI's Well Met/ Performance significantly above expectations	4	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
KPI's Extremely Well Met/ Outstanding Performance	5	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year.

ZT YM LD

ANNEXURE B

PERSONAL DEVELOPMENT PLAN

Skills Performance Gap	Outcomes Expected	Suggested training and/or development activity	Suggested mode of delivery	Suggested Time Frames	Work opportunity created to practice skill/development area	Support Person
1.						
2.						
3.						

Signed and accepted by the Employee

18 July 2022

Date

Signed by the Municipal Manager on behalf of the Municipality

18 July 2022

Date

CONFIDENTIAL ITEM