

RAYMOND MHLABA LOCAL MUNICIPALITY



2024/2025 DRAFT ANNUAL REPORT

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CHAPTER 1: EXECUTIVE SUMMARY

1.1 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION

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

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

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

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

1.1.1. ABOUT THE MUNICIPALITY

The Raymond Municipality was formally established in 2016, through the merger of the Nkonkobe and Nxuba Local Councils following the local government elections in that year. Alice town is a legislative seat and KwaMaqoma is the administrative head of the municipality. The municipal area covers approximately 6 474 km², with major towns being Alice, Adelaide, Bedford, KwaMaqoma and Middledrift. Smaller settlements include Hogsback, Seymour, Balfour, Blinkwater and Debenek. The Raymond Mhlaba municipality is situated along the southern slopes of the Winterberg Mountain range escarpment in the hinterland of the Eastern Cape, and is under the jurisdiction of the Amathole District municipality.

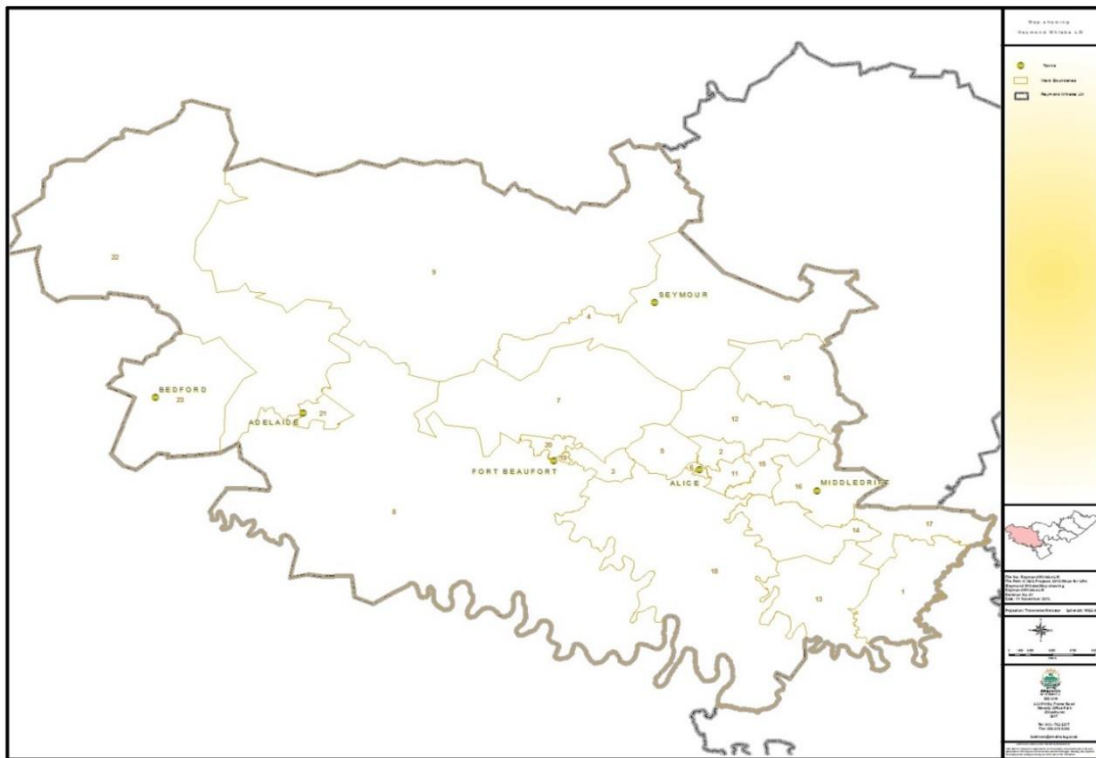
Main access corridors are R63 from King Williams Town through Alice and KwaMaqoma towards Adelaide and Bedford and the R67 from Grahamstown through Fort Beaufort, Blinkwater, Seymour towards Queenstown. Raymond Local Municipality is comprised of 23 wards with a total population of approximately 178 594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

in rural villages and farms. Urbanization is concentrated in Alice, Adelaide, Bedford and Fort Beaufort.

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

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

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



1.1.2 DEMOGRAPHIC INDICATORS

1.1.2.1 TOTAL POPULATION

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

WARD INFORMATION

The table below provides areas or villages per ward.

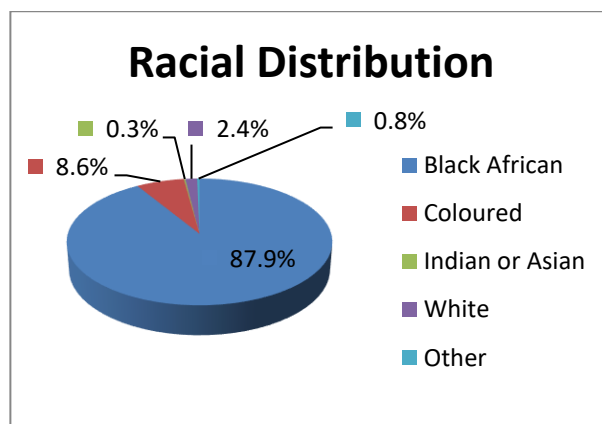
Ward	Area/Villages
1	Qamdobowa, Zigodlo, Ndindwa, Mgxotyeni, Kulile, Mnqaba, Xhukwane, Sxekwen, Koloni
2	Township, Ntsela, Upper & Lower Gqumashe, Skhutshwane
3	Takalani, Kanana, Mpolo 1-2-3, Nkukwini, Tyoks Valley, Ntlekisa , Tambo Square
4	Seymour, Katkat Valley, Lushington, Lundini/Elukhanysweni,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

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

1.1.2.2 RACIAL DISTRIBUTION

Census 2022 revealed that , the population was 87.9% African, 2.4% White, 9% Coloured, 8.6%, Indian 0.3%, and other 0.8%. The results of the pie chart (below) show that Black

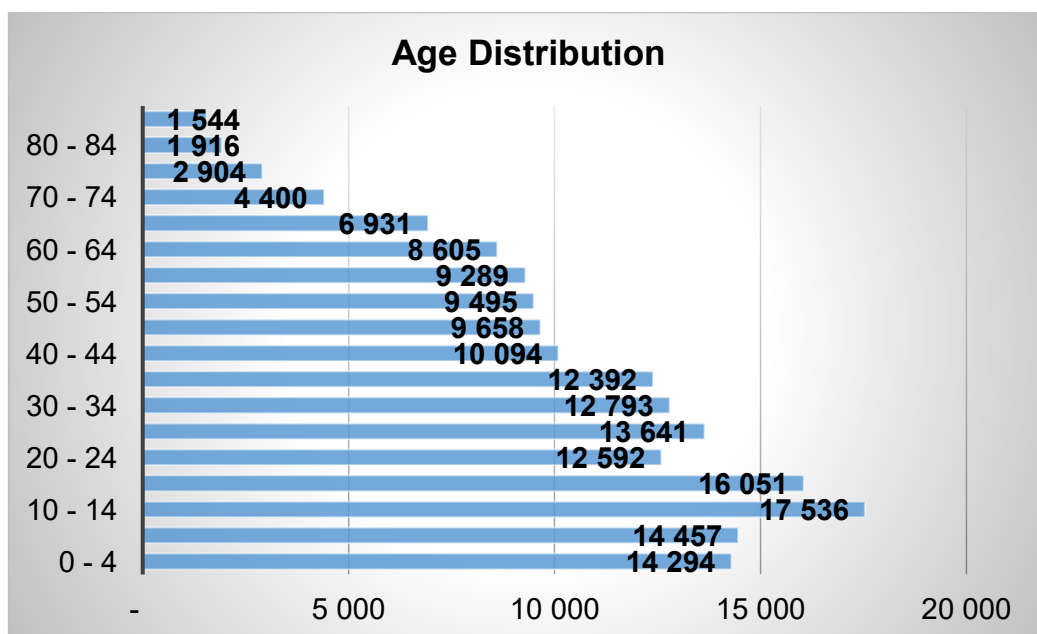
Africans make up the majority of the total population in Raymond Mhlaba Local Municipality, with a small Coloured population scattered throughout the municipal area and Indians/Asians and Whites being the least represented population groups. The Pie chart below displays the Municipality's racial distribution.



Source: Census, 2022

1.1.2.3 POPULATION GROWTH RATE

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



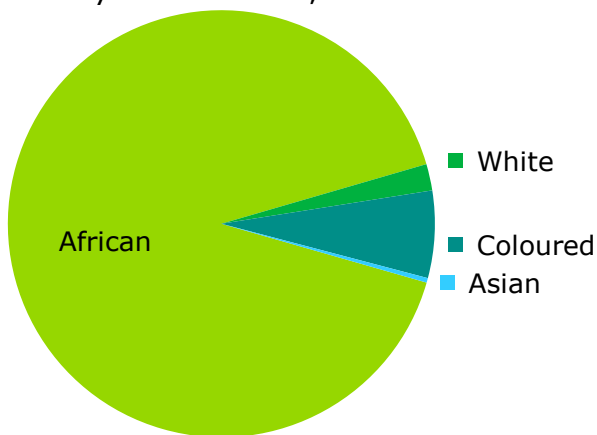
The population pyramid above, indicates that the population of Raymond Mhlaba Local Municipality is dominated by youth and women, ages from 25-44.

1.1.2.4 NUMBER OF HOUSEHOLDS

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

Number of Households by Population group

Raymond Mhlaba, 2022



1.2 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

As stipulated in the Constitution, Raymond Mhlaba Local Municipality performs the following functions:

- 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.

One of the pillars of development and service delivery is the provision of basic services, and as such the municipality has made investments in infrastructure development to guarantee that everyone in the municipal jurisdiction can access basic services.

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

1.3 FINANCIAL OVERVIEW

The Budget and Treasury Office is responsible for the management of the corporate financial services of the municipality in order to ensure maximum utilisation of the available financial resources.

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

1.4 ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Municipality recognises that having an efficient workforce is essential to achieving its goals for growth and development as well as providing acceptable service delivery levels. The Municipality approaches human resource management and development holistically in recognition of this reality. Initiatives to build skills and capacity, change management, and the creation, application, and evaluation of policies that promote personal growth are all prioritised. In demonstrating a commitment **“To provide effective and efficient workforce by aligning institutional arrangements to the overall strategy in order to deliver quality services”** the following activities took place;

Recruitment and Selection:

- All the Senior positions have been filled.
- For 2024/ 2025 Financial year the Municipality has appointed fifteen(15) females.

Skills Development

- Provided training to Councillors and employees based on skills and capacity demands

- Conducted Councillor & Employee assistance programmes .
- Developed and submitted a Workplace Skills Plan to the Local Government SETA by April 2025.

Policy Reviewal

- Policy workshops were conducted on the 14 March and 17 June 2025.
- The workshop was attended by Councillors, Top Management, Labour Unions and officials .

• Employee Wellness and Support Programmes & Health and Safety

The Municipality successfully implemented the Employee Assistance Programmes (EAP) to support the health and wellness of employees across all satellite offices. For the year under review, the following employee wellness programs and activities were implemented:

- Workplace Health and Safety Inspections conducted in all satellite offices.
- Health awareness campaigns, including national condom week, pregnancy awareness, STI prevention, and prostate cancer awareness.
- Tuberculosis (TB) Screening initiatives, specifically targeting vulnerable employee groups.
- Awareness and education campaigns promoting health and safety protocols.
- Psychosocial support and counselling services provided to staff .
- Promotion of Workplace Wellness through sport, including friendly inter-departmental games (soccer and netball) .

These initiatives reflect the Municipality's ongoing commitment to human resource development and employee wellness as strategic enablers of improved service delivery and organisational resilience.

1.5 AUDITOR GENERAL REPORT FOR 2024/2025

THE REPORT WILL AVAILABE ONCE THE external audit has been concluded.

1.6 STATUTORY ANNUAL REPORT PROCESS

According to Section 121 of the Local Government Municipal Finance Management Act (MFMA) No 56 of 2003, the Council of a Municipality is required to deal with the Annual Report of the municipality and any municipal entity under its sole or shared control within nine months of the end of the fiscal year. This is in compliance with Section 129 of the MFMA. In developing the 2024/2025 Annual Report, the municipality used the format provided in the Treasury MFMA Circular 63 as shown in the table below.

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 2024/025 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	September – December
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	
12	Municipalities receive and start to address the Auditor General's comments	
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	

1.7 COMMENTS ON THE ANNUAL REPORT PROCESS:

The 2024/2025 Annual Report reflects the performance of the Raymond Mhlaba Local Municipality as well as the achievement obtained and challenges encountered by the municipality during the year under review. This Annual Report provides a full reporting version as required by National Treasury's MFMA Annual Report Circular 63 and is structured as follows:

Chapter 1: Mayor's Foreword and Executive Summary

Chapter 2: Governance

Chapter 3: Service delivery performance

Chapter 4: Organizational development performance

Chapter 5: Financial performance

Chapter 6: Auditor-General Audit Findings

APPENDICES

CHAPTER 2 – GOVERNANCE

2.1 INTRODUCTION TO GOVERNANCE

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

In light of the above, during the year under review, the municipality remained committed in promoting effective and functional structures of good governance. The municipality remains committed in continuously putting efforts to ensure that all issues pertaining to political and administrative effectiveness are attended to in a way that is commensurate with its capabilities and resources. This chapter of the annual report will cover governance issues in the Raymond Mhlaba Municipality for the 2024/2025 financial year with specific focus on the following;

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

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.2 INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

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.

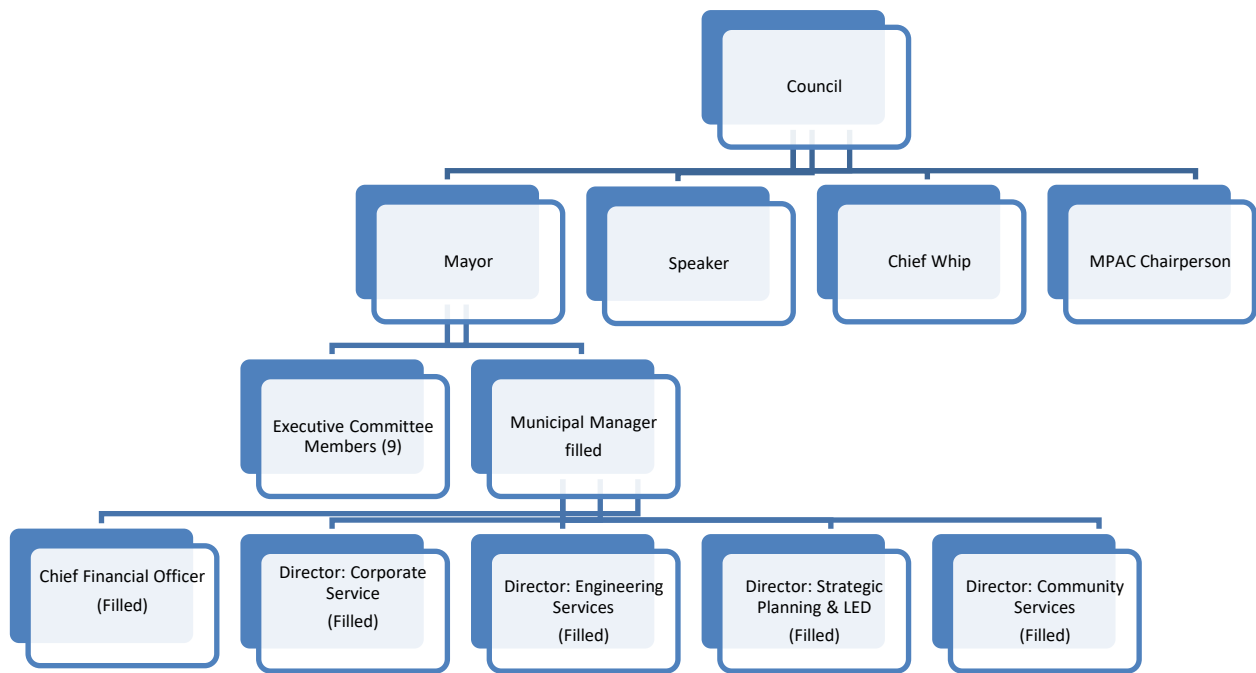
Council is led by the Mayor working collectively with the Executive committee (EXCO) and Councillors. Raymond Mhlaba Municipality has established committees to enhance its all-governance structures. These committees' function with clearly defined roles and responsibilities. For example, the section 79 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 and these positions are filled.

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

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

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



2.3 POLITICAL GOVERNANCE

2.3.1 INTRODUCTION TO POLITICAL GOVERNANCE

The political arm consists of 45 public elected members (Councillors). Twenty-three of the fourth five are ward councillors, while the remaining twenty-two are proportional representatives. The RM Council consists of twenty female councillors.

The elected public representatives represent the views of their political parties in Council. There are five (5) political parties represented in Council of the Raymond Mhlaba Municipality.

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

Number	Party	Ward Seats	Proportional representative seats	Total seats
1.	African National Congress (ANC)	23	10	33
2.	Democratic Alliance (DA)	–	3	3
3.	Economic Freedom Fighters (EFF)	–	3	3
4.	African Independent Congress (AIC)	–	1	1
5.	Patriotic Alliance (PA)	–	1	1
6.	Pan Africanist Congress (PAC)	–	1	1
7.	Independent Party	–	3	3
TOTAL				45

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

MAYOR: NOMHLE SANGO

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

estimates of revenue and expenditure, taking into account any applicable national and provincial development plans.

SPEAKER OF COUNCIL: COUNCILLOR THOZAMA NGAYE

Councillor Ngaye is the Speaker of Council he presides over council meetings in accordance with council's Standing Rules and Orders of Raymond Mhlaba Municipal Council. The Speaker also advises on major legislative compliance matters. He 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 disputes among political parties.

POLITICAL STRUCTURE

MAYOR



CLLR NOMHLE SANGO

SPEAKER



Cllr Thozama Ngaye

CHIEF WHIP



Councillor Nonkazimlo Mlamla-Klaas

EXECUTIVE COMMITTEE:

Cllr Nomhle Sango (Mayor)

Cllr Bukelwa Tyali

Cllr Zingiswa Rasmeni

Cllr Portia Sabane

Cllr Elton Bantam

Cllr Sinethemba Mjakuca

Cllr Sithembele Zuka

Cllr Mhlangabezi Nombombo

Cllr Ernst Lombard

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 and review of the Integrated Development Plan. Furthermore, Council received a Government Gazette appointing 2 traditional leaders to participate in the municipality in line with the provisions of section 83 of the Local Government Municipal Structures Act, 1998 as amended, read with Traditional Leadership and Governance Framework Act 2003. The traditional leaders participate in all council committees except the Executive Committee. Council adopted a schedule of meetings that provides for the meetings of Council to be convened at least 4 times a year, except where circumstances require the convening of a special meeting of Council.

2.3.3 COMMITTEES OF COUNCIL

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

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

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

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

1. Municipal Public Accounts Committee (MPAC)

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

2. Public Participation and Petitions committee

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

3. Ethics Committee

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

4. Rules Committee

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

5. Women Caucus

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

2.3.3.2 Performance and Audit Committee

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

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

COMPOSITION OF THE AUDIT & PERFORMANCE COMMITTEE AND ATTENDANCE OF MEETINGS

List of Members and meetings held as at end June 2025:

NO	Name of members	Meeting dates and Description of meeting	Attendance
1.	Mr AM Langa (Chairperson)	27/08/2024 = Special Meeting 07/11/2024= Ordinary Meeting	All members
2.	Ms T Maqwati	26/03/2025=Ordinary Meeting 26/06/2025 = Ordinary Meeting	
3.	Mr S Nelani		
4.	Ms N Mbokoma		
5.	Mr Z Hoza		

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 Strategic Planning & LED

Dr. Lulamile Donacious Hanabe

Chief Financial Officer

Mr Mveleli Ngxowa

Director Corporate Services

Ms Thandiwe Malangabi-Ncapayi

Director Engineering Services

Mr Daluxolo Mlenzana

Director Community Services

Ms Nosimphiwe Speelman

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.5 INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Raymond Mhlaba Local Municipality has fostered Intergovernmental Relations (IGR) to ensure the coordinated delivery of services to citizens. This aligns with the Intergovernmental Relations Framework Act, Act No 13 of 2005, which requires all spheres of Government to coordinate, communicate, align and integrate service delivery to ensure effective access to services. During the financial year under review, the municipality has made significant strides in as far as operationalising the IGR Forum. Accordingly, the municipality has a functional IGR system with sound collaborative efforts with the district, provincial and national spheres of governments. Overtly, the institution has strengthened programmatic relations with state and non states including attaining the following milestones

- Operationalisation of the MoU with the University of Fort Hare through continuous collaborative efforts.
- Strengthened strategic partnerships with Windfarms culminating into an coordinated approach towards an improved developmental pattern in the socio-economic setup in the area of Bedford and Adelaide.
- Entered into a strategic tripartite MoU with Service SETA and Lovedale FET signifying the completion of the state of the art of Alice Skills Development Centre.

Continuous and systematic coordination of delivery of services culminating to the acceleration of infrastructure development in the form :

1. Construction of the Balfour Clinic
2. Refurbishment of KwaMaqoma Museum and KwaMaqoma Library
3. Upgrading of Informal Settlement (ISUP) for the provision of basic services.
4. Construction of Alice and University of Fort Hare Waste Management and Water Treatment Works Project (brought strategic relief to water supply to the Alice community, almost 9 villages are now receiving clean water).

2.5.1 PROVINCIAL INTERGOVERNMENTAL STRUCTURES

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

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.6 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

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

The following consultations were facilitated, among others:

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

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

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

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

2.6.1 CUSTOMER CARE

Raymond Mhlaba Municipality has migrated to a centralised customer care approach for the last 4 years, supported by an electronic customer care system. The approach has initiated an increase in residents logging on issues such as power outages or meter faults via phone, email, Facebook and Walk ins. Through the systems, tickets have been created and tracked, escalated through internal levels if not resolved within specified timeframes, as per the Raymond Mhlaba Customer Care Service Standards.

The Customer Care System has assisted the municipality in improving the customer care loyalty and customer care satisfaction by acknowledging queries within one day and solving the queries within an average of 3 days. The Raymond Mhlaba Municipality's customer care is one of the strategic indicators that is assisting the municipality in achieving its vision of being a service excellence driven municipality. In this way, the municipality is displaying its commitment to its values and main principle of putting and delivering of all municipal services to the people.

The Customer Care Unit has a total number of 3 customer care agents (supervisors) and 9 departmental customer care agents to attend to customer complaints / queries are received through a dedicated email (customercare@raymondmhlaba.gov.za).

2.7 WARD COMMITTEE MEMBERS

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

2.8 IDP PARTICIPATION AND ALIGNMENT

The Municipality's commitment regarding the promotion of public participation and consultation 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

COMPONENT D: CORPORATE GOVERNANCE

2.9 RISK MANAGEMENT

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

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

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 2024/25 had 16 risks which were monitored and managed on an ongoing basis through various risk governance structures. Operational risk profiles were also developed and monitored for all departments.

The table below reflects the top 7 high strategic risks identified in 2024/25 FY.

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

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

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

2.10 SUPPLY CHAIN MANAGEMENT

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

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

SCM policy has allocated 30% of procurement above R300 000 to be prioritized to local SMME's and vulnerable groups. In addition 70 % of procurement below R300 000 to be awarded to local SMME's and vulnerable groups. As such , for the year under review the municipality has awarded 86 % of tenders below R300 000 to local SMME's and vulnerable groups and 56 % of tenders above R300 000 to local SMME's and vulnerable groups.

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

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

2.11 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

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

In ensuring that the above comes to realization, the municipality has upgrade four serves to enhance ICT functionality and business continuity. Daily user support is provided to ensure that the institution and its workforce can perform their duties. ICT Policies have been developed and approved for proper ICT Governance. Internet and Telephone system upgrades have been implemented for effective communication, transfer of data and seamless access to systems.

The table below reflects the ICT projects implemented during 2024/2025.

Capital Expenditure Year 2024/2025: ICT Services	
Capital Projects	Year 2024/2025
	Actual Expenditure
Server upgrades	R1,3 Million

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL

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

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

2.12 BY-LAWS

By the legislative powers vested in the Raymond Mhlaba Municipal council, the following By-laws have been developed and gazetted in 2019/2020 financial year. There were no new By-laws introduced or revised during the 2024/2025 financial year. The Law Enforcement is responsible for the implementation of these by-laws listed below.

- a) Cemeteries by-law
- b) Credit Control and Debt Collection by -law
- c) Customer Care and Revenue Management by-law
- d) Dilapidated building and unsightly objects by-law
- e) Fire Brigade by-law
- f) Impounding of animals by-law

- g) Liquor trading hours by-law
- h) Nuisance and animals' by-law
- i) Public amenities by-law
- j) Rates by-law
- k) Roads and Streets by-law
- l) Solid waste disposal by-law
- m) Street Trading by-law
- n) Traffic by-law

During the year under review, all promulgated by-laws were enforced. Although this is the case, communities in most cases were found violating by-laws and, in these instances, fines were imposed. The municipality collected 33 % on infringement of by-laws.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1 INTRODUCTION

This chapter details the Municipality's financial performance for the 2024/2025 financial year. The primary focus is on performance against specified objectives, as outlined in the Council approved SDBIP scorecard. The Municipality identified the following strategic pillars to underpin its development objectives and guide the implementation of programs to ensure effective service delivery;

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

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

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

COMPONENT A: BASIC SERVICES

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

3.2 INTRODUCTION TO BASIC SERVICES

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

Settlements is also located in this department, registration for houses, rectification is referred to this department and channeled to the Provincial Department.

3.3 INTRODUCTION TO ELECTRICITY

Raymond Mhlaba Municipality receives power from two suppliers: Eskom and the Local Municipality. The municipality holds a NERSA licence to provide energy in Adelaide, Bedford, KwaMaqoma, and the adjacent townships. Eskom supplies electricity to the other administrative areas, which include Alice, Middledrift, Hogsback, Seymour, farm regions, and all rural settlements. The department maintains the electrical infrastructure within the municipality's supply area, which includes streetlights and highmast lights.

The following electricity projects were implemented during the 2024/2025 financial year using the INEP grant .

1. Daweti informal settlement (Pre-engineering 50 households
2. Upgrade 2,5 km 11kv Napier Street to Somerset Street (Pre-engineering)
3. 2.5 km 11 kv MV line of Jackson Street (Pre- Engineering)
4. Electrification of Jackson Street (50 households Pre- Engineering)
5. Electrification of Bhofolo Tyoks (Pre-Engineering 100 Households)

The electricity unit has been experiencing a repeated number of thefts and vandalism, which has impaired the continuity of supply. Several interventions have been implemented, including the installation of cable sleeves and the replacement of underground cables with overhead lines.

The table below shows progress made against planned target for 2024/2025 financial year;

INDICATOR	TARGET	ACTUAL
Percentage of INEP projects implemented	100%	<u>Achieved</u> ; 100 % INEP project implemented
Number of illegal connection audits conducted	4	<u>Achieved</u> ; 4 illegal audits conducted

Percentage of new connections within 21 days of application	100%	<u>Achieved</u> ; 40/40*100=100%
Percentage of reconnections completed within 7 days after settlement of municipal account	100%	<u>Achieved</u> ; 10/10*100=100%
Percentage of unplanned outages restored within 4 hours	70%	<u>Achieved</u> ; 19/23*100=79%

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The electricity division is responsible for the day-to-day maintenance and repair of the electrical infrastructure of Fort Beaufort, Adelaide, and Bedford. These include, but are not limited to, maintaining highmast and streetlights, giving service to new customers, maintaining/replacing faulty meters, attending to cable/line issues, etc. Some elements of the electrical network are susceptible and require upgrades to prevent power outages.

To enhance service delivery, the following measures were implemented:

- **GIS-Based Electrification Planning:** Enabled better targeting of unconnected households and improved project prioritization.
- **Partnerships with Eskom and IPPs:** Accelerated infrastructure rollout and optimized resource utilization.
- **Prepaid Meter Rollout:** Enhanced revenue collection efficiency by reducing electricity theft and improving budget predictability.

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

3.4 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

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

Futhermore, the municipality has three solid waste sites and one transfer site located in Alice, Middledrift, KwaMaqoma and Adelaide. All these waste facilities have permits/license as issued in terms of Environmental Act, 1989.

STATUS OF MUNICIPAL DISPOSAL SITES

Waste Site	Size	Status	Comment
Bedford	C	Licenced	GCB
Alice	C	Licenced	GCB
Middledrift	C	Licenced	GCB
Fort Beaufort		Licenced	Transfer site

The municipality plans to improve on waste management by establishing a three drop-off locations in areas without waste disposal sites namely , Adelaide, Seymour, and KwaMaqoma transfer station, as well as promoting recycling programs with private enterprises. An application for yellow plant has been submitted to purchase specialised waste vehicles. The municipality is reporting monthly on South African Waste Information Systems (SAWIS). Futhermore , the municipality is participating in the provincial waste forum. The municipality has an established local waste and environment forum.

For the year under review , the municipality conducted environmental and clean-up campaigns. These campaigns were conducted in collaboration with Higher Institutions of Learning, schools, sector departments, CWP, EPWP, ADM, etc. Additionally, the municipality adopted its first

Intergrated Waste Management Plan and the said plan has been submitted to the MEC for endorsement.

3.5 FREE BASIC SERVICES AND INDIGENT SUPPORT

Raymond Mhlaba LM has a free basic services unit which is discharged at ensuring that all indigent households within the jurisdiction of the municipality receive free basic services. The municipality has an indigent policy in place, which was reviewed adopted in May 2025. The policy regulates the indigent beneficiary programme. A register of qualifying beneficiaries is updated monthly and only person(s) in the register gets the subsidy. The municipality offers the following free basic services;

- Electricity (50kwh) per month
- Refuse Removal (100%) per month
- Paraffin (20l) per quarter

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).

1.7 INTRODUCTION TO ROADS

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

whereas the Municipality is responsible for the access roads leading to villages and those in urban areas.

All the households have the access to gravel or surfaced roads. The gravel roads are maintained according to the work schedule of the Engineering Department and also immediately after rainstorms. The surfaced roads are maintained from the operating maintenance budget. The table below illustrates the targets planned against achieved for 2024/25 financial year.

Stormwater drainage: 2024/2025			
Outcome Based Indicator	TARGET	ACTUAL PERFORMANCE	
Number of streets where stormwater system has been maintained	160	299	
Number of km maintained (gravel roads)	50	366	
Number of road markings maintained	50	50	

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The Civil Works Unit is responsible for maintaining all roads under the Municipality's jurisdiction in accordance with their work schedule. Surface roads, including storm-water channels, are repaired and cleaned following significant rainfalls.

The storm-water management system is provided in all urban areas and the municipality has prioritised storm-water management needs.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

3.8 INTRODUCTION TO PLANNING AND DEVELOPMENT

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

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

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

3.9 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

3.9.1 INTRODUCTION TO ECONOMIC DEVELOPMENT

The Raymond Mhlaba Local Municipality's Local Economic Development Strategy was developed and adopted by Council during the 2024/2025 financial year, establishing a comprehensive framework for economic growth and development. The strategy is anchored on five fundamental goals that serve as the basis and focus points for measuring economic development realization. Together, these five goals create a holistic approach where

infrastructure supports agricultural and tourism development, local resources are maximized for sustainability, and skilled residents can manage and benefit from all these interconnected economic activities. The strategy recognizes that true economic development must be comprehensive, locally driven, and built to last.

The homestay development initiative reveals a more targeted, quality-focused approach to tourism infrastructure. The municipality provided substantial assistance to four specific homestays: KwaNtibane, KwaThembisa, KwaDudu, and KwaAmanda. The wall-mounted signage support might seem like a small intervention, but it addresses a critical challenge for small tourism operators, visibility and professional presentation. This kind of focused support often yields better long-term results than spreading resources too thinly.

The Tourism Master Plan activities centered around a comprehensive heritage site audit, which represents strategic thinking about the municipality's competitive advantages. Heritage tourism can be particularly valuable for smaller municipalities because it leverages existing cultural assets rather than requiring massive infrastructure investments. This audit likely identified unique historical and cultural resources that could differentiate this municipality from other Eastern Cape destinations. The following table presents number of LED targets achieved against the total planned targets.

LOCAL ECONOMIC DEVELOPMENT						
REF	PRIORITY AREA	STRATEGIC OBJECTIVE	Outcome Based Indicator	Baseline	2024 - 2025 Annual Target	2024/ 2025Actual performance
LED 1	Unemployment	To ensure sustainable Local Economic Development by 2027	Number of jobs created through Capital Projects	1200	100	244
LED 2		To ensure sustainable Local Economic Development by 2027	Number of jobs created through EPWP	1078	200	617
LED 3		To ensure sustainable Local Economic	Number of jobs created through LED initiatives	500	50	50

		Development by 2027				
LED 4		To ensure sustainable Local Economic Development by 2027	Number of economic activities supported	15	6	6

The table below displays the jobs created under EPWP during the last three years.

Job creation through EPWP projects		
Details	Number of EPWP Projects	Jobs created through EPWP projects
2022/2023	6	950
2023/2024	6	665
2024/2025	7	617

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.10 INTRODUCTION TO COMMUNITY

A wide range of social services and facilities are offered to foster sustainable communities and restore people's dignity. The goal is to achieve social empowerment and cohesiveness by fostering social development and building communities, with a special emphasis on the poor, vulnerable, and marginalised citizens. The municipality's initiatives include the establishment and maintenance of inclusive community amenities such as municipal halls, parks/recreational areas, sports fields, marketplaces, and libraries. These are crucial to societal growth and improving social cohesion.

3.10.1 Cemeteries

Raymond Mhlaba Municipality has a total of eleven (11) cemeteries that are located in urban areas. All of the cemeteries are almost full to capacity as such the municipality has identified

new sites through the assistance of the town planning section in all our towns and as such the Environmental Impact Assessment needs to be conducted in ensuring that the identified sites meets the required standards. Four urban cemeteries were maintained in Bedford, Adelaide, KwaMaqoma and Alice.

1.10.2 Community facilities

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

3.10.3 Libraries

Raymond Mhlaba Municipality has eight public libraries spread in the following areas: Bedford (1) Adelaide (2) Alice (1), KwaMaqoma and Seymour, for which the municipality is providing service on behalf of the Department of Sport, Recreation, and Arts & Culture (DSRAC). All libraries are open to the public from Monday to Friday between 08H00 to 17H00.

3.12 INTRODUCTION TO CHILD CARE, AGED CARE AND SOCIAL PROGRAMMES

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

COMPONENT E: HEALTH

This component includes: clinics and hospitals.

3.13 INTRODUCTION TO HEALTH

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

COMPONENT F: DISASTER AND SAFETY

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

3.14 FIRE SERVICES

3.14.1 INTRODUCTION TO FIRE SERVICES

Raymond Mhlaba Municipality (RMLM) Fire services are critical to public safety because they protect lives, property, and the environment from the effects of fire, hazardous materials incidents, and other emergencies. RMLM fire services offer a variety of services such as fire suppression, rescue operations, fire prevention, and public education. The efficiency of fire departments is critical to community well-being and economic stability.

The Municipality provides full-time firefighting service, with the primary fire base in KwaMaqoma and it operates 24/7 (24 hours). Satellite bases have been established in Adelaide, Alice, Bedford and Hogback.

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

Fire Service Data					
	Details	2023 / 2024	2024/ 2025		2025/2026
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires <i>attended</i> in the year	127	120	95	80
2	Total of other incidents attended in the year	48	30	213	250
3	Average turnout time - urban areas	30 minutes	30 minutes	0 to 10 minutes	0 to 10 minutes

4	Average turnout time - rural areas	60 minutes	60 minutes	0 to 1h30 minutes	0 to 1h30 minutes
5	Fire fighters in post at year end	12		20	25
6	Total fire appliances at year end	2	2	3	4
7	Average number of appliances off the road during the year	2	0	0	0

3.14.2 DISASTER MANAGEMENT

Disaster management is a critical function of government and humanitarian organizations, encompassing a wide range of activities aimed at preventing, preparing for, responding to, and recovering from disasters. These activities are essential for protecting lives, minimizing damage, and supporting communities in times of crisis. Effective disaster management requires a coordinated approach involving various stakeholders, including government agencies, non-governmental organizations (NGOs), the private sector, and the public. The core principles of disaster management include risk reduction, preparedness, response, and recovery, all of which are interconnected and vital for building resilient communities.

The municipal disaster management service prioritizes the following three areas:

Early Warning and Preparedness: This involves developing and disseminating timely and accurate warnings about impending disasters, as well as educating communities on how to prepare for and respond to these events.

Rapid Response and Relief: This focuses on providing immediate assistance to affected populations, including search and rescue operations, the provision of essential supplies (food, water, shelter, medical care), and the coordination of relief efforts.

Recovery and Resilience: This entails supporting communities in their efforts to rebuild and recover from disasters, including providing financial assistance through SASSA, infrastructure repair, and long-term development programs to enhance resilience to future events.

3.15 INTRODUCTION TO TRAFFIC SERVICE

Traffic services unit is responsible to carry the following functions;

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

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

COMPONENT G: SPORT AND RECREATION

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

3.16 INTRODUCTION TO SPORT AND RECREATION

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

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

INTRODUCTION

This chapter provides progress on the organisational development initiatives of the Municipality for the 2024/2025 financial year. Among other topics, it reports on the Municipality's human capital, employee relations, employee well-being and productivity in the workplace.

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 has a big workforce amounting to 444 permanent employees and 145 fixed contract employees who individually and collectively contribute to the achievement of municipality's objectives. The primary objective of the Human Resources Management is to render an innovative HR service that addresses both skills development and an administrative function. The Municipality is guided by policy and procedures of HR. The total number as per the approved organogram is 713 with 269 vacancies. The vacancy rate of the Municipality is sitting at 37.7%.

4.1.1 EMPLOYEE TOTALS

The following table presents statistical information pertaining to the total number of employees per occupational level as of 30 June 2025.

Description	2023/2024	2024/2025			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Municipal Manager Office	2	2	2	0	100%
Communications	5	5	3	2	40%
Internal Audit	4	4	3	1	25%
IGR	1	1	0	1	100%
Office of the Speaker	9	9	5	4	44%
Office of the Mayor	4	4	4	4	0%
Strategic Planning and Local Economic Development	2	2	1	1	50%
Local Economic Development	20	20	10	10	50%
IDP & PMS	5	5	4	1	20%
Finance	2	2	1	1	50%
Budget	3	3	3	0	0%
Asset	9	9	5	4	44%
Revenue	29	29	23	6	21%
Expenditure	5	5	5	0	0%
Supply Chain	10	10	6	4	40%
Corporate Services Director & Secretary	2	2	1	1	50%
Council Support and Records Management	19	19	17	2	12%
ICT	5	5	3	2	40%
Administrative Units and Auxiliary Services: Main Office	22	22	17	31	18%
Administrative Units and Auxiliary Services: Alice and Middledrift	11	11	11	11	0%
Administrative Units and Auxiliary Services: Seymour and Hogsback	12	12	12	0	0%

Administrative Units and Auxiliary Services: Adelaide	8	8	4	4	50%
Administrative Units and Auxiliary Services: Bedford	6	6	5	1	17%
Human Resources	14	14	12	2	17%
Fleet	37	37	21	16	43%
Community Services	2	1	1	1	50%
Waste and Social Needs	104	104	82	22	21%
Fire and Disaster Management	33	33	20	13	39%
Law Enforcement Manager	1	1	1	1	0%
Peace Officer	14	14	10	4	26%
Traffic & Admin	39	39	19	20	51%
Rangers	12	12	11	1	8%
Pound Master	7	7	4	3	43%
Security	43	43	33	10	23%
Engineering	2	2	1	1	50%
Housing and Land-use	38	38	25	13	34%
PMU	6	6	6	0	0%
Civil Works, Roads and Stormwater	106	66	81	25	24%
Fleet	37	37	20	17	46%
Electricity Services	41	41	26	15	37%

4.1.2 VACANCY RATE

The table below illustrates the vacancy rate as at end June 2025.

Vacancy Rate: Year 2024/2025			
Designations	Total Approved Posts	Vacancies (Total time that vacancies exist using fulltime equivalents)	Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	4	0	0

Other S57 Managers (Finance posts)	0	0	0
Police officers	44	5	11
Fire fighters	24	12	50
Senior management: Levels 13-15 (excluding Finance Posts)	25	5	20
Senior management: Levels 13-15 (Finance posts)	7	0	0
Highly skilled supervision: levels 9-12 (excluding Finance posts)	128	15	1
Highly skilled supervision: levels 9-12 (Finance posts)	17	4	23
Total	251	41	16

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.
2023	6	17
2024	3	14
2025	14	20

COMMENT ON VACANCIES AND TURNOVER:

During the year under review, 14 appointments were made and the institution encountered 20 service terminations. All the six (6) Senior Positions in the Municipality have been filled. Critical positions have been filled at Budget and Treasury Office.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

The Municipality is governed by pieces of legislations and procedures. The Municipality has developed more than thirty-two policies under Corporate Services, and the policies are implemented and monitored. Policy consultations are conducted for all employees, and labour unions are included in the process to ensure that all employees have a say in the formulation of policies. The municipality is in the process of developing the Human Resource Plan. **The table below presents all HR policies developed and approved.**

	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
	Fleet Management	100%	100%	1 May 2025
	Leave Management	100%	100%	1 May 2024
	Shift Allowance	100%	100%	1 December 2023
	Whistle Blowing	100%		22-May 2022
	Internal Sport & Recreation	100%		22 May 2022
	Housing& Rental for Staff	100%		22 May 202
	Imprisonment	100%		22 May 2022
	Councillor Employee Assistant Programs	100%		22 May 2022
	Records Management	100%		20 May 2022
	S & T	100%		30 Aug 2021
	Employee Assistance / Wellness	100%		30 Aug 2021
	Employment Equity Plan	100%		30 Aug 2021
	Exit Management	100%		30 Aug2021
	Grievance Procedures	100%		30 Aug 2021
	HIV/Aids	100%		30 Aug 2021
	Human Resource and Development	100%		30 Aug 2021
	Information Technology	100%		30 Aug 2021
	Job Evaluation	100%		30 Aug 2021
	Leave	100%		30 Aug 2021
	Occupational Health and Safety	100%		30 Aug 2021
	Smoke	100%		30 Aug 2021
	Substance Abuse	100%		30 Aug 2021
	Attendance & Punctuality	100%		30 Aug 2021

	ICT users access Management	100%		30 Aug 2021
	ICT Security Management	100%		30 Aug 2021
	ICT Email	100%		30 Aug 2021
	Telephone	100%		30 Aug 2021
	Recruitment & Selection	100%		30 Aug 2021
	Dress code	100%		30 Aug 2021
	Bursary	100%		30 Aug 2021
	Sexual Harassment	100%		30 Aug 2021
	Skills Development	100%		30 Aug 2021
	Insurance	100%		30 Aug 2021
	Succession	100%		30 Aug 2021
	Exit Management	100%		30 Aug 2021
	Code of Conduct	100%		30 Aug 2021
	Danger Allowance	100%		30 Aug 2021

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

No injury cases were reported during 20224/2025 financial year.

The table reflects the number of sick days taken during 2024/25

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	34	0%	10	167	12	
Skilled (Levels 3-5)	50		14	22	18	
Highly skilled production (levels 6-8)	25			58	9	
Highly skilled supervision (levels 9-12)	6	0%	4	26	2	
Senior management (Levels 13-15)	83		4	7	30	
MM and S57	0	0%	0	0	0	
Total	198	0%	32	280	71	0

The table below reflect number suspensions and disciplinary actions taken as at end June 2025.

Position	Nature of Alleged Misconduct	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised
Fleet Manager	Deliration of duty	The case was finalised in Favor of the employee
HR Manager	The employee is a HR Manager and faces charges relating to ID scam and is on suspension	SALGA has been approached to assist in securing the services of an external chairperson from its pool of practitioners.

Manager Expenditure	The employee is a Manager Expenditure and facing charges relating to dereliction of duties.	There have been attempts to set the matter down but to no avail. The case is set for the new financial year
Contract Mechanic	The employee was a plant mechanic on contractual basis, which expired on 29 February 2024. He referred to a case of unfair dismissal to SALGA for arbitration.	The employer opposed the application on the grounds that the employment relation came to an end by effluxion of time. Case is in progress

4.4 PERFORMANCE REWARDS

No performance rewards were paid under the period under review.

4.5 DISCLOSURES OF FINANCIAL INTERESTS

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

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

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

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

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2025	Number of skilled employees required and actual as at 30 June 2025											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of 2024	Actual: End of 2025	2025 Target	Actual: End of 2024	Actual: End of 2025	Year 2025 Target	Actual: End of 2024	Actual: End of 2025	2025 Target	Actual: End of 2024	Actual: End of 2025	2025 Target
MM and s57	Female	3	2	0	1	1			2	2	1		2	1
	Male	3	1						1	1	4		1	0
Councillors, senior officials and managers	Female	25	0		4					0	0		0	4
	Male	43	0							0			0	0
Technicians and associate professionals*	Female	68	0							0	0		0	0
	Male	38	1						1	1	0		1	0
Professionals	Female	34	0	0	15					0	15		0	15
	Male	29	0	0	15					0	15		0	15
Sub total	Female	128	0	0	16					0	16		0	16
	Male	110	0	0	15					0	15		0	15
Total		481	4	0	66	1	0	0	4	4	66	0	4	66

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))	Consoli- dated: 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						
<i>Accounting officer</i>	1	0	1	1	1	1
<i>Chief financial officer</i>	1	0	1	1	1	0
<i>Senior managers</i>	3	0	3	3	3	0
<i>Any other financial officials</i>	13	0	13	0	0	13
<i>Supply Chain Management Officials</i>						
<i>Heads of supply chain management units</i>	1	0	1	0	0	1
<i>Supply chain management senior managers</i>	0	0	0	1	1	1
TOTAL	19	0	19	6	6	16

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

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

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

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

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

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

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

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

4.6 DISCLOSURES OF FINANCIAL INTERESTS

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

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE INFORMATION ON ANNUAL FINANCIAL STATEMENTS.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

6.1 INTRODUCTION:

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

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

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

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

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

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

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

APPENDIX A: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance						
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance	
	FT/PT			%	%	
Cllr Nomhle Beauty Sango (Mayor)	FT	Mayor and EXCO Member	PR	100%	0%	
Cllr Thozama Ngaye (Speaker)	FT	Speaker	PR	100%	0%	
Cllr Nonkazimlo Primrose Mlamla (Chief Whip)	FT	Whippery	PR	83%	17%	
Cllr Zingiswa Modelia Rasmeni	FT	Portfolio Head - Strategic Planning & LED	PR	83%	17%	
Cllr Sinethemba Mjakuca	FT	Portfolio Head - Finance	PR	100%	0%	
Cllr Portia Sabane	PT	Portfolio Head - Sports & Recreation	PR	83%	17%	
Cllr Bukelwa Sharon Tyhali	FT	Portfolio Head - Corporate Services	PR	100%	0%	
Cllr Elton Bantam	PT	Portfolio Head - Community Services	PR	83%	17%	
Cllr Zikhona Tyhali-Mgudlwa	FT	MPAC (Chairperson)	PR	100%	0%	
Cllr Nolusindiso Brenda Hans	PT		PR	83%	17%	
Cllr Cecilia Anne Auld	PT		PR	100%	0%	
Cllr Malixole Ncume	PT		PR	75%	25%	
Cllr Deon Piet Mandeka	PT		PR	83%	17%	
Cllr Lindile Theophils Ngethu	PT		PR	83%	17%	
Cllr Patricia Ntengu	PT		PR	67%	33%	
Cllr Milicent Nonkoliseko Qawu	PT	Chairperson - Women's Caucus	PR	100%	0%	
Cllr Kwanele Tito	PT		PR	67%	33%	
Cllr Mhlangabezi Nombombo	PT		PR	67%	33%	

Cllr Ernest Lombard	PT		PR	83%	17%
Cllr Nomgcobo Kilimani	PT		PR	67%	33%
Cllr Thulani Sebastian Tingo	PT		PR	100%	0%
Cllr Nonkoliso Primrose Ruselo	PT	Ward Councillor	W1	33%	67%
Cllr Mzinkhulu Matayo	PT	Ward Councillor	W2	83%	17%
Cllr Sinovuyo Kley	PT	Ward Councillor	W3	67%	33%
Cllr Mbuyiseli Gladman Walaza	PT	Ward Councillor	W4	67%	33%
Cllr Masixole Tsotsa	PT	Ward Councillor	W5	83%	17%
Cllr Unathi Ngcume	PT	Ward Councillor	W6	100%	0%
Cllr Kwanele Siduli	PT	Ward Councillor	W7	100%	0%
Cllr Evelyn Nompucuko Zizi	PT	Ward Councillor	W8	100%	0%
Cllr Nkuthalo Gideon Quillie	PT	Ward Councillor	W9	100%	0%
Cllr Simon Justice Xego	PT	Ward Councillor	W10	83%	17%
Cllr Luxolo Nqala	PT	Ward Councillor	W11	83%	17%
Cllr Mthetheleli Gqokro	PT	Ward Councillor	W12	100%	0%
Cllr Sindiswa Magxwalisa	PT	Ward Councillor	W13	83%	17%
Cllr Songezo Mashengqana	PT	Ward Councillor	W14	67%	33%
Cllr Ntombomzi Klaas	PT	Ward Councillor	W15	33%	67%
Cllr Monwabiso Moses Zamo	PT	Ward Councillor	W16	100%	0%
Cllr Liziwe Faith Matyholo	PT	Ward Councillor	W17	100%	0%
Cllr Thobeka Priscilla Mjo	PT	Ward Councillor	W18	100%	0%
Cllr Sindiswa Cynthia Tokwe	PT	Ward Councillor	W19	100%	0%
Cllr Zikhona Nandipha Lento	PT	Ward Councillor	W20	83%	17%
Cllr Masixole Jonathan Tukani	PT	Ward Councillor	W21	50%	50%
Cllr Nolizwi Nomacwerha Yanta	PT	Ward Councillor	W22	100%	0%
Cllr Ndileka Xameni	PT	Ward Councillor	W23	75%	25%

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

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

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

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

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

APPENDIX D – FUNCTIONS OF THE MUNICIPALITY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX E – WARD REPORTING

APPENDIX F – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2024/2025

MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS		
Date of Committee	Committee recommendations during 2024/2025	Recommendations adopted (enter Yes) If not adopted (provide explanation)
23/08/2024	CFO to attended to Internal audit unit findings before AFS are submitted to AGSA on the 31 August 2024	Yes
07/11/2024	The Municipality fast track the filling of the position of the Director Corporate Services;	Yes
07/11/2024	The Municipality consider the finalisation of the appointment of Board Members for the Development Agency;	No
07/11/2024	That in future the following reports forms part as standing items on the Committee's agenda: • Overview of the Municipality by the Municipal Manager; • Service delivery report; • Reports as required in terms of the MFMA for the Development Agency; • Post Audit Action Plan; • Supply Chain Management report including the performance of service providers and contract management for the period under review containing amongst others a report on cost containment; • Progress report on the financial recovery plan implementation; • UIFW Expenditure reduction strategy implementation progress report; • Progress report on the consultancy dependency reduction plan; • Human Resource Management report for the period; • Skills development framework report for the period; • Occupational Health and Safety report for the period;	Yes

	• Resolution register as a monitoring tool for the implementation of the Audit Committee resolutions; • A report on the assessment of the finance function be submitted – annually; • Progress report on the implementation of the procurement plan; • Asset management report.	
07/11/2024	In future the report should reflect the legal fees already paid/incurred in each case that the Municipality is involved to determine whether there are no costs overreach by the appointed legal firms.	Yes
07/11/2024	In the event a possible overreach by a legal firm is suspected such matter be referred to the legal practitioner's council for action against such legal firm.	Yes
07/11/2024	In future the report should reflect the contingent liability/asset to assess the possible exposure of the Municipality.	Yes
07/11/2024	In future the legal and litigation report be discussed as an in-committee item due its sensitive nature.	Yes
07/11/2024	A detailed report on the Amathole District Municipality debt be submitted at the next meeting.	Yes
07/11/2024	The outstanding debtors owed for 180 days and more be analysed to determine whether they are collectable or such have prescribed due to the time that have lapsed.	Yes
07/11/2024	A report be submitted to the Municipal Council of any identified prescribed debt for possible write off.	Yes
07/11/2024	In future the report should clearly reflect year-to-date budgeted amounts versus year-to-date actual amounts to enable the Committee, Management and the Municipal Council to monitor budget implementation and take appropriate corrective action.	Yes
07/11/2024	On a quarterly basis an assess cashflow position of the Municipality utilising all the ratios as determined by National Treasury.	Yes
07/11/2024	The UIFW expenditure be investigated in terms of Section 32 of the MFMA.	Yes

07/11/2024	A progress report on the resolution of the identified Material Irregularities raised by AGSA be a standing item on the Committee's agenda.	Yes
07/11/2024	The Municipal Council consider establishing a revenue collection/enhancement committee to engage on revenue collection strategies to reduce the debt book of the Municipality.	Yes
07/11/2024	In future the PMS quarterly report be subjected to review by Internal Audit and the Audit Committee in order to provide assurance to the Accounting Officer, Management and the Municipal Council.	Yes
07/11/2024	The reasons for non-achievement of targets be properly analysed to ensure that appropriate remedial actions are implemented.	Yes
07/11/2024	A project plan be developed and submitted at the next meeting on the cascading of PMS to lower levels of staff in line with the recently gazetted municipal staff regulations.	Yes
07/11/2024	The Municipality determine a minimum acceptable performance % per KPA to ensure adequate intervention when necessary.	Yes
07/11/2024	The Municipality consider the appointment of an independent Risk Management Committee Chairperson to enhance the functionality of the RMC.	No
07/11/2024	The Municipality considers establishing an independent whistle blowing system where individuals can report suspected fraud and corruption for investigation.	No
07/11/2024	The Strategic and Operational risk register of the RMDA be submitted at the next meeting.	No
07/11/2024	In future the Risk Management Committee report to contain the progress report on the implementation of the planned mitigations.	Yes
07/11/2024	a) The strategic risk register be reviewed to include fraud corruption, and ICT related risks.	Yes
07/11/2024	An operational risk register be developed and implemented for the 2024/2025 financial year.	Yes
07/11/2024	In future the ICT governance report to include ICT risks and mitigations to prevent inter alia cyber risks.	Yes

07/11/2024	In future the report to also include ICT incidents for the period.	Yes
07/11/2024	The Accounting Officer ensure that prior to any report is submitted to the Municipal Council for consideration the Internal Audit and the Audit and Risk Committee has reviewed such in order to give assurance to the Municipal Council.	Yes
07/11/2024	The Accounting Officer ensure that Management always submit requested information to Internal Audit to avoid unnecessary delays in audits.	Yes
07/11/2024	As soon as the external assessment of the Internal audit function of the Municipality a report be submitted to the Committee for assessment.	Yes
07/11/2024	A combined assurance model be developed and submitted to the Committee for consideration and approval.	Yes
07/11/2024	The Internal Audit Charter for the 2024/2025 financial year be circulated to the members of the Committee for approval.	Yes
07/11/2024	That the Accounting Officer ensure the implementation of the resolutions of the Audit and Risk Committee for the period ended 30 th September 2024.	Yes
26/03/2025	That the Municipal Manager ensure that prior to spending own funds on grant funded projects approval is obtained from the funding department.	Yes
26/03/2025	That the Accounting Officer engages the Department of Human Settlement on the possibility of receiving an admin/agency fee on the housing projects being implemented.	In progress
26/03/2025	That the Accounting Officer negotiates an addendum on the implementing agreement for the housing project to protect the Municipality against any future litigations that may occur to late payment of service providers due to Departmental budgetary constraints.	In progress
26/03/2025	That the Accounting Officer ensure that all inputs/recommendations by Provincial Treasury on the interim annual financial statements are addressed to enhance the quality of the final set of AFS.	Yes

26/03/2025	That the Internal Audit report on the review of the Interim Annual Financial Statements be submitted at the next meeting of the Committee.	Yes
26/03/2025	The Accounting Officer should ensure that the reasons for deviations are justifiable to avoid adverse findings by AGSA.	Yes
26/03/2025	MPAC should fast track the processes of investigations on UIFW expenditure to avoid a non-compliance finding by AGSA in this regard.	Yes
26/03/2025	That a detailed progress report on the UIFW expenditure reduction strategy be submitted at the next meeting.	Yes
26/03/2025	That a detailed report on the Amathole District Municipality debt be submitted at the next meeting.	Yes
26/03/2025	That the outstanding debtors owed for 180 days and more be analysed to determine whether they are collectable or such have prescribed due to the time that have lapsed.	Yes
26/03/2025	That a report be submitted to the Municipal Council of any identified prescribed debt for possible write off.	Yes
26/03/2025	That on a quarterly basis an assess cashflow position of the Municipality utilising all the ratios as determined by National Treasury.	Yes
26/03/2025	That a progress report on the resolution of the identified Material Irregularities raised by AGSA be a standing item on the Committee's agenda.	Yes
26/03/2025	That the Municipal Council consider establishing a revenue collection committee to engage on revenue collection strategies to reduce the debt book of the Municipality.	Yes
26/03/2025	That a detailed report on the spaza shops registration process be submitted at the next meeting.	Yes
26/03/2025	That the law enforcement unit of the department ensure that unauthorised trading is allowed	Yes
26/03/2025	That in future the human resources management report should reflect the employment equity targets and the progress on the achievement thereof.	Yes

26/03/2025	That in future the PMS quarterly report be subjected to review by Internal Audit and the Audit Committee to provide assurance to the Accounting Officer, Management and the Municipal Council.	Yes
26/03/2025	That the reasons for non-achievement of targets be properly analysed to ensure that appropriate remedial actions are implemented.	Yes
26/03/2025	That a project plan be developed and submitted at the next meeting on the cascading of PMS to lower levels of staff in line with the recently gazetted municipal staff regulations.	Yes
26/03/2025	That the Municipality determine a minimum acceptable performance % per KPA to ensure adequate intervention when necessary.	Yes
26/03/2025	That in future the report should reflect the legal fees already paid/incurred in each case that the Municipality is involved in determining whether there are no costs overreach by the appointed legal firms.	Yes
26/03/2025	That in future the report should reflect the contingent liability/asset to assess the possible exposure of the Municipality.	Yes
26/03/2025	That in future the ICT governance report to include ICT risks and mitigations to prevent inter alia cyber risks.	Yes
26/03/2025	That in future the report to also include ICT incidents for the period.	Yes
26/03/2025	The report also includes ICT risks and mitigations for preventing cyber security issues.	Yes
26/03/2025	That the Municipality consider the appointment of an independent Risk Management Committee Chairperson to enhance the functionality of the RMC.	Yes
26/03/2025	That the Municipality considers establishing an independent whistle blowing system where individuals can report suspected fraud and corruption for investigation.	Yes
26/03/2025	That the Strategic and Operational risk register of the RMDA be submitted at the next meeting.	No

26/03/2025	That in future the Risk Management Committee report to contain the progress report on the implementation of the planned mitigations.	Yes
26/03/2025	That the strategic risk register be reviewed to include fraud and corruption related risks	Yes
26/03/2025	That the Accounting Officer ensure that the identified planned mitigations are implemented in compliance with the MFMA to improve the risk environment.	Yes
26/03/2025	That the Accounting Officer ensures that Management always submits requested information to the Internal Audit to avoid unnecessary delays in audits.	Yes
26/03/2025	That Accounting Officer ensure that all the recommendations by Internal Audit are implemented to avoid repeat findings.	Yes
26/03/2025	That the Internal Audit tracking tool be a standing item in the agenda of the Committee and Management meetings to track the implementation of Internal Audit recommendations and further to improve/strengthen the internal control environment.	Yes
24/06/2025	the Chairperson receive a briefing to be shared with the Audit Committee members on the planned remedies by the Municipality to remedy the situation of the RMDA.	Yes
24/06/2025	a schedule of meetings for the Audit Committee be developed in line with the Municipal Council calendar to avoid delays in holding its quarterly meetings to ensure that the necessary assurance is provided to the Accounting Officer, Political Office bearers and the Municipal Council.	Yes
24/06/2025	the Municipal Council take note that the non-submission of reports by the Development Agency is a non-compliance with the MFMA and may result in adverse findings by AGSA during audit.	Yes
24/06/2025	the Accounting Officer ensure that all inputs/recommendations by Provincial Treasury on the interim annual financial statements are addressed to enhance the quality of the final set of AFS.	Yes

24/06/2025	in future the report should include the details of the planned actions to enable the Committee to give assurance on the appropriateness of the planned actions by Management.	Yes
24/06/2025	the Accounting Officer ensure that the planned actions as contained in the PAAP are implemented in order to improve the audit outcome of the Municipality.	Yes

APPENDIX G – MUNICIPAL SERVICE PROVIDER PERFORMANCE SCHEDULE

APPENDIX H: DISCLOSURES OF FINANCIAL INTEREST

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 2024/2025		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	Hon. Cllr. Nomhle Sango	Nil
Member of MayCo / Exco	Cllr. Elton Bantam	Ranoz Construction Civil Eng Building Construction
	Cllr. Sinethemba Mjakuca	Nil
	Cllr. Sithembele Zuka	Nil
	Cllr. Zingisa Rasmeni	Nil
	Cllr. Bukelwa Tyhali	Nil
	Cllr. Mhlangabezi Nombombo	Nil
	Cllr. Enerst Lombard	Nil
Councillor	Cllr. Thozama Ngaye (Speaker)	Nil
	Cllr. Nonkazimlo Mlamla (Chief Whip)	Nil
	Cllr. Zikhona Tyali (MPAC Chair)	Nil
	Cllr. Milicent Qawu	Nil
	Cllr. Unathi Ngcume	Nil
Municipal Manager	Ms Unathi T. Malinzi	Nil
Chief Financial Officer	Mr Mveleli Ngxowa	Nil
Directors	Dr Lulamile Hanabe	Nil
	Mr Daluxolo Mlenzane	Nil
	Ms Nosiphiwo Speelman	Nil
	Ms Thandiwe Malangabi-Ncapayi	Nil

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APPENDIX J: SERVICE PROVIDER PERFORMANCE

SERVICE PROVIDER PERFORMANCE SCHEDULE						
Name of Entity & Purpose	(a) Service Indicators	Year 2023/2024		Year 2024/2025		
	(b) Service Targets	Target	Actual	Target		Actual
		*Previous Year		*Previous Year	*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
MUNICIPAL INFRASTRUCTURE GRANT: CONSTRUCTION						
Chizama Trading JV Kwakho Trading Construction Of Mfiki Community Hall In Ward 16	Construction Of Mfiki Community Hall In Ward 16	Nil	Nil	Nil	320m^2	320m^2
Faku Chayi Trading Construction Of Jojozi Community Hall In Ward 15	Construction Of Jojozi Community Hall In Ward 15	Nil	Nil	Nil	320m^2	320m^2

Maqrula Pty (Ltd) Paving Of Old Seymour In Ward 4	Paving Of Old Seymour In Ward 4	Nill	Nill	Nill	1 km	1km
Skeelo Holdings Construction Of Quthubeni Community Hall In Ward 1	Construction Of Quthubeni Community Hall In Ward 1	Nill	Nill	Nill	320m^2	320m^2
SSK Cleaning Services Paving Of Mount Pleasant Internal Streets In Ward 21	Paving Of Mount Pleasant Internal Streets In Ward 21	Nill	Nill	Nill	1km	1km
MUNICIPAL INFRASTRUCTURE GRANT: CONSULTANTS						
IX Engineers Construction Of Mfiki Community Hall In Ward 16	Construction Of Mfiki Community Hall In Ward 16	Nill	Nill	Nill	320m^2	320m^2
Ibhotwe Lezizwe	Construction Of Jojozi Community Hall In Ward 15	Nill	Nill	Nill	320m^2	320m^2

Construction Of Jojozi Community Hall In Ward 15						
Trivion Engineers Paving Of Old Seymour In Ward 4	Paving Of Old Seymour In Ward 4	Nill	Nill	Nill	1 km	1km
BVI Borders Construction Of Quthubeni Community Hall In Ward 1	Construction Of Quthubeni Community Hall In Ward 1	Nill	Nill	Nill	320m^2	320m^2
Imbawula Civils Paving Of Mount Pleasant Internal Streets In Ward 21	Paving Of Mount Pleasant Internal Streets In Ward 21	Nill	Nill	Nill	1km	1km
Bonati Construction Works Pty Ltd Pre-engineering (i) Daweti informal settlement (50HH)	Pre-engineering (i) Daweti informal settlement (50HH) (ii) Upgrade of 2,5km 11KV	Nill	Nill	Nill	Pre-engineering of the following arears (i) Daweti informal settlement (50HH)	Pre-engineering on the following arears Completed (i) Daweti informal

(ii) Upgrade of 2,5km 11KV Napier to Somerset Street. (iii) 2,5km 11km MV line of Jackson Street. (iv) Electrification of Jackson Street and (v) Electrification of Bhofolo Tyoks (100HH).	Napier to Somerset Street. (iii) 2,5km 11km MV line of Jackson Street. (iv) Electrification of Jackson Street and (v) Electrification of Bhofolo Tyoks (100HH).				(ii) Upgrade of 2,5km 11KV Napier to Somerset Street. (iii) 2,5km 11km MV line of Jackson Street. (iv) Electrification of Jackson Street and (v) Electrification of Bhofolo Tyoks (100HH).	settlement (50HH) (ii) Upgrade of 2,5km 11KV Napier to Somerset Street. (iii) 2,5km 11km MV line of Jackson Street. (iv) Electrification of Jackson Street and (v) Electrification of Bhofolo Tyoks (100HH).
MUNICIPAL DISASTER RESPONSE GRANT: CONTSTRUCTION						
Devomix Construction (Pty) Ltd Paving of 7 De Laan Street in Ward 8	Paving of 7 De Laan Street in Ward 8: 1km	Nill	Nill	Nill	1km	1km

Liyaxhasa Trader (Pty) Ltd Regravelling of Tshayingwe to Khulile in Ward 1 Road	Regravelling of Tshayingwe to Khulile in Ward 1 Road: 1KM	Nill	Nill	Nill	1km	1km
Maxigraph (Pty) Ltd Paving of Hutchison Street in Ward 20	Paving of Hutchison Street in Ward 20: 900M	Nill	Nill	Nill	900m	900m
Pegasus Sky Trading Pty Ltd Regravelling of Dimendine Edike in Ward 9	Regravelling of Dimendine Edike in Ward 9: 1km	Nill	Nill	Nill	1km	1km
Tyume blocks CC Regravelling of Saki in Ward 14.	Regravelling of Saki in Ward 14: 1km	Nill	Nill	Nill	1km	1km

Zaborigo Projects (Pty) Ltd Paving of Goodwin Park Streets in Ward 23.	Paving of Goodwin Park Streets in Ward 23.	Nil	Nil	Nil	1km	1km



RAYMOND MHLABA MUNICIPALITY

Raymond Mhlaba Local Municipality

Annual Financial Statements
for the year ended 30 June 2025

Raymond Mhlaba Local Municipality

(Registration number EC129)

Annual Financial Statements for the year ended 30 June 2025

General Information

Legal form of entity

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998). The municipality provides functions as included in Schedule 4B and Schedule 5B of the Constitution. It should however be noted that the Water and Sanitation function, which is generally allocated to Category B municipalities, are performed by the District Municipality.

The Minister of Co-operative Governance and Traditional Affairs has requested the Municipal Demarcation Board to re-determine the boundaries of Nkonkobe and Nxuba Municipalities as per section 21 of the Local Government Municipal Demarcation Board.

The Raymond Mhlaba Local Municipality was subsequently established by the amalgamation of Nkonkobe Local Municipality and Nxuba Local Municipality. Operations in the Raymond Mhlaba Local Municipality commenced on 6 August 2016.

Nature of business and principal activities

Raymond Mhlaba Local Municipality (EC 129) performs the functions as set out in the Constitution.

Councillors

Honorable Mayor

Nomhle Beauty Sango

Thozama Ngaye (Speaker)

Nonkazimlo Primrose Mlamla (Chief Whip)

Executive committee

:

Bukelwa Sharon Tyhali (Portfolio head: Corporate Services)

Sithembele Michael Zuka (Portfolio Head: Engineering)

Sinethemba Mjakuca (Portfolio Head: Finance)

Elton Bantam (Portfolio Head: Community Service)

Portia Sabane (Portfolio Head: Sports, Arts and Culture)

Zingiswa Modelia Rasmeni (Portfolio Head: Strategic Planning & LED)

Ernest Lombard (EXCO (PR Councillor)

Mhlangabezi Nombombo (EXCO (PR Councillor)

.

Committee Chairpersons

.

Cllr. Zikhona Tyali (MPAC Chairperson)

Cllr Millicent Qawu (Chairperson - Womens Caucus

Cllr Unathi Ngcume (Chairperson - Petitions)

Cllr Thulani Tingo (Chairperson - Rules, Ethics and Integrity Committee)

Councillors

Cllr Primrose Nosipho Ruselo (Ward 1)

Cllr Mzimkhulu Matayo (Ward 2)

Cllr Sinovuyo Kley (Ward 3)

Cllr Mbuyiseli Walaza (Ward 4)

Cllr Masixole Tsotsa (Ward 5)

Cllr Unathi Ngcume (Ward 6)

Cllr Kwanele Siduli (Ward 7)

Cllr Evelyn Nompucuko Zizi (Ward 8)

Raymond Mhlaba Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

General Information

Cllr Nkuthalo Gideon Quilie (Ward 9)
Cllr Simon Justice Xego (Ward 10)
Cllr Luxolo Nqala (Ward 11)
Cllr Mthetheleli Gqokro (Ward 12)
Cllr Sindiswa Magxwalisa (Ward 13)
Cllr Songezo Mashengana (Ward 14)
Cllr Ntombomzi Klaas (Ward 15)
Cllr Monwabisi Moses Zamo (Ward 16)
Cllr Liziwe Faith Matyolo (Ward 17)
Cllr Thobeka Priscilla Mjo (Ward 18)
Cllr Sindiswa Cynthia Tokwe (Ward 19)
Cllr Zikhona Nandipa Lento (Ward 20)
Cllr Masixole Jonathan Tukani (Ward 21)
Cllr Nolzwi Nomaerwa Yanta (Ward 22)
Cllr Ndleka Xhameni (Ward 23)
Cllr Zikhona Tyali (PR Councillor)
Cllr Nolusindiso Brenda Hans (PR Councillor)
Cllr Cecelia Anne Auld (PR Councillor)
Cllr Malixole Ncume (PR Councillor)
Cllr Deon Piet Mandeka (PR Councillor)
Cllr Lindile Theophilus Zethu (PR Councillor)
Cllr Patricia Ntengu (PR Councillor)
Cllr Elton Bantam (PR Councillor)
Cllr Milicent Nonkoliseko Qawu (PR Councillor)
Cllr Nomgcobo Kilimani (PR Councillor)
Cllr Theophilus Ngethu (PR Councillor)
Cllr Thandeka Tito (PR Councillor)

Accounting Officer

Ms Unathi Malinzi

Chief Finance Officer (CFO)

Mr Mveleli Ngxowa

Registered office

8 Somerset Street
Fort Beaufort
5720

Postal address

P.O Box 36
Fort Beaufort
5720

Bankers

FIRST NATIONAL BANK

Auditors

Office of the Auditor General (EC)
Registered Auditors

Attorneys

Wesley Pretorius & Associates
Dyushu & Majebe Inc.
Enzo Meyers Attorneys
Magqabi Seth Zita Incorporated
Braun Nyembezi Inc.
Taleli Godi Kupiso Inc.
Sonamizi Attorneys Inc.
Siyathemba Sokutu Attorneys

Raymond Mhlaba Local Municipality

(Registration number EC129)

Annual Financial Statements for the year ended 30 June 2025

General Information

Wheeldon Rushmere & Cole Inc.

Preparer

The annual financial statements were internally compiled by:
Budget and Treasury Office (BTO)

Raymond Mhlaba Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

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Abbreviations used:

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

Raymond Mhlaba Local Municipality

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Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and they will be signed by:

Ms. Unathi Malinzi
Municipal Manager

Raymond Mhlaba Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	259 255 967	191 910 840
Receivables from non-exchange transactions	4	235 551 798	186 921 989
Other statutory receivables	5	525 676	821 500
VAT receivable	6	49 027 226	25 056 589
Cash and cash equivalents	7	2 293 919	9 442 180
		546 654 586	414 153 098
Non-Current Assets			
Investment property	8	49 869 438	40 346 180
Property, plant and equipment	9	764 397 672	762 578 125
Intangible assets	10	83 643	83 643
Heritage assets	11	70 000	70 000
		814 420 753	803 077 948
Total Assets		1 361 075 339	1 217 231 046
Liabilities			
Current Liabilities			
Payables from non exchange transactions	12	6 415 127	5 871 440
Payables from exchange transactions	13	226 203 313	153 870 981
VAT payable	14	38 186 942	23 212 758
Employee benefit obligation	15	27 800 706	25 845 001
Unspent conditional grants and receipts	16	1 748 573	3 055 658
Provisions	17	18 802 025	3 293 593
		319 156 686	215 149 431
Non-Current Liabilities			
Employee benefit obligation	15	46 502 000	40 325 000
Provisions	17	25 219 743	66 213 611
Payables from exchange transactions	18	58 732 840	199 691 655
		130 454 583	306 230 266
Total Liabilities		449 611 269	521 379 697
Net Assets		911 464 070	695 851 349
Reserves			
Capital Replacement Reserve		1 719 567	811 464
Accumulated surplus		909 744 501	695 039 887
Total Net Assets		911 464 068	695 851 351

* See Note 47

Raymond Mhlaba Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	135 979 018	115 944 498
Rental of facilities and equipment	21	1 015 611	1 458 463
Interest received - receivables from exchange transactions	22	32 098 586	26 111 712
Agency services	23	1 761 387	4 494 715
Licences and permits	24	2 848 408	1 606 365
Other income	25	2 773 220	2 356 138
Interest received - investment	26	4 106 596	4 066 725
Total revenue from exchange transactions		180 582 826	156 038 616
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	27	109 813 936	106 130 471
Debt forgiveness	28	113 694 818	28 621 978
Interest - Property rates	32	41 420 462	37 456 737
Transfer revenue			
Government grants & subsidies	29	308 259 085	290 406 380
Public contributions and donations	30	-	107 991
Fines, Penalties and Forfeits	31	823 360	70 686
Total revenue from non-exchange transactions		574 011 661	462 794 243
Total revenue	19	754 594 487	618 832 859
Expenditure			
Employee related costs	33	(218 026 666)	(217 786 476)
Remuneration of councillors		(21 178 828)	(20 267 388)
Depreciation and amortisation	34	(32 821 843)	(74 104 048)
Finance costs	35	(8 933 054)	(16 846 243)
Debt Impairment	36	(53 591 572)	(79 698 564)
Bad debts written off		-	(43 083 452)
Bulk purchases	37	(105 311 289)	(90 081 099)
Contracted services	38	(26 334 359)	(38 904 853)
Transfers and Subsidies	39	(3 871 721)	(3 093 303)
General Expenses	40	(72 902 160)	(61 411 785)
Total expenditure		(542 971 492)	(645 277 211)
Operating surplus (deficit)		211 622 995	(26 444 352)
Fair value adjustments	41	9 523 258	(911 659)
Actuarial gains/losses	15	(2 571 015)	12 487 970
Impairment loss	42	(2 520 600)	(6 879 483)
Loss on non-current assets held for sale or disposal groups		(441 919)	(14 444 764)
		3 989 724	(9 747 936)
Surplus (deficit) for the year		215 612 719	(36 192 288)

* See Note 47

Raymond Mhlaba Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

Figures in Rand	Capital Replacement Reserve	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	-	706 563 628	706 563 628
Adjustments			
Prior year adjustments 47	-	24 668 547	24 668 547
Balance at 01 July 2023 as restated*	-	731 232 175	731 232 175
Changes in net assets			
Surplus for the year	-	(36 192 288)	(36 192 288)
Other 2	811 464	-	811 464
Total changes	811 464	(36 192 288)	(35 380 824)
Restated* Balance at 01 July 2024	-	694 131 782	694 131 782
Changes in net assets			
Surplus for the year	-	215 612 719	215 612 719
Capital Replacement Reserve	1 719 567	-	1 719 567
Total changes	1 719 567	215 612 719	217 332 286
Balance at 30 June 2025	1 719 567	909 744 501	911 464 068

Note(s)

* See Note 47

Raymond Mhlaba Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Taxation		148 662 643	59 406 049
Sale of goods and services		7 945 710	74 077 210
Grants		267 795 408	60 286 313
Interest income		3 887 768	18 727 160
		<u>428 291 529</u>	<u>212 496 732</u>
Payments			
Employee costs		(221 067 552)	(205 258 544)
Suppliers		(133 617 404)	(142 411 400)
Finance costs		(5 110 159)	(13 435 882)
Grants and subsidies		(3 391 621)	(2 865 790)
		<u>(363 186 736)</u>	<u>(363 971 616)</u>
Net cash flows from operating activities	44	<u>65 104 793</u>	<u>(151 474 884)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	<u>(68 430 159)</u>	<u>(51 421 911)</u>
Cash flows from financing activities			
Outflow of other liability 1		-	199 691 655
Finance lease payments		(3 822 895)	(3 410 361)
Net cash flows from financing activities		<u>(3 822 895)</u>	<u>196 281 294</u>
Net increase/(decrease) in cash and cash equivalents		<u>(7 148 261)</u>	<u>(6 615 501)</u>
Cash and cash equivalents at the beginning of the year		9 442 180	16 057 681
Cash and cash equivalents at the end of the year	7	<u>2 293 919</u>	<u>9 442 180</u>

* See Note 47

Raymond Mhlaba Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

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

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

1.1 Basis of preparations

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

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

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

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

1.5 Significant judgements and sources of estimation uncertainty

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

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

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

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

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

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Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

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

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

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

Impairment testing

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

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

Provisions

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

Post-retirement benefits

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

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

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

Effective interest rate

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

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Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

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

Impairment for Financial assets

- a) All accounts listed in the age analysis form part of the Debt Impairment calculations.
- (b) Those that have a positive Debtor balance are taken into account.
- (c) All receipts/payments received per accounts are listed per account to assist determine the collection / recovery rate per account.
- (d) All receipts/Payments are listed per service for the full 12 months period under audit.
- (e) Recover rate is then applied to the balance of accounts as at end of June to determine the recoverable part of Debt.
- (f) The portion of debt that is not recoverable is then considered Debt Impairment.

Recognition and Derecognition of Land

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

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

Additional information is disclosed in Note .

Impairment of statutory receivables

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

In estimating the future cash flows, the 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, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

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

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Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Accounting for adjustments to revenue

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

- (a) If information becomes known to the municipality, and the municipality could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.
- (b) If information becomes known to the municipality, but the municipality could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

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

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

- (a) has not followed a proper due process to promulgate the tariff, basis, percentage or formula to charge the revenue; and/or
- (b) incorrectly applied the tariff, basis, percentage or formula in charging revenue.

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

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

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

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

1.6 Investment property

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

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

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

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

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

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

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

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Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.6 Investment property (continued)

Fair value

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

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

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

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

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

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

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

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

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

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

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

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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Annual Financial Statements for the year ended 30 June 2025

Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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1.7 Property, plant and equipment (continued)

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

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

1.8 Site restoration and dismantling cost

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

If the related asset is measured using the cost model:

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

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1.8 Site restoration and dismantling cost (continued)

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.9 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

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1.9 Intangible assets (continued)

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

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

1.10 Heritage assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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1.10 Heritage assets (continued)

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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

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

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

Impairment

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

Transfers

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

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

Derecognition

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

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

1.11 Financial instruments

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

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

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

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Accounting Policies

1.11 Financial instruments (continued)

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

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

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

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

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

A financial asset is:

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

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

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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

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

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1.11 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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1.11 Financial instruments (continued)

Classification

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

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

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

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

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

Class	Category
Raymond Mhlaba Economic Development Agency	Measured at cost

1.12 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

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Accounting Policies

1.12 Statutory receivables (continued)

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

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

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

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

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

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

Derecognition

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

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1.12 Statutory receivables (continued)

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

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

1.13 Leases

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

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

Finance leases - lessee

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

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

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

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

Operating leases - lessee

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

1.14 Inventories

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

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

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

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

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

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

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

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1.14 Inventories (continued)

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

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

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

1.15 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

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

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

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

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

1.16 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

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1.16 Impairment of cash-generating assets (continued)

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

[Specify judgements made]

1.17 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

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

[Specify judgements made]

Designation

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

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

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

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

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

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

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Restoration cost approach

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

Service units approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

Redesignation

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

1.18 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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

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1.18 Employee benefits (continued)

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

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

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

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

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

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

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

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1.18 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

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

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

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

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

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1.18 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.18 Employee benefits (continued)

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

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

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

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

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

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Accounting Policies

1.18 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

Post-employment benefit obligations are measured on a basis that reflects:

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

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

Other post retirement obligations

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

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

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

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Accounting Policies

1.18 Employee benefits (continued)

Termination benefits

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

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

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

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

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

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

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

1.19 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus.

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

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Accounting Policies

1.19 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 59.

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

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

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

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

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

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

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

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1.19 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

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

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.16 and 1.17.

If the related asset is measured using the revaluation model:

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

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

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

1.20 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

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Accounting Policies

1.21 Revenue from exchange transactions

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

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

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

Measurement

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

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

Sale of goods

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

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

Rendering of services

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

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

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

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

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

Interest, royalties and dividends

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

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

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Accounting Policies

1.21 Revenue from exchange transactions (continued)

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

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

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

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

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Accounting Policies

1.22 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

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

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

Recognition

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

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

Measurement

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

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Accounting Policies

1.22 Revenue from non-exchange transactions (continued)

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

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

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

Transfers

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

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

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

Debt forgiveness and assumption of liabilities

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

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

Fines

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

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

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

Gifts and donations, including goods in-kind

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

1.23 Investment income

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

1.24 Borrowing costs

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

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

1.25 Accounting by principals and agents

Identification

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Accounting Policies

1.25 Accounting by principals and agents (continued)

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

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

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

Identifying whether an entity is a principal or an agent

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

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.26 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

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Accounting Policies

1.27 Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.28 Fruitless and wasteful expenditure

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

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

1.29 Irregular expenditure

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

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

1.30 Housing development fund

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

1.31 Segment information

A segment is an activity of an entity:

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

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

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Accounting Policies

1.31 Segment information (continued)

Measurement

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

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

1.32 Budget information

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

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

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

The approved budget covers the fiscal period from 2023/07/01 to 2024/06/30.

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

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

1.33 Related parties

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

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

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

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

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

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

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Accounting Policies

1.33 Related parties (continued)

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

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

1.34 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

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Accounting Policies

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

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

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

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

When the Municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether the Municipality is a principal or an agent requires the Municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

The Municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement shall re-assess whether they act as a principal or an agent in accordance with this Standard.

When the Municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If an entity concludes that it is not the agent, then it is the principal in the transactions.

The Municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the Municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent.

The Municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent. Where the Municipality acts as a principle, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

Where the Municipality acts as an agent, it recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The Municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of other Standards of GRAP

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 103 (as revised): Heritage Assets	01 April 2099	Unlikely there will be a material impact

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2099	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An municipality applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 01 April 2025.

The municipality expects to adopt the amendment for the first time in the 2024/2025 annual financial statements.

3. Receivables from exchange transactions

Gross balances

Electricity	75 348 252	47 638 566
Eskom deposits	16 910 408	15 801 767
Eskom trust account	5 000 000	5 000 000
Refuse	236 274 652	194 201 539
Interest on arrears	286 918 261	218 208 410
Sundry receivables	1 009 417	1 360 459
Other receivables	(9 302 507)	2 647 164
	612 158 483	484 857 905

Less: Allowance for impairment

Electricity	(13 865 272)	(9 508 071)
Refuse	(178 585 720)	(149 386 884)
Interest on arrears	(157 913 929)	(131 644 312)
Other receivables	(2 537 595)	(2 407 798)
	(352 902 516)	(292 947 065)

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
3. Receivables from exchange transactions (continued)		
Net balance		
Electricity	61 482 980	38 130 495
Eskom deposits	16 910 408	15 801 767
Eskom trust account	5 000 000	5 000 000
Refuse	57 688 932	44 814 655
Interest on Arrears	129 004 332	86 564 098
Sundry debtors	1 009 417	1 360 459
Other receivables	(11 840 102)	239 366
	259 255 967	191 910 840
Electricity		
Current (0 -30 days)	13 099 685	6 264 510
31 - 60 days	3 032 693	5 566 664
61 - 90 days	2 454 110	5 600 112
> 90 days	66 614 847	58 233 562
	85 201 335	75 664 848
Refuse removal		
Current (0 -30 days)	3 815 423	4 302 713
31 - 60 days	3 641 523	4 165 377
61 - 90 days	3 662 106	4 051 535
> 90 days	187 581 848	153 889 562
	198 700 900	166 409 187
Other services		
Current (0 -30 days)	53 025	264 420
31 - 60 days	1 179 462	29 447
61 - 90 days	235 586	45 474
> 90 days	11 393 125	2 979 903
	12 861 198	3 319 244
Interest on arrears		
Current (0 -30 days)	5 915 614	5 890 871
31 - 60 days	6 091 527	5 771 987
61 - 90 days	699 933	5 809 699
> 90 days	258 313 550	192 648 645
	271 020 624	210 121 202

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
3. Receivables from exchange transactions (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	7 617 490	7 065 216
31 - 60 days	7 532 939	6 747 499
61 - 90 days	6 328 200	6 615 611
> 90 days	333 603 024	267 888 362
	355 081 653	288 316 688
Industrial/ commercial		
Current (0 -30 days)	5 670 205	2 359 661
31 - 60 days	986 879	1 944 561
61 - 90 days	971 086	995 156
<90 days	34 327 290	29 557 615
	41 955 460	34 856 993
National and provincial government		
Current (0 -30 days)	9 621 039	6 884 047
31 - 60 days	5 452 058	6 577 731
61 - 90 days	5 417 148	7 627 616
<90 days	156 568 467	101 420 454
	177 058 712	122 509 848
Total		
Current (0 -30 days)	22 908 734	12 259 793
31 - 60 days	13 971 876	11 499 278
61 - 90 days	12 716 434	10 599 407
91 - 120 days	518 187 013	527 682 050
	567 784 057	562 040 528
Less: Allowance for impairment	(365 047 593)	(315 181 094)
Undefined Difference	-	(54 948 594)
	202 736 464	191 910 840
Reconciliation of allowance for impairment		
Balance at beginning of the year	315 181 094	330 205 100
Movement for the year	49 866 499	(15 024 006)
	365 047 593	315 181 094

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

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

Consumer debtors impaired

As of 30 June 2025, consumer debtors of R - (2024: R -) were impaired and provided for.

The amount of the provision was R - as of 30 June 2025 (2024: R -).

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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4. Receivables from non-exchange transactions

Traffic fine debtors	956 400	956 400
Sundry debtors	3 040 277	2 452 077
Rates	383 496 737	344 917 285
Accrued Interest	1 700	1 700
Allowance for impairment rates	(151 943 316)	(161 405 473)
	235 551 798	186 921 989

Ageing by customer type

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

Opening balance	158 764 809	145 664 791
Provision for impairment	21 521 735	13 100 018
	180 286 544	158 764 809

5. Other statutory receivables

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

VAT receivables	525 676	821 500
Current assets	525 676	821 500

Statutory receivables general information

Transactions arising from statute

The municipality is a registered VAT vendor with SARS, registered on a cash basis in terms of the Value-Added Tax Act of 1991.

VAT receivable relates to refunds not yet paid over by SARS and VAT payables relates to amounts owing to SARS.

Determination of transaction amount

VAT receivables is determined by setting off amounts due to the municipality as a result of Input VAT claims and amounts owed to the municipality as a result of output VAT declared by the municipality.

Interest or other charges levied/charged

SARS charges a penalty of 10% of the VAT liability in terms of subsection 39(1)(a)(ii) of the Value-Added Tax and interest is charged daily at a rate prescribed from the first day of the month following the during which the Value Added Tax liability was to have been paid. The prescribed rate for the current year was 11.75% p.a.

Basis used to assess and test whether a statutory receivable is impaired

The collection rate is used as the basis determined whether a statutory receivable is impaired, in line with the basis used to assess impairment for all receivables of the municipality. The collection rate is assessed per debtor as circumstances differ between debtors and therefore, aggregation on assessment not relevant.

6. VAT receivable

VAT	49 027 226	25 056 589
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6. VAT receivable (continued)

The municipality is registered on a cash basis.

VAT receivables relates to Inputs accrued when invoices are raised which not yet claimable from SARS as no cash exchange has taken place.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	72 529	4 857 845
Short-term deposits	2 221 390	4 584 335
	2 293 919	9 442 180

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

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7. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
ABSA BANK - Current account - 40 8171 6725	660 197	3 060 798	551 685	625 960	3 060 798	1 875 528
ABSA BANK - Current account - 23 6000 0012	-	10 696	69 568	-	32 943	32 943
FIRST NATIONAL BANK - Current account - 620 2619 2336	72 529	4 857 845	1 511 893	-	4 857 845	1 514 647
FIRST NATIONAL BANK - Current account - 516 4001 1783	92 481	536 663	902 039	79 492	478 338	904 816
FIRST NATIONAL BANK - Current account - 630 7013 6401	20 899	3 013	-	20 927	3 013	-
FIRST NATIONAL BANK - Current account - 630 9259 3186	20 898	811 464	-	55 499	811 464	-
FIRST NATIONAL BANK - Current account - 630 9258 9698	34 269	734 269	-	34 269	734 269	-
FIRST NATIONAL BANK - Current account - 630 9259 2873	9 879	10 000	-	9 879	10 000	-
ABSA BANK - Call account - 4100 703 849	-	-	46 822	-	-	46 822
FNB - Call account - 630 9259 0497	15 511	9 000	-	1 511	9 000	-
FNB - Call account - 630 9259 1453	5 589	-	-	5 589	-	-
FNB - Call account - 630 9259 1966	5 000	-	-	5 000	-	-
FNB - Call account - 690 9259 2386	20 000	-	-	20 000	-	-
FNB - Call account - 762 0667 3991	1 665 858	-	-	1 665 858	-	-
STNDRD BANK- 48HR Notice - 088 868 346 - 003	298 230	-	-	-	-	-
Total	2 921 340	10 033 748	3 082 007	2 523 984	9 997 670	4 374 756

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8. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	49 869 438	-	49 869 438	40 346 180	-	40 346 180

Reconciliation of investment property - 2025

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

Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Investment property	41 254 841	(908 661)	40 346 180

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

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

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

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8. Investment property (continued)

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

The fair value is based on the market value of the relevant property. The value is guided by the International Valuation Standards Committee in their definition of market value, as revised in 2000. This definition, which has been generally accepted by the South African property valuation profession reads as follows:

- Market value is the estimated amount for which a property should exchange, on the date of valuation, between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

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9. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	74 862 381	-	74 862 381	74 862 381	-	74 862 381
Buildings	54 082 567	(17 524 139)	36 558 428	54 245 267	(15 307 695)	38 937 572
Plant and machinery	44 310 235	(32 632 599)	11 677 636	44 213 235	(31 537 884)	12 675 351
Motor vehicles	13 080 000	(5 433 673)	7 646 327	13 080 000	(4 665 508)	8 414 492
Office equipment	4 480 405	(4 107 249)	373 156	4 477 190	(4 004 782)	472 408
IT equipment	6 299 005	(4 513 836)	1 785 169	5 496 926	(3 955 276)	1 541 650
Infrastructure	669 719 961	(249 838 366)	419 881 595	611 709 266	(220 126 497)	391 582 769
Community	198 303 511	(49 271 852)	149 031 659	187 393 095	(49 226 152)	138 166 943
Landfill site restoration asset	11 590 662	(29 162 830)	(17 572 168)	40 898 993	(29 157 461)	11 741 532
Work in progress	80 153 489	-	80 153 489	84 183 027	-	84 183 027
Total	1 156 882 216	(392 484 544)	764 397 672	1 120 559 380	(357 981 255)	762 578 125

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	74 862 381	-	-	-	-	-	74 862 381
Buildings	38 937 572	-	(97 288)	-	(2 281 856)	-	36 558 428
Plant and machinery	12 675 351	97 000	(1 398)	-	(1 093 317)	-	11 677 636
Motor vehicles	8 414 492	-	-	-	(768 165)	-	7 646 327
Office equipment	472 408	3 215	-	-	(102 467)	-	373 156
IT equipment	1 541 650	801 898	-	-	(558 379)	-	1 785 169
Infrastructure	391 582 769	2 429 150	(311 697)	55 945 202	(27 613 486)	(2 150 343)	419 881 595
Community	138 166 943	-	(664 217)	13 183 232	(1 279 900)	(374 399)	149 031 659
Housing development fund	11 741 532	-	-	-	(29 313 700)	-	(17 572 168)
Weapons systems	84 183 027	65 098 896	-	(69 128 434)	-	-	80 153 489
	762 578 125	68 430 159	(1 074 600)	-	(63 011 270)	(2 524 742)	764 397 672

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment loss	Impairment reversal	Total
Land	74 862 381	-	-	-	-	-	-	-	74 862 381
Buildings	44 107 964	-	-	-	-	(4 219 437)	(1 026 798)	75 843	38 937 572
Plant and machinery	13 503 153	29 950	-	288 340	-	(1 146 092)	-	-	12 675 351
Motor vehicles	7 368 384	1 695 097	-	-	-	(692 489)	-	43 500	8 414 492
Office equipment	633 154	23 138	-	-	-	(183 884)	-	-	472 408
IT equipment	1 994 277	263 091	(3 190)	-	-	(712 528)	-	-	1 541 650
Infrastructure	422 379 780	1 167 025	(7 989 655)	24 345 804	-	(46 925 987)	(1 394 198)	-	391 582 769
Community	121 763 708	-	(859 361)	30 631 494	-	(9 698 892)	(3 670 006)	-	138 166 943
Landfill site restoration asset	35 413 333	-	-	-	(7 653 871)	(16 017 930)	-	-	11 741 532
Work in progress	60 505 066	78 943 599	-	(55 265 638)	-	-	-	-	84 183 027
	782 531 200	82 121 900	(8 852 206)	-	(7 653 871)	(79 597 239)	(6 091 002)	119 343	762 578 125

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

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10. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 869 022	(1 785 379)	83 643	1 869 022	(1 785 379)	83 643

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10. Intangible assets (continued)

Reconciliation of intangible assets - 2025

	Opening balance	Total
Computer software, other	83 643	83 643

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10. Intangible assets (continued)

Reconciliation of intangible assets - 2024

	Opening balance	Accumulated amortisation	Total
Computer software, other	444 300	(360 657)	83 643

Pledged as security

There are no intangible assets pledged as security for liabilities.

Restricted title

There are no intangible assets whose title is restricted.

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11. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	70 000	-	70 000	70 000	-	70 000

Reconciliation of heritage assets 2025

	Opening balance	Total
Historical monuments	70 000	70 000

Reconciliation of heritage assets 2024

	Opening balance	Total
Historical monuments	70 000	70 000

Age and/or condition of heritage assets

Heritage assets comprises the following historical sites:

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

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

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12. Payables from non-exchange transactions

Designated at fair value

Human Settlements	2 166 437	1 517 215
Department of Roads and Transport - Healdtown	1 238 861	1 238 861
Department of Transport - Traffic agency fees	3 009 829	3 115 364
	6 415 127	5 871 440

Current liabilities

Designated at fair value	6 415 127	5 871 440
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The municipality is an agent providing different services to the departments listed below. At year end, the monies held by the municipality on behalf of the Principals approximates their fair values.

1. Department of Human Settlements - The municipality is administering the RDP house contract on behalf of the department. The municipality does not earn any commission from the contract. The balance is monies relates to monies received from the department that has not yet been paid over to the contractor.
2. Eastern Cape Department of Transport - The municipality is administering the Healdtown Access Road contract on behalf of the department. The municipality does not earn any commission from the contract. The balance is monies relates to monies received from the department that has not yet been paid over to the contractor.
3. Eastern Cape Department of Transport - The municipality is administering the Motor vehicle licensing contract on behalf of the department. The municipality earns a commission of 19% on the amounts received on behalf of the department. The balance is monies received on behalf of the department but not yet paid over at year end.

13. Payables from exchange transactions

Trade payables	34 497 335	4 259 031
Payments received in advanced	23 553 360	18 294 034
Retentions	545 872	1 097 415
Deposits received	3 465 709	3 229 616
Unallocated deposits	4 106 214	10 507 168
Salary control	19 077 501	16 637 890
Eskom debt relief current portion	140 957 322	99 845 827
	226 203 313	153 870 981

14. VAT payable

VAT output accrual	38 186 942	23 212 758
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VAT output accrual is the VAT charged on services in an accrual basis that is not yet payable to SARS until cash is collected from the debtors.

15. Employee benefit obligations

Defined benefit plan

The plan is a post employment medical benefit plan.

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15. Employee benefit obligations (continued)		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(74 250 555)	(66 170 001)
Undefined Difference	(52 151)	-
	(74 302 706)	(66 170 001)
Current liabilities		
Leave	17 837 980	18 226 473
Bonus	4 144 217	4 883 528
Medical aid	1 063 000	957 000
	23 045 197	24 067 001
Non-current liabilities	(46 502 000)	(40 325 000)
Current liabilities	(27 800 706)	(25 845 001)
	(74 302 706)	(66 170 001)
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	32 449 000	34 660 000
Benefits paid	(957 000)	(548 000)
Acturial loss / (gain)	631 000	(8 644 000)
Net expense recognised in the statement of financial performance	6 105 000	6 981 000
	38 228 000	32 449 000
Net expense recognised in the statement of financial performance		
Medical Benefits		
Current service cost	2 161 000	2 387 000
Interest cost	3 944 000	4 594 000
	6 105 000	6 981 000
Long Service Awards		
Opening balance	10 611 000	11 664 000
Current service cost	1 222 000	1 371 000
Interest cost	1 062 000	1 537 000
Benefits paid	(1 778 000)	(449 030)
Acturial liabilities	366 000	(3 491 970)
	11 483 000	10 631 000
Net expense recognised in Statement of financial Performance - Long service awards		
Current service cost	1 222 000	1 371 000
Interest cost	1 062 000	1 537 000
	2 284 000	2 908 000

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15. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rate	11,30 %	12,33 %
Health care cost inflation rate	7,10 %	7,80 %
Net effective discount rate	3,90 %	4,20 %
Maximum subsidy inflation rate	4,70 %	5,50 %
Net of maximum subsidy inflation discount rate	6,30 %	6,50 %
CPI Inflation rate	5,30 %	6,30 %

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	-	28 394 000
Effect on defined benefit obligation	-	34 608 000

Amounts for the current and previous four years are as follows:

	2025 R	2024 R	2023 R	2022 R	2021 R
Defined benefit obligation	38 228 000	32 449 000	34 660 000	32 687 000	25 178 000

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Alien Plant Grant	295 480	295 480
Municipal Infrastructure Grant	-	(1)
Integrated National Electrification Grant	-	233 704
Housing Disaster Grant	9 474	9 474
Quarry Mining Grant	102 563	102 563
Greening and Beautification Grant	707 664	707 664
Mining Projects Grant	77 000	77 000
Middledrift Spatial Development Grant	147 392	147 392
Disaster Grant	-	1 282 382
DEDDEAT - Upperblink water Electrical Infrastructure Maintenance Grant	409 000	200 000
	1 748 573	3 055 658

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

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

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

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

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17. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	69 507 204	2 598 866	(28 084 302)	44 021 768

Reconciliation of provisions - 2024

	Opening Balance	Additions	Interest cost	Total
Environmental rehabilitation	62 006 563	4 090 280	3 410 361	69 507 204
Non-current liabilities			25 219 743	66 213 611
Current liabilities			18 802 025	3 293 593
			44 021 768	69 507 204

Environmental rehabilitation provision

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

Discount rates specific to the nature of the provision is utilised to calculate the effect of time value of money. The discount rate is based on the Earthworks Index as published by Statssa which increased by 7.8% (2021 - 3.32%) during the year.

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

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

Alice - expected closure year 2050	15 253 809	23 859 255
Middledrift - expected closure year 2100	3 856 839	12 065 545
Seymour - drop off	1 103 839	1 288 313
Adelaide - expected closure year 2018	15 762 145	19 678 445
Bedford - expected closure year 2031	6 876 153	11 327 332
Fort Beaufort Drop off	1 168 981	1 288 313
	44 021 766	69 507 203

18. Payables from exchange transactions

Eskom debt relief non-current portion

Eskom	58 732 840	199 691 655
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The balance relates to an Eskom balance that has been reclassified from current liabilities as a result of the debt relief arrangement which has deferred the payment to a period over 12 months.

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Notes to the Annual Financial Statements

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19. Revenue

Service charges	135 979 018	115 944 498
Rental of facilities and equipment	1 015 611	1 458 463
Interest received (trading)	32 098 586	26 111 712
Agency services	1 761 387	4 494 715
Licences and permits	2 848 408	1 606 365
Other income	2 773 220	2 356 138
Interest received - investment	4 106 596	4 066 725
Property rates	109 813 936	106 130 471
Surcharges and Taxes	113 694 818	28 621 978
Government grants & subsidies	308 259 085	290 406 380
Public contributions and donations	-	107 991
Fines, Penalties and Forfeits	823 360	70 686
	713 174 025	581 376 122

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	135 979 018	115 944 498
Rental of facilities and equipment	1 015 611	1 458 463
Interest received (trading)	32 098 586	26 111 712
Agency services	1 761 387	4 494 715
Licences and permits	2 848 408	1 606 365
Other income	2 773 220	2 356 138
Interest received - investment	4 106 596	4 066 725
	180 582 826	156 038 616

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Property rates	109 813 936	106 130 471
Surcharges and Taxes	113 694 818	28 621 978

Transfer revenue

Government grants & subsidies	308 259 085	290 406 380
Public contributions and donations	-	107 991
Fines, Penalties and Forfeits	823 360	70 686
	532 591 199	425 337 506

20. Service charges

Sale of electricity	93 993 191	76 750 376
Refuse removal	40 274 341	37 500 141
Availability charge	1 711 486	1 693 981
	135 979 018	115 944 498

21. Rental of facilities and equipment

Premises

Venue hire	1 015 611	1 458 463
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Figures in Rand	2025	2024
22. Interest received - receivables from exchange transactions		
Refuse removal	9 096 096	8 021 231
Sundry	1 038 145	24 617
Electricity	21 964 345	18 065 864
	-	-
	32 098 586	26 111 712
23. Agency services		
Vehicle Registration	1 761 387	4 494 715
24. Licences and permits		
Road and Transport	2 848 408	1 606 365
25. Other income		
Collection charges	695 783	818 374
Skills development levy refund	364 749	528 479
Clearance fees	92 099	24 464
Incidental cash surplus	15	-
Insurance refund	719 058	-
Building plan fees	233 005	216 307
Cemetery and burial	117 649	98 980
Valuation services	49 909	84 084
Tender fees	180 930	199 478
Connection fees	278 700	262 163
Reconnection fees	41 323	123 809
	2 773 220	2 356 138
26. Investment revenue		
Interest revenue		
Bank	4 106 596	4 066 725

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27. Property rates		
Rates received		
Residential	17 511 758	15 502 742
Commercial	11 254 898	9 147 574
Small holdings and farms	22 357 225	23 434 185
Industrial	361 838	307 450
Multipurpose	81 597 620	93 323 153
Public service infrastructure	44 884	26 909
Vacant land	950 988	958 219
Rebates	(24 265 275)	(36 569 761)
	109 813 936	106 130 471

Valuations

Residential	3 155 175 718	2 946 077 877
Commercial	508 996 391	445 845 350
State	734 869 800	784 153 900
Municipal	179 120 343	171 999 300
Public benefit organisations	164 107 700	115 582 700
Agriculture	3 449 923 296	3 395 220 550
Public service infrastructure	21 682 900	66 423 000
Vacant land	90 939 070	149 158 600
Multipurpose	102 590 000	111 219 650
Sectional title	31 888 500	31 888 500
	8 439 293 718	8 217 569 427

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2019.

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

28. Debt forgiveness

Amathole	5 035 707	9 539 191
Consumer debtors - credit balances written off	8 813 284	19 082 787
Eskom Debt Relief	99 845 827	-
	113 694 818	28 621 978

During the year Amathole District Municipality wrote off debt relating to water services. In addition to the Amathole debt, the municipality had credits from customers with invalid references that did not match customer accounts from 2021 that were written off to income in the current year.

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29. Government grants & subsidies

Operating grants

Equitable share	225 142 000	196 050 000
Finance Management Grant	2 800 000	2 850 000
Municipal Infrastructure Grant	2 333 036	2 024 553
Expanded Public Works Programme Grant	2 983 000	3 885 000
Library Grant	2 295 000	1 650 000
Alien Plant Removal Grant	-	1 767 341
	235 553 036	208 226 894

Capital grants

Municipal Infrastructure Grant	43 365 963	41 261 448
Intergrated National Electrification Programme.	642 704	5 666 420
Disaster Grant	28 697 382	35 251 618
	72 706 049	82 179 486
	308 259 085	290 406 380

Alien Plant Grant

Balance unspent at beginning of year	295 480	69 282
Current-year receipts	-	2 000 000
Conditions met - transferred to revenue	-	(1 773 802)
	295 480	295 480

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

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

Municipal Infrastructure Grant

Balance unspent at beginning of year	(1)	1
Current-year receipts	45 699 000	54 002 998
Conditions met - transferred to revenue	(45 698 999)	(54 003 000)
	-	(1)

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

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

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Figures in Rand	2025	2024
29. Government grants & subsidies (continued)		
Expanded Public Works		
Current-year receipts	2 983 000	3 885 000
Conditions met - transferred to revenue	(2 983 000)	(3 885 000)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
Provide explanations of conditions still to be met and other relevant information.		
Municipal Finance Management Grant		
Current-year receipts	2 800 000	2 850 000
Conditions met - transferred to revenue	(2 800 000)	(2 850 000)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
Provide explanations of conditions still to be met and other relevant information.		
Integrated National Electrification Grant		
Balance unspent at beginning of year	233 704	125
Current-year receipts	409 000	5 900 000
Conditions met - transferred to revenue	(642 704)	(5 666 421)
	-	233 704
Conditions still to be met - remain liabilities (see note 16).		
The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.		
Housing Disaster Grant		
Balance unspent at beginning of year	9 474	9 474
Conditions still to be met - remain liabilities (see note 16).		
The grant is aimed at providing immediate relief in the event of a disaster.		
Quarry Mining Grant		
Balance unspent at beginning of year	102 563	102 563
Conditions still to be met - remain liabilities (see note 16).		
Greening and Beautification Grant		
Balance unspent at beginning of year	707 664	707 664
Conditions still to be met - remain liabilities (see note 16).		
Mining Projects Grant		

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29. Government grants & subsidies (continued)		
Balance unspent at beginning of year	77 000	77 000
Conditions still to be met - remain liabilities (see note 16).		
Middledrift Spatial Development Grant		
Balance unspent at beginning of year	147 392	147 392
Conditions still to be met - remain liabilities (see note 16).		
Disaster Grant		
Balance unspent at beginning of year	1 282 382	1 282 382
Current-year receipts	27 415 000	-
Conditions met - transferred to revenue	(28 697 382)	-
	-	1 282 382
Conditions still to be met - remain liabilities (see note 16).		
30. Public contributions and donations		
Xerox	-	107 991
XEROX	-	107 991
Xerox donated 9 laptops to the municipality for the prior financial year.		
31. Fines, Penalties and Forfeits		
Municipal Traffic Fines	823 360	70 686
32. Interest from non-exchange receivables		
Interest - Property rates	41 420 462	37 456 737

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33. Employee related costs

Basic	146 411 582	146 544 811
Bonus	9 305 836	10 036 142
Medical aid - company contributions	9 262 779	9 142 927
UIF	1 285 854	1 143 221
SDL	1 923 296	1 970 393
Other payroll levies	(35 433)	50 251
Leave pay provision charge	3 350 795	1 288 092
Pension contributions	21 756 338	21 637 634
Medical benefit - current service cost	2 161 000	1 839 000
Travel, motor car, accommodation, subsistence and other allowances	8 457 354	7 764 817
Overtime payments	10 421 334	9 905 836
Long-service awards	(1 028 681)	1 901 529
Acting allowances	2 810 145	2 890 071
Housing benefits and allowances	524 485	449 925
Standby allowance	969 610	922 011
Insurance	446 122	289 616
Cellphone allowance	4 250	10 200
	218 026 666	217 786 476

Remuneration of the Municipal Manager

Basic salary	2 201 753	1 398 459
Backpay	-	100 723
Motor vehicle allowance	608 739	86 432
UIF and SDL	24 446	20 227
	2 834 938	1 605 841

Remuneration of Chief Finance Officer

Basic salary	789 414	760 486
Motor vehicle allowance	526 276	506 991
UIF and SDL	12 590	12 536
Backpay	-	62 371
	1 328 280	1 342 384

Director Corporate Services

Annual Remuneration	202 391	-
Travel Allowance	74 928	-
Housing allowance	60 000	-
Contributions to UIF and SDL	3 661	-
Pension	14 719	-
	355 699	-

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33. Employee related costs (continued)		
Director Community Services		
Annual Remuneration	763 828	882 594
Travel allowance	190 957	138 643
Medical allowance	127 305	-
Contributions to UIF and SDL	10 595	8 752
Pension allowance	190 957	-
	1 283 642	1 029 989
Director Technical Services		
Annual Remuneration	1 041 249	1 003 093
Travel allowance	517 709	498 738
Contributions to UIF and SDL	16 876	16 850
Backpay	-	70 142
	1 575 834	1 588 823
Director Strategic Services		
Annual Remuneration	1 016 200	1 255 702
Travel allowance	255 358	246 000
Medical allowance	63 839	-
Contributions to UIF and SDL	15 228	-
Backpay	-	70 138
Pension allowance	223 428	-
	1 574 053	1 571 840
34. Depreciation and amortisation		
Property, plant and equipment	32 821 843	73 743 391
Intangible assets	-	360 657
	32 821 843	74 104 048
35. Finance costs		
Post Retirement Medical Benefits	3 944 000	4 594 000
Long Service Awards	1 062 000	1 537 000
Trade and other payables	104 159	7 295 820
Rehabilitation Provision- Landfill Sites	3 822 895	3 410 361
Fiance Lease Liabilities	-	9 062
	8 933 054	16 846 243
36. Debt impairment		
Debt impairment	-	37 181
Contributions to debt impairment provision	53 591 572	79 661 383
	53 591 572	79 698 564
37. Bulk purchases		
Electricity - Eskom	105 311 289	90 081 099

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Figures in Rand			2025	2024
37. Bulk purchases (continued)				
Electricity losses				
	Number 2025	Number 2024		
Units purchased	49 166 104	47 113 513	105 311 286	90 081 099
Units sold	(38 157 640)	(36 598 558)	(81 731 718)	(69 976 492)
Total loss	11 008 464	10 514 955	23 579 568	20 104 607
Comprising of:				
Non-technical losses	11 008 464	11 152 092	23 579 568	9 668 089
Percentage Loss:				
Non-technical losses	22 %	22 %	22 %	22 %
38. Contracted services				
Outsourced Services				
Burial Services			-	8 976
Catering Services			755 477	386 570
Cleaning Services			266 339	86 957
Litter Picking and Street Cleaning			646 083	2 689 705
Refuse Removal			607 176	1 319 246
Transport Services			371 566	681 724
Consultants and Professional Services				
Business and Advisory			10 890 543	19 903 243
Legal Cost			2 794 162	1 638 806
Contractors				
Building			896 463	326 353
Catering Services			81 192	100 775
Employee Wellness			32 300	98 590
First Aid			12 840	-
Maintenance of Equipment			2 089 013	4 993 072
Maintenance of Unspecified Assets			6 891 205	6 659 819
Safeguard and Security			-	11 017
			26 334 359	38 904 853
39. Transfer and subsidies				
Grants paid to ME's				
Raymond Mhlaba Economic Development Agency			3 871 721	3 093 303

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Figures in Rand	2025	2024
40. General expenses		
Advertising	299 109	260 011
Auditors fees	5 298 300	4 365 874
Bank charges	588 853	356 034
Cleaning	1 003 649	289 722
Commission paid	1 489 603	1 379 328
Consumables	15 898	637 459
Discount allowed	498 886	180 533
Entertainment	6 638	-
Gifts	26 186	249 320
Hire	6 521 057	6 559 415
Insurance	1 134 901	1 207 209
Conferences and seminars	77 762	16 470
IT expenses	1 177 066	867 311
Motor vehicle expenses	646 533	4 855 170
Fuel and oil	3 939 236	3 501 456
Postage and courier	5 195	1 116 305
Printing and stationery	1 602 133	1 236 036
Protective clothing	647 634	815 071
Software expenses	3 058 478	4 588 731
Subscriptions and membership fees	3 877 622	2 677 135
Telephone and fax	7 288 257	5 289 075
Transport and freight	-	50 977
Travel - local	1 906 110	1 725 173
Municipal services	20 046 471	7 404 510
Achievements and awards	248 303	-
Indigent relief	6 609 914	7 092 797
Internships	205 317	518 224
Ward committees remuneration	4 683 049	4 172 439
	72 902 160	61 411 785
41. Fair value adjustments		
Investment property (Fair value model)	9 523 258	(911 659)
42. Impairment loss		
Impairments		
Property, plant and equipment	2 520 600	6 879 483
43. Auditors fees		
Fees	5 298 300	4 365 874

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Figures in Rand	2025	2024
44. Cash generated from (used in) operations		
Surplus (deficit)	215 612 719	(36 192 288)
Adjustments for:		
Depreciation and amortisation	32 821 843	74 104 048
Gain on discontinued operations	441 919	14 444 764
Fair value adjustments	(9 523 258)	911 659
Finance costs - provisions	3 822 895	3 410 361
Impairment deficit	2 520 600	6 879 483
Debt impairment	53 591 572	79 698 564
Bad debts written off	-	43 083 452
Movements in retirement benefit assets and liabilities	8 132 705	(3 312 598)
Movements in provisions	(25 485 436)	7 500 641
Actuarial gains or losses	-	(2 887 521)
Discounts received	-	(11 540 891)
Donations received	-	(5 183 885)
Changes in working capital:		
Consumer debtors	(230 525 575)	(56 424 520)
Other receivables from non-exchange transactions	(48 629 809)	6 880 557
Statutory receivables	295 824	3 521 837
VAT	(8 996 453)	30 686 664
Unspent conditional grants and receipts	(1 307 085)	1 948 620
	65 104 793	(151 474 884)

45. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Cash and cash equivalents	2 387 966	2 387 966
Receivables from exchange transactions	380 673 968	380 673 968
	383 061 934	383 061 934

Financial liabilities

	At amortised cost	Total
Current liabilities - Trade and other payables from exchange transactions	316 997 050	316 997 050
Non current liabilities - Trade and other payables from exchange transactions	1 082 300	1 082 300
	318 079 350	318 079 350

2024

Financial assets

	At amortised cost	Total
Cash and cash equivalents	9 738 469	9 738 469
Receivables from exchange transactions	245 638 936	245 638 936
	255 377 405	255 377 405

Financial liabilities

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Figures in Rand	2025	2024
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45. Financial instruments disclosure (continued)

	At amortised cost	Total
Payables from exchange transactions	234 532 126	234 532 126
Trade and other payables from exchange transactions - long term portion	161 258 958	161 258 958
	395 791 084	395 791 084

46. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	31 938 714	33 561 980
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Total capital commitments

Already contracted for but not provided for	31 938 714	33 561 980
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Total commitments

Total commitments

Authorised capital expenditure	31 938 714	33 561 980
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This committed expenditure relates to property and will be financed by government conditional grants.

47. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2024

	Note	As previously reported	Correction of error	Restated
Cash and Cash Equivalents		9 738 469	-	9 738 469
Receivables from exchange transactions		177 380 559	68 258 377	245 638 936
Receivables from non- exchange transactions		188 452 618	(46 164 861)	142 287 757
Other statutory receivables		821 500	-	821 500
VAT Receivable		24 835 092	91 759	24 926 851
Investment Property		44 573 854	(4 227 674)	40 346 180
Property, Plant and Equipment		633 640 278	101 276 481	734 916 759
Heritage Assets		70 000	-	70 000
Intangible assets		92 322	-	92 322
Payables from non exchange transactions		(5 871 440)	(628 172)	(6 499 612)
Payables from exchange transactions		(233 173 035)	(1 359 091)	(234 532 126)
Unspent conditional Government grants		(3 055 658)	-	(3 055 658)
VAT payables		(23 193 165)	(19 593)	(23 212 758)
Current employee benefits		(25 845 001)	-	(25 845 001)
Provisions		(3 293 593)	-	(3 293 593)
Long term liabilities		(161 258 958)	-	(161 258 958)
Employee benefits		(40 325 000)	-	(40 325 000)
Non Current Provisions		(66 213 611)	-	(66 213 611)
Accumulated surplus		(516 563 767)	(117 227 226)	(633 790 993)
Capital Replacement Reserves		(811 464)	-	(811 464)
		-	-	-

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2024

47. Prior-year adjustments (continued)

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges		116 378 026	130 620	-	116 508 646
Rental of facilities and equipment		1 458 463	-	-	1 458 463
Interest received - receivables from exchange transactions		26 290 669	(178 957)	-	26 111 712
Licences and permits		1 606 365	(628 172)	2 888 350	3 866 543
Agency fees		4 494 715	-	(2 888 350)	1 606 365
Other income		2 356 138	-	-	2 356 138
Interest received - investment		3 887 768	178 957	-	4 066 725
Property rates		106 130 471	-	-	106 130 471
Government grants and subsidies		290 406 380	-	-	290 406 380
Public contributions and donations		107 991	-	-	107 991
Fines, penalties and forfeits		70 686	-	-	70 686
Interest - property rates		37 456 737	-	-	37 456 737
Debt forgiveness		86 271 022	-	-	86 271 022
Employee related costs		(217 786 476)	-	-	(217 786 476)
Remuneration of councillors		(20 267 388)	-	-	(20 267 388)
Debt Impairment		(100 879 313)	22 017 665	(37 181)	(78 898 829)
Bad debts written off		(43 083 452)	-	37 181	(43 046 271)
Depreciation and Amortisation		(201 380 394)	100 065 219	-	(101 315 175)
Bulk purchases		(90 081 099)	-	-	(90 081 099)
Finance charges		(16 880 650)	-	-	(16 880 650)
Contracted services		(39 412 766)	525 263	-	(38 887 503)
Transfers and subsidies		(3 093 303)	-	-	(3 093 303)
General expenses		(60 524 202)	(260 501)	-	(60 784 703)
Fair value adjustments		(1 293 821)	382 162	-	(911 659)
Actuarial gains / losses		12 487 970	-	-	12 487 970
Impairment loss		(6 922 983)	-	-	(6 922 983)
Loss on sale of fixed assets		(9 626 130)	(4 818 634)	-	(14 444 764)
Surplus for the year		(121 828 576)	117 413 622	-	(4 414 954)

Errors

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47. Prior-year adjustments (continued)

Property Plant and Equipment

In the period ended 30 June 2023, some items of Work in Progress were erroneously not capitalized into completed infrastructure projects.

This resulted in an understatement in accumulated depreciated and an overstatement in the carrying value of Property plant and equipment.

The error has been corrected and prior year figures restated.

Investment Property

During the year, it was discovered that some vacant properties belonging to the municipality were erroneously not recognised as investment properties by the municipality.

The error has been corrected and prior year comparatives restated.

Accumulated surplus

1. Accumulated surplus has been adjusted by the effect of these changes above.

Statement of Financial Performance

The changes in the prior year figures in the abovementioned statement are as a result of the changes made to the Statement of Financial Position as detailed above.

Depreciation and amortization

In the period ended 30 June 2023, some items of Work in Progress were erroneously not capitalized into completed infrastructure projects.

This resulted in an understatement in accumulated depreciated and an overstatement in the carrying value of Property plant and equipment.

The error has been corrected and prior year figures restated.

Fair value adjustments

During the year, it was discovered that some vacant properties belonging to the municipality were erroneously not recognised as investment properties by the municipality.

The error has been corrected and prior year comparatives restated.

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47. Prior-year adjustments (continued)

Reclassifications

During the period, the following reclassifications were made:

Statement of Financial Position

Payables from non exchange transactions

Monies collected on behalf of the Department of Transport and not paid over at year end, as a result of a principal - agent contract was previously classified as payables from exchange transactions.

The liability has been reclassified to Payables from non exchange transactions.

Statement of Financial Performance

Revenue from non exchange transactions

Debt written off by Amathole District Municipality was previously classified under Revenue from exchange transactions (discounts).

The amount has been reclassified to Revenue from non exchange Transactions (Debt forgiveness).

The following reclassifications adjustment occurred:

Payables from non exchange transactions

The municipality is party to a principal / agent agreement with the department of roads and transport to collect motor registration fees on behalf of the department. The municipality had erroneously disclosed the related liability under payables from exchange transactions.

The error has been corrected and the liability has been reclassified from Payables from exchange transactions to Payables from non exchange transactions.

Payables from exchange transactions

The municipality is party to a principal / agent agreement with the department of roads and transport to collect motor vehicle registration fees on behalf of the department. The municipality had erroneously disclosed the related liability under payables from exchange transactions.

The error has been corrected and the liability has been reclassified from Payables from exchange transactions to Payables from non exchange transactions.

48. Comparative figures

Certain comparative figures have been restated.

49. Risk management

Financial risk management

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49. Risk management (continued)

Liquidity risk

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

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

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The following balances are exposed to liquidity risk:

31 March 2025

Payables from exchange transactions

Payable within 1 Year	Payable within 2 - 5 years	Total
316 997 050	1 082 300	318 079 350

30 June 2024

Payables from exchange transactions

Payable within 1 Year	Payable with 2 - 5 years	Total
234 532 126	161 258 958	395 791 084

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49. Risk management (continued)

Credit risk

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

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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

Financial instrument	2025	2024
Cash and cash equivalents	2 387 966	9 738 469
Receivables from exchange transactions	380 673 968	245 638 936

Cash and cash equivalents

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

Receivables from exchange transactions

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

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

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be past due. Refer to Note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be past due.

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

Market risk

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49. Risk management (continued)

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

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

The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on post-tax surplus of a 1% shift would be a maximum increase of R 807 159 (2024: R 121 758) or decrease of R -807 159- (2024: R (121 758)), respectively. The simulation is done on a quarterly basis to verify that the maximum deficit potential is within the limit given by the management.

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

The following balances are exposed to interest rate fluctuations:

Financial instrument

Cash and cash equivalents (excluding cash on hand)	2 387 966	9 738 469
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Management does not foresee significant interest rate movements in the next 12 months.

Foreign exchange risk

The municipality operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require economic entities to manage their foreign exchange risk against their functional currency. The economic entities are required to hedge their entire foreign exchange risk exposure with the entity treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the municipality use forward contracts, transacted with entity treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the municipality's functional currency.

The municipality treasury's risk management policy is to hedge between 75% and 100% of anticipated cash flows (mainly export sales and purchase of inventory) in each major foreign currency for the subsequent 12 months. Approximately 90% (2024: 95%) of projected sales in each major currency qualify as 'highly probable' forecast transactions for hedge accounting purposes.

For segment reporting purposes, each controlled entity designates contracts with group treasury as fair value hedges or cash flow hedges, as appropriate. External foreign exchange contracts are designated at group level as hedges of foreign exchange risk on specific assets, liabilities or future transactions on a gross basis.

The municipality reviews its foreign currency exposure, including commitments on an ongoing basis. The municipality expects its foreign exchange contracts to hedge foreign exchange exposure.

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49. Risk management (continued)

Price risk

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

The municipality recognised the following financial instruments (all balances are recognised at amortised cost):

Financial assets

Cash and cash equivalents	2 387 966	9 738 468
Receivables from exchange transactions	380 673 968	245 638 936
	383 061 934	255 377 404

Financial liabilities

Payables from exchange transactions	316 997 050	234 532 126
Long term liabilities	1 086 300	161 258 958
	318 083 350	395 791 084

50. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 517 658 307 and that the municipality's total assets exceed its liabilities by R 638 784 843.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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50. Going concern (continued)

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

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

Financial indicators

The current liabilities at period 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 the municipality's current assets are in excess of its current liabilities. Expenditure patterns and budget control measures will be enforced to reduce the expenditure that leads to an increase in current liabilities.

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

Other indicators

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

There are material contingent liabilities on each respective reporting period. Refer to note 56 below.

Assessment

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

51. Events after the reporting date

There were no events after reporting period.

52. Irregular expenditure

Opening balance as previously reported	8 953 199	13 393 620
Add: Irregular expenditure - current	68 254 145	5 081 375
Add: Irregular expenditure - prior period	58 607 136	6 708 827
Less: Amount written off - current	(64 287 294)	(16 230 623)
Closing balance	71 527 186	8 953 199

Amount written-off

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

53. Fruitless and wasteful expenditure

Opening balance as previously reported	344 286	12 344 346
Add: Fruitless and wasteful expenditure identified - current	253 471	10 609 426
Less: Amount written off - current	(415 447)	(22 609 486)
Closing balance	182 310	344 286

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53. Fruitless and wasteful expenditure (continued)

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

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53. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

	Disciplinary steps taken/criminal proceedings		
SARS -PAYE, UIF and SDL	None taken	77 933	1 494
Eskom	None taken	175 537	9 469 008
Auditor General	None taken	-	1 138 924
		253 470	10 609 426

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53. Fruitless and wasteful expenditure (continued)

Amount written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 22 609 486 from the total fruitless and wasteful expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

Condoned by (Condoning authority)

Penalties and Interest - PAYE, UIF and SDL
Interest on ESKOM Arrear Accounts
Interest on AGSA Arrear Account

415 447	1 964
-	21 190 983
-	1 416 539
415 447	22 609 486

Recoverability steps taken/criminal proceedings

No disciplinary steps or criminal proceedings were instituted.

Disciplinary steps taken/criminal proceedings

No disciplinary steps or criminal proceedings were instituted.

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54. Deviation from supply chain management regulations

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

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

Deviations from the Supply Chain Management Regulations per Directorate:

Budget and reporting	241 168	300 524
Corporate Services	2 013 451	911 069
Technical Services	735 567	483 800
Community Services	31 940	31 940
Accounting Officer	197 484	-
	3 219 610	1 727 333

The reasons for the deviations can be summarised as follows:

	Emergency	Impractical	Sole Supplier	Total
Budget and treasury	-	57 513	183 655	241 168
Community services	-	-	31 940	31 940
Accounting officer	-	-	197 484	197 484
Corporate services	-	2 013 451	-	2 013 451
Engineering services	735 567	-	-	735 567
	735 567	2 070 964	413 079	3 219 610

Deviations from the Supply Chain Management Regulations per Supplier:

Supplier	Emergency	Impractical	Sole Supplier	Total
ADC Energy	71 734	-	-	71 734
Arena Holdings	-	118 506	-	118 506
Bonakude	-	57 513	-	57 513
Adapt IT	-	-	183 655	183 655
Tachnobrake South Africa PTY LTD	-	-	31 940	31 940
Kohliso and Ntshebe	80 500	-	-	80 500
VCCR	-	-	197 484	197 484
BUHCON ONDERNEMINGS	43 775	-	-	43 775
FV Trading Enterprise	44 304	-	-	44 304
RWW Engineering (PTY)Ltd	65 686	-	-	65 686
MBSA Consulting	100 688	-	-	100 688
Lukhanyile Trading (Pty) LTD	269 739	-	-	269 739
Wesley Pretorius Attorneys	-	1 894 944	-	1 894 944
Zezekhaya Projects Pty Ltd	59 140	-	-	59 140
	735 566	2 070 963	413 079	3 219 608

55. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	16 390 266	13 929 887
Current year subscription / fee	2 503 752	2 460 379
	18 894 018	16 390 266

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55. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Audit fees		
Opening balance	6 168 937	12 056 413
Current year invoices	6 489 713	6 821 108
Amount paid - current year	(11 808 200)	(10 781 837)
Discount received	(1 749 762)	-
RMDA Grant	1 000 593	1 097 299
Debt forgiven	-	(3 024 046)
	101 281	6 168 937
PAYE and UIF		
Opening balance	2 911 073	2 291 901
Payments due to SARS	36 472 595	33 756 390
Interest and penalties	-	1 494
Amount paid - current years	(33 467 118)	(33 138 712)
Amount paid - previous years	(2 911 073)	-
	3 005 477	2 911 073
Pension and Medical Aid Deductions		
Opening balance	3 704 705	-
Payments due to pension fund and medical aid	47 842 695	44 882 632
Amount paid - current year	(43 824 775)	(41 177 927)
Amount paid - previous years	(3 704 705)	-
	4 017 920	3 704 705

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2025:

30 June 2025	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor N N Yanta	1 033	4 039	5 072
Councillor P Ntengu	1 078	62 687	63 765
Councillor S Tokwe	709	15 814	16 523
Councillor E Lombard	1 121	1 121	2 242
Councillor E Bantam	1 130	48 051	49 181
Councillor M Mahleza	1 542	89 334	90 876
Councillor S C Tokwe	1 033	7 044	8 077
Councillor S Lento	636	7 807	8 443
	8 282	235 897	244 179

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor CA Auld	2 078	16 944	19 022
Councillor M Mahleza	1 465	38 912	40 377
Councillor P Ntengu	1 010	26 587	27 597
Councillor Yanta	1 303	54 314	55 617
Councillor S Tokwe	628	4 873	5 501
Councillor E Bantam	1 061	19 058	20 119
	7 545	160 688	168 233

Supply chain management regulations

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

Disclosures by municipal entity on intergovernmental and other allocations

56. Related parties

Relationships
Accounting Officer
Members of key management

Refer to accounting officers' report note
Ms U Malinzi (Municipal Manager)
Mr M Ngxowa (Chief Financial Officer)
Mr D Mlenzana (Director Technical Services)
Dr L Hanabe (Director Strategic Services)
Ms N Speelman (Director Community Services)

Related party balances

There were no guarantees given in relation to the above balance.

57. Segment information

General information

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57. Segment information (continued)

Identification of segments

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

Aggregated segments

Although the Municipality operates in a number of geographical areas (i.e towns), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community 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..

Types of goods and/or services by segment

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

Reportable segment

Public safety

Waste management

Energy sources

Goods and/or services

Traffic control and law enforcement

Refuse removal and landfill sites

Electricity services

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57. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Energy sources	Solid waste removal	Law enforcement	Eliminations	Total
Revenue					
Service charges	(95 704 677)	(40 274 341)	-	-	(135 979 018)
Interest received - receivables from exchange transactions	-	(1 038 145)	-	(31 060 441)	(32 098 586)
Licences and permits	-	-	-	(2 848 408)	(2 848 408)
Commissions received	-	-	(1 761 387)	-	(1 761 387)
Connection fees	(278 700)	-	-	-	(278 700)
Interest received	(3 111 408)	-	-	(995 188)	(4 106 596)
Other income	-	-	-	(3 468 810)	(3 468 810)
Property rates	-	-	-	(109 813 936)	(109 813 936)
Government grants and subsidies	-	-	-	(278 918 999)	(278 918 999)
Fines, penalties and forfeits	-	-	(823 360)	-	(823 360)
Eskom debt relief	(99 845 827)	-	-	-	(99 845 827)
Debt forgiveness	-	-	-	(13 848 991)	(13 848 991)
Interest from property rates	-	-	-	(41 420 462)	(41 420 462)
Disaster grant	-	-	-	(28 697 382)	(28 697 382)
Total segment revenue	(198 940 612)	(41 312 486)	(2 584 747)	(511 072 617)	(753 910 462)
Entity's revenue					(753 910 462)

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	Energy sources	Solid waste removal	Law enforcement	Eliminations	Total
57. Segment information (continued)					
Expenditure					
Employee related costs	(3 972 862)	(12 383 790)	(16 860 053)	(184 809 962)	(218 026 667)
Remuneration of councillors	-	-	-	(21 178 827)	(21 178 827)
Depreciation and amortisation	(2 418 553)	(5 369)	-	(30 397 919)	(32 821 841)
Finance costs	(130 178)	-	-	(8 802 877)	(8 933 055)
Debt Impairment / impairment reversal	-	(53 591 572)	-	-	(53 591 572)
Bulk purchases	(105 311 289)	-	-	-	(105 311 289)
Contracted services	(6 694 813)	(819 800)	-	(18 914 536)	(26 429 149)
Operational cost	(7 575 829)	(400 644)	(57 502)	(64 773 402)	(72 807 377)
Grants	-	-	-	(3 871 721)	(3 871 721)
Fair value adjustments	-	-	-	9 523 258	9 523 258
Actuarial gains/losses	-	-	-	(2 571 015)	(2 571 015)
Impairment loss	-	-	-	(2 520 600)	(2 520 600)
Loss on disposal of assets	-	-	-	(441 919)	(441 919)
Total segment expenditure	126 103 524	67 201 175	16 917 555	328 759 520	538 981 774
Total segmental surplus/(deficit)	(325 044 136)	(108 513 661)	(19 502 302)	(839 832 137)	(1 292 892 236)
Assets					
Cash and cash equivalents	82 170	-	-	4 069 577	4 151 747
Receivables from exchange transactions	-	-	-	129 347 906	129 347 906
Receivables from non exchange transactions	83 393 388	46 514 773	-	-	129 908 161
VAT receivable	-	-	956 400	236 012 208	236 968 608
Other statutory receivable	-	-	-	49 027 226	49 027 226
Investment properties	-	-	-	49 869 438	49 869 438
Property plant and equipment	120 245 300	57 290 213	-	636 885 237	814 420 750
Intangible assets	-	-	-	83 642	83 642
Heritage assets	-	-	-	70 000	70 000
Total segment assets	203 720 858	103 804 986	956 400	1 105 365 234	1 413 847 478
Total assets as per Statement of financial Position					1 413 847 478

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	Energy sources	Solid waste removal	Law enforcement	Eliminations	Total
57. Segment information (continued)					
Liabilities					
Payables from non exchange transactions	-	-	-	(6 415 127)	(6 415 127)
Payables from exchange transactions	(142 506 671)	-	(271 628)	(85 282 843)	(228 061 142)
VAT Payable	-	-	-	(38 186 942)	(38 186 942)
Unspent conditional grants	-	-	-	(1 748 573)	(1 748 573)
Current liabilities - Provisions	-	(18 802 025)	-	-	(18 802 025)
Non current liabilities - employee benefits	-	-	-	(46 502 000)	(46 502 000)
Financial liabilities	(58 732 840)	-	-	-	(58 732 840)
Total segment liabilities	(201 239 511)	(18 802 025)	(271 628)	(178 135 485)	(398 448 649)
Total liabilities as per Statement of financial Position					(398 448 649)

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

Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

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

58. Budget differences

Material differences between budget and actual amounts

Budget variances are considered significant when they are above 15% of the budget amount. Below are explanations for the material variances:

Statement of Financial Position

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58. Budget differences (continued)

Inventories

No Inventory was held by the municipality.

Receivables from Exchange

Receivables are higher than budget due to change of calculating impairment, the impairment has now decreased.

VAT Receivable

VAT Receivable is more than the budget as vat claims were higher than anticipated due to increased operational activities and a number of creditors being raised at year end.

Receivables from Non-Exchange

Receivables are higher than budget due to change of calculating impairment, the impairment has now decreased.

Cash and Cash Equivalents

A decrease in cash due to more payments being made to arrear debts, legal costs, court orders not planned for and current creditors.

Investment Properties

Difference is due to Fair values attached to these assets as these cannot be known before hand.

Property Plant and Equipment

Movement due to asset additions, impairments and depreciation which is difficult to estimate.

Intangible Assets

Difference is due to no additional Intangibles purchased and the only movement relates to amortization.

Finance Lease Obligation

No additional lease were undertaken in the current year.

Payables from Exchange

Amount exceeds budget due to the recognition of the current portion of the Eskom debt relief.

VAT Payables

Vat has been explained above.

Consumer Deposits

Consumer deposits has been recorded under payables from exchange

Employee Benefit Obligation

Not budgeted due to the municipality not fully budgeting for balance sheet budget.

Unspent Conditional Grants

Variance normal as there were no unspent National Grants, the balance on the unspent relates to old provincial grants that had savings during their implementation.

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58. Budget differences (continued)

Provisions

Budget was based on prior year AFS and the difference is therefore acceptable..

Statement of Financial Performance

Services Charges

There were customers who were previously being billed on average due to faulty meters that had their meters replaced and more accurate billing and backdating was done.

Rental of Facilities

The revenue was inline with the budgeted amounts, there were no material variances..

Interest received

variance considered as reasonable as the actually amount was not materially different from the budgeted amount.

Licence and Permits

The Agency amount as well as licence and fees revenue were budgeted under one budget in the MTREF hence the under collection under licence and permits and over collection under commission received below, also the line items performed below the anticipated revenues.

Commission received

This line item was budgeted under licences and permits see explanation above.

Debt forgiveness

Discount received relates to ADM accounts that have been written off/discounted by ADM.

Sale of Goods and rendering of Services

This line item transactions have been recorded under Other Income

Other Income

The amount consists of all the imaterial revenue line items (sundry income), the amount underperformed due to introduction of paperless activities and cost savings initiative resulting in sundry revenues no longer being charged for, such as tender documents, printing of valuation certificate being sent electronically.

Interest Investment.

the revenue item outperformed its projection due to more fixed deposist being opened durin the year, which yielded higher returns than the normal call accounts linked to the man account previously used.

Propert Rates

The property rates estimates were based on expectation that the Supplementary valuation would result in increased billing which was not the case as the values were only revised for the main GV to be implemented from 1 july 2025. variance considered as reasonable

Government grants

Difference immaterial and is due to the Provincial grants not being fully spent as planned and budgeted for.

Public Contributions and donations

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58. Budget differences (continued)

These were donated assets from other organs of state that were not planned and therefore not budgeted for.

Fines

Amount exceeds the budget due to accruing for the issued and not yet collected traffic fines as the budget was based on the expected actual collections.

Employee related Costs

Amount spent is inline with the budget with no material varaince due to accutrate budgeting based on the actual departmental spending based on the approved organogram.

Remuneration of Councillors

Amount considered reasonable and no material varaine was realised.

Depreciation and Amortization

Budget was based on the exisiting assets and their RUL's, as a result the varaine is considered reasonable given the fact that conditional assessments are preformed annually.

Impairment Loss

Impairment Loss was not budgeted as it was not incurred in the prior year, due to the high impairment in the prior year, expectation was that there would be no further impairment in the immediate future

Finance Costs

More finance costs were incurred due to the unwinding of interest on the landfill sites and the interest resulting from the Actuarial calculations of employee benefits which is difficult to estimate.

Debt Impairment

Lesser debt impairment was calculated due to more debtors not qualifying for impairment based on their category, this is to align with the accouting policy being used for calculation of debt impairment.

Bulk purchases

Amount spent was more than the budget due to increased demand of electricity from residents arising from discovery and penalising of illegal connections.

Contracted Services

Lesser amount incured in current year due to cost containment measures and prioritization of old debt settlement..

Transfer and Subsidy

Difference considered reasonable and based on operational needs of the Agency (RMEDA)

General Expenses

The overspending due to reclassification of expenditures between other exopenditure line items, for which the budged was appropriated.

Fair value adjusment

The Fair value adjustment was budgeted under other income, however for reporting purposes it needs to be reported seperately.

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58. Budget differences (continued)

Actuarial gains/losses

Budgeted under other income as per above explanation

Loss on sale of assets

Not budgeted as the sale was not planned..

Statement of Cash Flows

Taxation (Rates)

Higher than budgeted due to Government departments making payments towards current and arrear debts.

Sale of Goods and services

Lesser amount collected due to low collection rates on Refuse than expected.

Grants

Amount received is inline with the expected revenues.

Interest Income

Interest was not budgeted for as all Savings due to lower paid interest for late payments.revenue was budgeted under sale of other receipts

Other Receipts

Amount collected exceeded the budget as other line items are reported under this line item..

Employee Costs and Payments to Suppliers

Differences are due to savings realised from some of the expenditure line items..

Finance Costs

.Savings due to lower paid interest for late payments.

Transfer and Subsidies

Amount transferred was higher than budgeted due to lesser income generating activities at the Development Agency..

Property Plant and Equipment

Variances Immaterial as additions are funded by Grants

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59. Contingencies

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

Contingent Liabilities

Coega Packaging / Raymond Mhlaba Local Municipality	-	4 800 000
IMATU obo Nomnqa / Raymond Mhlaba Local Municipality	506 485	506 485
Wayne Channon / Raymond Mhlaba Local Municipality	5 244 764	5 244 764
Vivienne Buyiswa obo Vuyisa Mhlana / Raymond Mhlaba Local Municipality	5 500 000	5 500 000
Nqagwana Trading (Pty) LTD / Raymond Mhlaba Local municipality	731 739	731 739
Petronella Wentzel obo Chevandre Wentzel / Raymond Mhlaba Mhlaba	1 000 000	-
Peugair Border CC / Raymond Mhlaba Local Municipality	483 626	633 626
	13 466 614	17 416 614

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59. Contingencies (continued)

Peugair Border CC / Raymond Mhlaba Local Municipality

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

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

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

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

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

Inzalo Enterprise / Raymond Mhlaba Local Municipality

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

Coega Packaging / Raymond Mhlaba Local Municipality

The case has been finalized against the municipality and an award of R4 800 000 has been recognized as a liability.

The appeal was argued on 18 July 2023 and judgment awaited.

IMATU obo Nomnqa / Raymond Mhlaba Local Municipality

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

Estimated contingent liability R506 485.00 and the estimated legal fees are R200 000.00

Wayne Channon / Raymond Mhlaba Local Municipality

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

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

Vivienne Buyiswa obo Vuyisa Mhlana / Raymond Mhlaba Local Municipality

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

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

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59. Contingencies (continued)

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

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

Friends of Schalk The Movement/Raymond Mhlaba Municiplaity-Makanda High Court Case No's 1226/2025

The applicant is seeking an order to compel the municipality to deliver certain services.

Daluxolo Mpondo/Raymond Municipality - Alice Magistrate Course Case No's 12/2024

The applicant brought an application seeking an order for the municipality to restore the applicant's occupation of its property

The matter was heard on th 26 April 2024 and judgement was delivered on 14 August 2024 in the applicants's favor

The cost amounted to R50 000

SAMWU obo Joseph Ngqungwana/Raymond Mhlaba Municipality - SALGBC Case No: ECD032422

The applicant referred an unfair dismissal dispute to SALGBC.

The matter is postponed to 9 and 10 of September 2025

The estimated cost is R100 000

Raymond Mhlaba Local Municipality/KKOG Global SA

The municipality has instructed us to launch an application to have the contract entered into with KKOG Global SA reviewed and set aside.

Alice Business Development Forum/Raymond Mhlaba Municipality

This is a matter relating to an appeal in respect of jugdement with cost implications against Adv.Sellem

Estimated legal fees R150 000

Ntsiki Pakade Attorneys And Attorneys Fidelity Fund/Raymond Mlaba Municipality

This is a Matter whereof the municipality paid an amount of R5 Million to Ntsiki Phakade Attorneys as security against Eskom claims. The attorneys did not make payment to Eskom and refused to refund the monies to the Municipality. Jugdement was obtained against the Attorneys and summons issued against the Attorneys Fidelity Fund.

Estimated legal cost R350 000

Additional text

60. Other asset 2



RAYMOND
MHLABA
MUNICIPALITY
.....
UMANYANO KUPHUKHULO

2024/ 2025

**DRAFT UNAUDITED ANNUAL PERFORMANCE
REPORT**

CONTACT DETAILS:

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

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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 2024/ 2025 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 section 46 of the Local Government Municipal Systems Act 32 of 2000. This report seeks to outline Raymond Mhlaba Local Municipality's activities during the financial year under review.

In presenting this report, I acknowledge progress made by the municipality during the 2024/ 2025 financial year, as well as the challenges and opportunities that lie ahead for the remainder of the outer financial year.



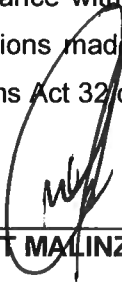
Ms. U.T. Malinzi

Municipal Manager

Date: 29/08/25

QUALITY CERTIFICATE

I, UNATH MALINZI (Full Names), the Municipal Manager of Raymond Mhlaba Municipality hereby certify that the **Annual Performance Report** of Raymond Mhlaba Local Municipality, for the full-year period ended 30 June 2025 has been prepared in accordance with the Local Government: Municipal Finance Management Act 56 of 2003 and regulations made under the Act, and in terms of section 46 of Local Government: Municipal Systems Act 32 of 2000).



MS. U.T. MALINZI

MUNICIPAL MANAGER

29/08/25
DATE

SECTION 1

1.1 OVERVIEW

This Annual Performance Report is submitted by the Municipal Manager in terms of section 121 of the Municipal Finance Management Act 56 of 2003, read with the Municipal Systems Act 32 of 2000, section 46 (1) and (2), as well as the Municipal Finance Management Act Circular 11 on annual reporting.

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, and measure and review performance indicators to ensure efficiency and effectiveness and the impact of service delivery by the municipality. Therefore, performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organization and its employees, are met. At local government level performance management is institutionalised through legislative requirements on the performance management process for Local government.

This report reflects performance information for the period 01 July 2024 to 30 June 2025 with specific focus on implementation of the Service Delivery and Budget Implementation Plan (SDBIP), linked to the objectives entrenched in the Municipality's Integrated Development Plan (IDP) for the year under review. The report reflects the actual performance of the Municipality as measured against the performance indicators and targets set in the Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2024/2025. Furthermore, this report not only reflects on milestones and challenges experienced, but also on-going commitment to progressively strengthen accountability to citizens of the whole Raymond Mhlaba Municipal Area.

In view of the foregoing, Section 46 (1) of the Local Government: Municipal Systems Act 32 of 2000, a municipality must prepare for each financial year an annual report consisting of –

(a) A performance report reflecting -

- (i) the municipality's, and any service providers, performance during that financial year, also in comparison with targets of and with performance in the previous financial year.

- (ii) the development and service delivery priorities and the performance targets set by the municipality for the following financial year; and measures that were or are to be taken to improve performance.

1.2 LEGISLATIVE REQUIREMENTS

- 1.2.1 The SDBIP is defined in terms of Section 1 of the Local Government: Municipal Finance Management Act 56 of 2003, and the format of the SDBIP is prescribed by the MFMA Circular 13 from National Treasury.
- 1.2.2 Section 41 (1) (e) of the Local Government: Municipal Systems Act 32 of 2000, prescribes that a process must be established for regular reporting to Council. This process is detailed in the Performance Management Policy of the Municipality.
- 1.2.3 Section 46 (1) of the Local Government: Municipal Systems Act 32 of 2000 dictates that at the end of each financial year that a municipality must prepare an annual report that will be inclusive of an annual performance reporting – reflecting how a municipality performed in the previous financial year.
- 1.2.4 The Annual Report is [also] defined in terms of Section 121, 127 of the Local Government: Municipal Finance Management Act 56 of 2003.

1.3 INSTITUTIONAL PERFORMANCE MANAGEMENT PROCESS OVERVIEW

During 2024/ 2025 financial year, the municipality made every attempt to ensure that it adheres with legislation concerning the development, operation and maintenance of a performance management system that is commensurate to the institutional service delivery objectives captured in the IDP. Raymond Mhlaba Local Municipality has continued to maintain the effective operation of the following mechanisms:

- 1.3.1 the current Integrated Development Plan included strategic objectives, strategies and outcome based key performance indicators as required by the Municipal Systems Act 32 of 2000;
- 1.3.2 the 2024/2025 budget for implementation of the IDP was approved within the prescribed timelines in the Municipal Finance Management Act 56 of 2003;

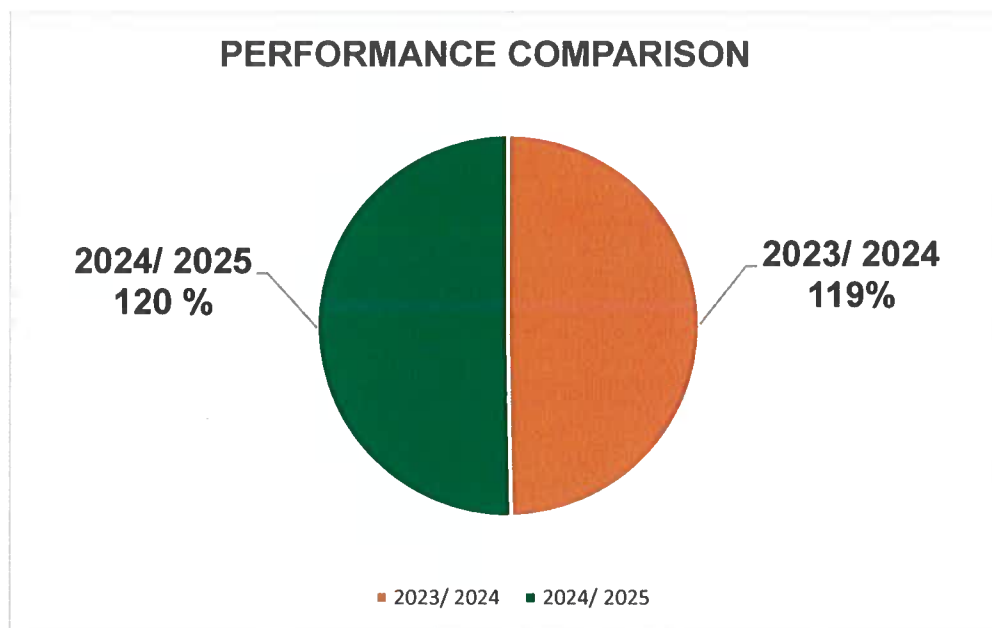
- 1.3.3 after approval of the budget, the SDBIP was developed to integrate the IDP and the budget to ensure effective implementation of the institutional strategies;
- 1.3.4 performance agreements with performance plans were developed, signed and approved by the Mayor as required by the Municipal Planning and Performance Regulations (2001 and 2006);
- 1.3.5 quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager
- 1.3.6 quarterly performance reports were objectively and independently audited by the Internal Audit Unit to verify and to confirm performance information as reflected in the reports, the unit also confirmed the credibility of evidence that was submitted quarterly;
- 1.3.7 Lastly, performance assessments for managers directly accountable to the Municipal Manager, were conducted on quarterly basis .

SECTION 2

COMPARISON SUMMARY OF 2023/ 2024 AND 2024/ 2025 FINANCIAL YEAR'S

COMPARISON OF 2023/ 2024 AND 2024/ 2025 FINANCIAL YEARS

The following graph 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.



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 improved its performance rating from 119% to 120 % in the 2024/ 2025 financial year.**

Section 3

OVERALL MUNICIPAL PERFORMANCE ON THE IMPLEMENTATION OF THE SDBIP 2024/2025

Planned targets vs actual performance results for the 2024/ 2025 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 2024/ 2025 financial year, Raymond Mhlaba Local Municipality set itself 87 predetermined targets to ensure realisation of a broader vision of the Municipality. The performance of the institution on the implementation of KPA is summarised as follows;

2024/ 2025 ACTUAL PERFORMANCE

Overalls score is calculated as presented below;

Performance without CCRs

For 2024/ 2025 financial year, RMLM has scored 87 % (**score without CCR's**) against the overall performance.

KPA scores = $109,61 \times 80\% = 87\%$

With CCRs

80% that constitutes KPA weight and 20% that constitute Core Competence Requirement (CCR) weight. For 2024/ 2025 financial year, RMLM has scored 120% (**score with CCR's**) against the overall performance.

$(109.61 \times 80\% = 87\%) + (163.23 \times 20\% = 33\%) = 120 \%$

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

KPA 1: INSTITUTIONAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT														
Priority Area	Strategic Objective	Key Performance Indicator	Baseline	Means of Verification	2023/ 2024 Annual Target	2023/ 2024 Actual Performance	2024 - 2025 Annual Target	Budget	Actual Expenditure	Outcome	2024/ 2025 Actual Performance	Rating	Reasons for Variances	Remedial Actions
Human Resources	To ensure effective and efficient workforce by aligning institutional arrangements to the overall strategy to deliver quality services by 2027	Number of female representatives from employment equity groups employed submitted to the Municipal Manager	20	Quarterly report reflecting the number of female recruited. Appointment letters. Employment Equity Plan.	4	<u>Achieved</u> ; 7 females appointed	4	R218 773 409,00	R214 359 000,00	Achieved	15 females appointed	5	n/a	n/a
	To ensure effective and efficient workforce by aligning institutional arrangements to the overall strategy to deliver quality services by 2027	Number of people living with disability from employment equity groups employed submitted to the Municipal Manager	1	Quarterly report reflecting number of people living with disability recruited. Appointment Letter. Employment equity.	1	<u>Not Achieved</u> ; 0	1	R218 773 409,00	R214 359 000,00	Not Achieved	0, No persons with disability appointed.	2	Adverts encouraged people living with disabilities to apply, however no applications were received	The municipality will engage NGOs for people with disabilities to assist those who qualify to apply. Furthermore, the municipality will create a database people with disabilities

Policies	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Reviewed and approved organizational structure by Council		Reviewed organisational structure approved by Council	1	Achieved ; 1 organisational structure developed and approved	1		No budget required		Achieved	1 Organisational structure reviewed and approved by council	3	n/a	n/a
	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Approved Workplace skills Plans	1	Report on the submitted WSP	1	Achieved ; 1 WSP developed and submitted	1		No budget		Achieved	1 WSP submitted and approved	3	n/a	n/a
	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Number of workplace skills plan programmes implemented	1	Quarterly report on the implementation of WSP	12	Achieved ; 12 reports on the implementation of the WSP	12		No budget	R31 467,57	Achieved	12 WSP programmes implemented	3	n/a	n/a
	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Number of wellness programmes facilitated	8	Quarterly reports on wellness programmes	4	4	Achieved ; 4 wellness programmes implemented		R200 000,00	R31 467,57	Achieved	8 Wellness programmes facilitated (1 Men's Indaba, 3 Wellness sporting activity, 2 Health productivity management, 1 spiritual wellness and 1 councillor wellness session	5	The municipality was assisted by other stakeholders on additional programmes, eg. department of health.	n/a
	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Developed and approved Human Resource Strategy	12	Quarterly report Developed HR Strategy		New indicator	1		No budget required	R182839,76	Achieved	0, assistance requested from COGTA. This was subsequently incorporated into 2025/2026 municipal needs analysis to COGTA	1	There municipality encountered challenges in meeting the time frames set.	The municipality will develop an action in consultati on will

Financial Reporting	To ensure effective and efficient workforce by 2027	Number of reviewed budget related policies	New indicator	12 Budget Related Policies	New indicator	12	No budget	Achieved	12 budget related policies developed and approved	3	n/a	n/a
General Evaluation	To ensure proper governance, accountability and public participation	Developed and approved general valuation	New indicator	Quarterly reports. General valuation roll	New indicator	1		Achieved	1 General Valuation Roll developed and approved	3	n/a	n/a
Performance Management	To ensure effective and efficient workforce by 2027	Number of organizational performance assessments conducted	4	Signed organizational performance assessments	4	Achieved, 4 organizational performance assessments conducted	No budget	Achieved	4 organisational performance assessments	3	n/a	n/a
Public Participation	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Developed and approved public participation policy	New indicator	Final Approved Public Participation Policy. Council Resolution	New indicator	1	No budget	Achieved	1 Approved Public Participation policy	3	n/a	n/a
SPU	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Developed and approved Special Programmes strategy	New indicator	Final Approved SPU Strategy. Council Resolution	New indicator	1	No budget required	Achieved	1 Approved SPU strategy	3	n/a	n/a
Language Policy	To ensure implementation, monitoring and evaluation of the Integrated Development Plan by 2027	Developed and approved Language policy	New indicator	Final Language Policy. Council Resolution	New indicator	1	No budget	Achieved	1 Approved Language Policy	3	n/a	n/a

Waste Management	To ensure a safe, friendly and sustainable environment by 2027	Number of programmes implemented on the Integrated Waste Management Plan (IWMP)	New indicator	Quarterly reports on IWMP activities signed by the MM	Developed and approved IWMP	Not Achieved: Draft IWMP is in place	12	No budget required	Not Achieved	The IWMP has finalized and approved by council in May 2025.	2	There were delays in the appointment of a service provider resulting to delays in the finalisation of the final IWMP.	The IWMP was adopted by Council in May 2025 and waiting for endorsement from the MEC.
Environmental Management	To ensure a safe, friendly and sustainable environment by 2027	Developed and approved climate change strategy	New indicator	Final Climate Change Strategy. Council Resolution	New indicator		1	No budget required	Not Achieved	Draft Climate Change in place	2	There was a delay in the in-depth consultative process with the province and National Departments	A Consultative workshop to assist LM's to finalize Climate Change strategies is planned for July and August 2025
Security Services	To ensure effective and efficient workforce by 2027	Number of security programmes implemented	New indicator	Quarterly Report on security risk assessment, signed by the Director.	4	Achieved: 4 quarterly reports on security risk assessment	4	No budget	Achieved	1 security assessment conducted	3	n/a	n/a
Disaster Management	To ensure effective and efficient workforce by 2027	Reviewed and approved Disaster Management Plan	New indicator	Reviewed disaster management plan. Council resolution	New indicator		1	No budget required	Not Achieved	The municipality requested ADM assist in the development of a level 1 disaster management plan	1	ADM is in the process of reviewing its Disaster Management Plan which guide all	Plan will be reviewed in the 25/26 FY in-line with

Waste Management	To ensure a safe, friendly and sustainable environment by 2027	Number of Municipal Office buildings renovated	New indicator	Report on the renovated building, expenditure report, pictures	1	<u>Not Achieved;</u> 0 Municipal Offices renovated	1		R 1000 000,00	R894 647,01	Achieved	2 municipal offices renovated (firebase and Corporate Services Block)	5	There were savings on approved budget that resulted to the availability of finances to renovate another hall	n/a
	To ensure a safe, friendly and sustainable environment by 2027	Number of sport fields refurbished	New indicator	Quarterly reports. Expenditure report and pictures.	1	New indicator	New indicator		R1 731 930,00	R1 415 992 ,71	Achieved	1 KwaMaqoma Sports field refurbished	3	n/a	n/a
	To ensure a safe, friendly and sustainable environment by 2027	Number of clean-up campaigns conducted	New indicator	Quarterly Clean up reports, Before and after photos	28			<u>Achieved;</u> 82 clean up campaigns conducted			Achieved	77 clean up campaigns conducted	5	The municipality partnered with DFFE and DEDEAT resulting the municipality to conduct additional clean up campaigns	n/a

Electricity	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage of INEP projects implemented	100%	Quarterly reports, progress reports, expenditure report, pictures	100%	Achieved; (implemented/ total projects) 5/5*100=100%	100%	R409 000,00	R409 000,00	Achieved	Not Achieved	(Projects implemented/ total projects*100) 5/5*100= 100%	3	n/a	n/a
Cemeteries	To ensure a safe, friendly and sustainable environment by 2027	Functional cemeteries in urban areas	New indicator	Quarterly reports on the functionality of urban cemeteries.	1	Not Achieved; 0	2	No budget required	No budget required	Not Achieved	Achieved	The service provider has been appointed to conduct EIA	2	The was a delay in the appointment of a service provider appointed to conduct EIA	Final EIA will be available in the second quarter of 2025/2026
Law enforcement	To ensure a safe, friendly and sustainable environment by 2027	Number of traffic enforcement operations undertaken	New indicator	1. Quarterly Detailed Report on Roadblock Conducted. 2. Register (encapsulating car registration and drive names). 3. Report on any fines issued.	144	Achieved; 369 traffic enforcement operations conducted	144	No budget required	No budget required	Achieved	Not Achieved	238 roadblocks conducted	4	n/a	n/a
	To ensure a safe, friendly and sustainable environment by 2027	Number of reports on the functionality of Vehicle testing stations	New indicator	Report generated by the system, Quarterly report signed by the director	1	Not Achieved; 0	4	No budget required	No budget required			The VTS has been refurbished and machinery has been installed. DoT has inspected the VTS, provisional approval has been obtain.	2	There were delays with DoT with the final approval.	Final approval of the VTS by the department will be finalised in the Q1 of 2025/2026

Roads	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Number of illegal connection audits conducted	12	Quarterly Reports on audits conducted. Job Card and Listing.	4	<u>Achieved:</u> 5 meter audits conducted (Bedford, Fort Beaufort, Adelaide)	4		No budget required		Achieved	4 illegal connection audits conducted	3	n/a	n/a
	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage of new connections processed within 21 days of application	100%	Quarterly reports, job cards, listing of new connections conducted.	100%	<u>Achieved:</u> (received/ connected*100) 41/41*100= 100%	100%		No budget required		Achieved	(New connection/ total applications) 35/35*100=100%	3	n/a	n/a
	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage of reconnections completed within 7 days after settlement of municipal account	100%	Quarterly reports, job cards, listing of reconnections conducted	100%	<u>Achieved:</u> Reconnections/ total reconnections*100) 17/17*100=100%	100%		No budget required		Achieved	Achieved; (reconnections/ disconnections*100) 27/27*100=100%	3	n/a	n/a
	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage of unplanned outages restored within 4 hours	70%	Quarterly Outage report highlighting cause of outage and restoration time , Job cards	70%	<u>Achieved:</u> (restored within 4 hours/ total number of outages) 27/36*100= 75%	70%	R6 355 552,97	R9 600 000,00		Achieved	(Restored within 4 hours/ total outages*100) 19/23*100=79%	3	n/a	n/a
	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Number kms of gravel roads maintained	New indicator	Quarterly progress reports, before and after work pictures, listing of roads maintained, Job cards	300	<u>Achieved:</u> 306 km of gravel roads maintained	50		R0,00		Achieved	522 km gravel roads maintained	5	The municipality received two (2) additional graders from Dept of Transport to enhance maintenance	n/a

Land and Human Settlements	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Number of streets where stormwater system has been maintained	300	Quarterly reports, progress reports, Before and after pictures, listing of streets maintained, Job cards	160	<u>Achieved</u> ; 522 stormwater systems maintained	160	No budget required			Achieved	391 stormwater systems maintained	4	The municipality enhanced the stormwater personnel by using EPWP as additional.	n/a	of gravel roads.	
	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Number of street road markings maintained	New indicator	Quarterly Report on road markings inclusive of street names and areas, Job cards. Listing of roads marked	50	<u>Not Achieved</u> ; 14 road markings maintained	50	No budget required			Achieved	54 road markings maintained.	3	n/a	n/a		
	To ensure adequate, efficient, sustainable environment by 2027	Land Audit Updated and Approved by the MM	New indicator	Quarterly Report. Updated and Approved Land Audit Report. Listing of land audited	1	<u>Not Achieved</u> ; Land audit report is not developed	1	No budget required			Not Achieved	0	1	Financial constraints of the municipality resulted the municipality to be unable to conduct the land audit as planned.	The land audit has been allocated a budget in the 25/26 FY		
	To ensure adequate, efficient, sustainable environment by 2027	Percentage of Approved Compliant Building Plans	100%	Quarterly report, list of building plans received and approved	100%	<u>Achieved</u> ; (approved plans/ total compliant plans) 31/31*100= 100%	100%	No budget			Achieved	(Approved/ total applications*100) 34/34*100%	3	n/a	n/a		

	To ensure adequate, efficient, sustainable environment by 2027	Percentage of Approved Compliant Land Use Applications	100%	Quarterly report, list of land use applications received and approved	100%	<u>Achieved</u> : (approved applications/ total compliant applications) 9/9*100=100%	100%	100%			Achieved	(Projects implemented/ total projects*100) 7/7*100= 100%	3	n/a	n/a
	To ensure adequate, efficient, sustainable environment by 2027	Percentage of Human Settlements projects implemented	New indicator	Quarterly reports, progress reports, expenditure report, verification reports, pictures		New indicator		100%			Achieved	(Projects implemented/ total projects*100) 4/4*100= 100%	3	n/a	n/a
Project Management	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage of MIG Capital projects implemented	100%	Quarterly reports, progress reports, expenditure report, verification reports, pictures	4	<u>Achieved</u> : (implemented/ total projects) 12/12*100=100 %	100%	100%	R45 699 000,00	45 699 000,00	Achieved	(Projects implemented/ total projects*100) 8/8*100= 100%	3	n/a	n/a
Expanded Public Works Programme	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage of Expanded Public Works Programmes implemented	100%	Quarterly reports, progress reports, expenditure report, pictures		New indicator		100%	R2 983 000,00	R2 983 000,00	Achieved	(Implemented/ total projects*100) 7/7*100= 100%	3	n/a	n/a
Disaster Management	To ensure adequate, efficient, sustainable energy supply and infrastructure by 2027	Percentage of Disaster Management projects implemented	New indicator	Quarterly reports, progress reports, expenditure report, pictures		New indicator		100%	R27 415 000,00	R27 415 000,00	Achieved	(Projects implemented/ total projects*100) 8/8*100= 100%	3	n/a	n/a
KPA 3: LOCAL ECONOMIC DEVELOPMENT															
Priority Area	Strategic Objective	Key Performance Indicator	Baseline	Means of Verification	2023/ 2024 Annual Target	2023/ 2024 Actual Performance	2024 - 2025 Annual Target	Budget	Actual Expenditure	Outcome	2024/ 2025 Actual Performance	Rating	Reasons for Variances	Remedial Actions	

DRAFT UNAUDITED ANNUAL PERFORMANCE REPORT
(01 July 2024 – 30 JUNE 2025)

Unemployment	To ensure sustainable Local Economic Development by 2027	Number of jobs created through LED programmes within the municipality.	500	Quarterly reports. Confirmation of employment from the employer. Listing of people employed.	50	Achieved: 80 jobs created through LED initiatives	50	No budget required	Achieved	50 Jobs created through LED initiatives	3	n/a	n/a
	To ensure sustainable Local Economic Development by 2027	Number of jobs created through Capital Projects	1200	Quarterly reports. Contracts of people employed. Listing of people employed.	100	Achieved: 243 jobs created through Capital Projects	100	No budget required	Achieved	224 jobs created through capital projects	5	There were more individuals appointed through the program by the contractors.	n/a
	To ensure sustainable Local Economic Development by 2027	Number of jobs created through Expanded Public Works Programme	1078	Quarterly reports. Contracts of people employed. Listing of people employed.	100	Achieved: 483 jobs created through Expanded Public Works Programme	200	No budget required	Achieved	617 jobs created through EPWP initiatives	5	In addition to the grant received from the Public Works , the municipality also utilized its own funding for the continuation of the programme.	n/a

	To ensure sustainable Local Economic Development by 2027	Number of economic activities supported	15	Quarterly reports. Expenditure Report. Pictures. Concept document approved by the MM. (Cooperative Indaba, Cultural Week, SMME day, Market Day, Agricultural Week)	6	<u>Achieved:</u> 6 (1 Cultural week convened in Seymour. 1 Market day and Agricultural Show (X2), 1 Bedford Garden Festival. 1 Co-operative indaba (X2)	6		R200 000,00	R36 200,00	Achieved	6 economic activities supported (2 Wholesale retail SETA workshop, 1 fruit development project, 1 market day supported, 1 fully comprehensive market was conducted in Adelaide and 1 Youth Business Summit conducted)	3	n/a	n/a
SMMEs	To ensure sustainable Local Economic Development by 2027	Number of SMMEs supported by the Municipality	193	Quarterly reports. Attendance Register. Proof of support provided.	10	<u>Achieved:</u> 154 SMME's supported	10		No budget required		Achieved	605 SMME's supported in various programmes	5	The municipality received additional support from DEDEAT and other organs of state for SMME's.	n/a
Tourism	To ensure sustainable Local Economic Development by 2027	Number of tourism products/ programmes supported	3	Quarterly Reports on tourism products/ programmes supported	3	<u>Achieved:</u> 2 tourism products/ programmes marketed (1 Cultural week and 2 VIC supported)	3		R1 085 000,00	R 32 350,00	Achieved	4 tourism products/ programmes supported	4	n/a	n/a

Small Towns Revitalization	To ensure sustainable Local Economic Development by 2027	Number of plans to roll out small towns revitalization programmes to other towns	1	1. Concept documents. 2. Report on roll out plan	1	<u>Not Achieved;</u> 0	1	No budget required			1 concept document on STR	3	n/a	n/a
Supply Chain Management	To ensure the sustainable Local Economic Development by 2027	Percentage of tenders below R300 000 awarded to local SMME's and Vulnerable groups	70%	List of Awarded Bids, Quarterly report	70%	<u>Achieved;</u> (Awarded/ total tenders*100) 281/322*100= 87%	80%	No budget required	Achieved		(Awarded/ total tenders*100) 238/276*100= 86%	3	n/a	n/a
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage of tenders above R300 000 awarded to local SMME's and Vulnerable groups	90%	List of Awarded Bids, Quarterly report	30%	<u>Achieved;</u> (Awarded to local SMME's/ total tenders*100) 21/50*100= 42%	45%	No budget required	Achieved		(Awarded/ total tenders*100) 14/25*100= 56%	4	n/a	n/a
	To ensure sustainable Local Economic Development by 2027	Percentage of compliant billboard applications approved	70%	Quarterly report, listing of Billboard application, billboard applications	New indicator		100%	No budget required	Achieved		(Application approved/ total applications received*100) 3/3*100=100%	3	n/a	n/a
Enterprise Development														
KPA 4: MUNICIPAL FINANCIAL VIABILITY														
Priority Area	Strategic Objective	Key Performance Indicator	Baseline	Means of Verification	2023/ 2024 Annual Target	2023/ 2024 Actual Performance	2024 - 2025 Annual Target	Budget	Actual Expenditure	Outcome	2024/ 2025 Actual Performance	Rating	Reasons for Variances	Remedial Actions

Integrated Development Plan and Budget	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Developed and approved MTREF budget	Final Budget . Council Resolution	1	Achieved; Final budget submitted and approved	1	No budget		Achieved	1 MTREF budget developed and approved	3	n/a	n/a
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Developed and approved Adjustment Budget developed	Budget Adjustment. Council Resolution.		New indicator	1	No budget required		Achieved	1 budget adjustment developed and approved	3	n/a	n/a
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage of total collection on outstanding debts	Quarterly report encapsulating billing vs cash collected	70%	Achieved; (Total receipts/ Total Billing*100) 70%	70%	No budget required		Not Achieved	35% of the billed services were collected.	2	There has been a delay in collecting government accounts with rural development not paying for the entire 12 months and Education being on hold pending finalization of reconciliation	Departments have been consulted. Payments are expected in the 25/26 FY
Revenue Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage of fines collected on infringement of by-laws	Quarterly report. Listing of fines issued and paid.	New indicator	New indicator	70%	No budget required		Not Achieved	33% fines collected	2	The majority of offenders approached the court to write off their fines due to unemployment	The municipality will engage the Dept of Justice to come up with

Expenditure Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage spent on FMG operating grant	100%	Quarterly reports . System Generated Report on expenditure	100%	Achieved: (Expenditure/ budget*100) R2 850 000/ R2 850 000*100= 100%	100%	R2 800 000,00	R2 800 000,00	Achieved	(Expenditure/ Budget*100) R2 800 000/ R2 800 000*100= 100%	3	n/a	n/a
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage spent on MIG Capital grant	100%	Quarterly reports . System Generated Report on expenditure	100%	Achieved: (Budget/ expenditure*100) R43 283 509,35/ R46 395 000*100= 93,29% (all projects complete)	100%	R45 699 000,00	R45 699 000,00	Achieved	(Expenditure/ budget*100) R45 699 000/ R45 699 000*100=100%	3	n/a	n/a
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage spent on INEP Capital grant	100%	Quarterly reports . System Generated Report on expenditure	100%	Achieved: (Budget/ expenditure*100) R5 539 48349/ R5 900 000*100= 94% (All projects complete)	100%	R409 000,00	R409 000,00	Achieved	(Expenditure/ budget*100) R409 000/ R409 000*100= 100%	3	n/a	n/a
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage spent on Human Settlements Capital grant	New Indicator	Quarterly reports . System Generated Report on expenditure	New indicator		100%	R61 948 000,00	R19 849 238,74	Not Achieved	(Expenditure/ budget*100) R368 298 843,82/ R446 847 043*100= 82%	2	There were delays in human settlements payments.	Discussions will be held with the department of human settlement to improve on grant transfers when invoices claimed.

Asset Management	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage spent on EPWP grant	100%	Quarterly reports . System Generated Report on expenditure	100%	<u>Achieved:</u> (Budget/ Expenditure*10 0) R3 885 000/ R3 885 000,00*100= 100%	100%	100%		R2 983 000,00	Achieved	(Expenditure/ budget*100) R2 983 000. /R2 983 000*100= 100%	3	n/a	n/a
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Percentage spent on Disaster Management Grant	100%	Quarterly reports . System Generated Report on expenditure		New indicator	100%	100%		R27 415 000,00	Achieved	(Expenditure/ budget*100) R27 415 000/ R27 415 000* 100= 100%	3	n/a	n/a
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Approved annual asset management plan	1	Approved annual asset management plan	1	<u>Achieved:</u> 1 annual asset management plan approved	1	1	No budget required	R27 415 000,00	Achieved	1 Annual asset management plan developed and approved	3	n/a	n/a
	To ensure the financial sustainability in order to fulfil the statutory requirements by 2027	Updated GRAP compliant asset register	3	Quarterly reports on management of institutional assets .Updated assets register	1	<u>Achieved:</u> 1 updated GRAP register	1	1	No budget		Achieved	1 Updated GRAP compliant asset register	3	n/a	n/a

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Priority Area	Strategic Objective	Key Performance Indicator	Baseline	Means of Verification	2023/ 2024 Annual Target	2023/ 2024 Actual Performance	2024 - 2025 Annual Target	Budget	Actual Expenditure	Outcome	2024/ 2025 Actual Performance	Rating	Reasons for Variances	Remedial Actions
Integrated Development Plan	To entrench the culture of good governance by 2027	Developed and approved Integrated Development Plans	2023/24	Final Reviewed Integrated Development Plan. Council Resolution.	1	<u>Achieved:</u> 1 IDP/ Budget developed and approved by Council	1	No budget required		Achieved	Final IDP and Budget approved by council	3	n/a	n/a

++ +	To entrench the culture of good governance by 2027	Developed and approved Annual Reports	2022/2023	Final Annual Report. Council Resolution.	1	<u>Achieved</u> ; 1 Annual Report developed and approved by Council	1	No budget		Achieved	1 Annual report developed and approved together with the oversight report	3	n/a	n/a
	To entrench the culture of good governance by 2027	Percentage of actions implemented on the audit action plan	2022/ 2023 Management letter	Progress report on the Implementation of Audit Action. Report verified and by Internal Audit.	100%	<u>Not Achieved</u> ; 0	100%	No budget required		Not Achieved	(Implemented/ AG issues) 36/ 59*100= 61%	2	Timeous updates were not done on the FMCMM website.	Management to convene bi-weekly meetings to update all progress on the FMCMM.
	To entrench the culture of good governance by 2027	Unqualified audit opinion obtained from the Auditor General	New indicator	Audit Report	1	<u>Not Achieved</u> ; Qualified	1	No budget required		Not Achieved	Qualified audit opinion	2	Few new items were raised by AG.	Areas of concern from AG were addressed in the 2024/2025 financial year.
	To entrench the culture of good governance by 2027	Number of councillors who have declared their financial interests	45	Signed declaration forms. Report on declaration forms.	45	<u>Achieved</u> ; 45 Councillors have declared financial interests	45	No budget		Achieved	45 councillors declared their financial interest	3	n/a	n/a

DRAFT UNAUDITED ANNUAL PERFORMANCE REPORT
(01 July 2024 – 30 JUNE 2025)

Public Participation	To entrench the culture of good governance by 2027	Percentage of internal audit recommendations implemented	100%	Quarterly Report. Internal Audit Report Matrix. Internal Audit Assessment Report	100%	<u>Not Achieved;</u> 80% internal audit recommendations implemented	100%	No budget	Achieved	(Resolved/ recommendations) 31/31*100= 100%	3	n/a	n/a
	To entrench the culture of good governance by 2027	Percentage of AC Resolution implemented	100%	Quarterly Reports. AC resolution matrix.	100%	<u>Not Achieved;</u> 80% of AC resolutions implemented	100%	No budget required	Not Achieved	(Resolved/ recommendations) 26/35*100= 74%	2	Some recommendations require long term implementation (e.g implementation on agency from Human Settlement)	A tracking tool has been developed to track all AC resolutions.
	To ensure proper governance, accountability and public participation	Number of risk assessment conducted	1	Quarterly report. Risk assessment report. Attendance Register.	1	<u>Achieved;</u> 1 institutional risk assessment conducted	1	No budget required	Achieved	1 institutional risk assessment conducted	3	n/a	n/a
	Improve the municipal responsiveness to service delivery breakdowns	Percentage of official complaints responded to through the municipal complaint management system	100%	Quarterly reports. Reconciliation of complaints received and attended to.	100%	<u>Achieved;</u> 100% of official complaints responded through the municipal complaint management system	100%	No budget required	Achieved	100% of official complaints responded to through the municipal customer care system	3	n/a	n/a
	Improve the municipal responsiveness to service delivery breakdowns	Number of average days in responding to	3	Quarterly Reports. System Generated report on number of	3	<u>Achieved;</u> 3 average days in responding to	3	No budget	Achieved	3 days	3	n/a	n/a

	complaints received	days taken to respond.	complaints received	complaints received												
To improve community participation by 2027	Number of community consultations conducted	Quarterly reports. Attendance Register.	4	Achieved ; 10 community consultations conducted	4								17 public consultations conducted (1 MBD, 1 initiation programme, 1 IDP/Budget, 1 MPAC and 13 FBS)	5	The municipality intensified consultation by adding more sessions on FBS and Housing registration	n/a
To improve community participation by 2028	Number of civic education conducted	Quarterly reports. Attendance Register.	4	New indicator	4								8 Civic education consultations conducted	5	A need arose during the year to do more sessions and in addition other departments partnered with the municipality on Human Rights Commission, Legislature and others	n/a

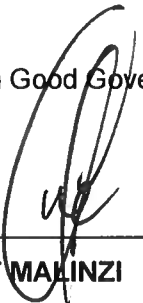
Intergovernmental Relations	To improve community participation by 2027	Percentage of ward community meetings convened	23	Quarterly reports. Attendance Register. List of meeting convened.	100%	Achieved; 100% of ward held one councillor convened community meeting	100%	No budget required		Achieved	(convened/ total wards*100) 23/23*100=100%	3	n/a	n/a
	To improve information sharing to communities to the people RMM by 2027	Number of communication programs implemented as per the Communication Plan	15	Quarterly reports. Pictures. Copy of the publication. Communication Plan.	4	Achieved; 107 communication programmes implemented	4	No budget required		Achieved	4 reports on the implementation of the communication plan	3	n/a	n/a
	To maintain healthy trusted brand	Developed Municipal profile	New indicator	Quarterly Reports. Developed Municipal Profile	1	Achieved; 1 Umhlali developed	1	No budget required		Achieved	2 umhlali newsletter developed	5	The Municipality enhanced the team by contracting an individual who assisted in the communication unit.	n/a
	To ensure proper governance and accountability by 2027	Number of IGR meetings convened	20	Quarterly reports. Attendance Register. Resolution Matrix	4	Achieved; 4 IGR meetings convened	4	No budget required		Achieved	4 IGR meetings convened	3	n/a	n/a

Special Programmes Sport	To entrench social cohesion through vulnerable groups by 2027	Number of sport programmes implemented		Quarterly reports.	3	<u>Not Achieved;</u> 2 sport programmes implemented (Mayors Cup and Ngumbela Cricket Tournament)	4		R772 000,00	R668 809,91	Achieved	3 sports programmes implemented (1 Heritage tournament coordinated, 1 Ngumbela cricket tournament supported and 1 Mayors Cup conducted)	3	n/a	n/a
	To entrench social cohesion through vulnerable groups by 2027	Number of vulnerable groups programme implemented	1212	Quarterly reports. Attendance Register. Expenditure report	5	Achieved; 5 programmes implemented	5		R465 000,00	R 9 500,00	Achieved	7 Special programmes implemented	4	n/a	n/a

CONCLUSION

The Raymond Mhlaba Municipality is pleased to submit this Annual Performance Report for 2024/2025 financial year to the Raymond Mhlaba community. The Municipality remains committed to being "***A service excellence driven municipality***" that meets the expectations of residents and the local business community by providing access to quality and basic services while doing everything possible to maintain and improve on current levels of infrastructure investment. The Raymond Mhlaba Municipality is a well-functioning local government institution because it uses its resources effectively, efficiently, and, most importantly, responsibly.

Yours in Good Governance



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

SERVICE PROVIDER PERFORMANCE SCHEDULE							
Name of Entity & Purpose	(a) Service Indicators	Year 2023/2024		Year 2024/2025			
		Target	Actual	Target	Actual		
	(i)	(b) Service Targets (ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
			MUNICIPAL INFRASTRUCTURE GRANT: CONSTRUCTION				
Chizama Trading JV Kwakho Trading Construction Of Mfiki Community Hall In Ward 16	Construction Of Mfiki Community Hall In Ward 16	Nill	Nill	Nill	320m^2	320m^2	320m^2
Faku Chayi Trading Construction Of Jojozi Community Hall In Ward 15	Construction Of Jojozi Community Hall In Ward 15	Nill	Nill	Nill	320m^2	320m^2	320m^2
Maqrula Pty (Ltd) Paving Of Old Seymour In Ward 4	Paving Of Old Seymour In Ward 4	Nill	Nill	Nill	1 km	1km	
Skeelo Holdings Construction Of Quthubeni Community Hall In Ward 1	Construction Of Quthubeni Community Hall In Ward 1	Nill	Nill	Nill	320m^2	320m^2	320m^2

SSK Cleaning Services	Paving Of Mount Pleasant Internal Streets In Ward 21	Nill	Nill	Nill	1km	1km
MUNICIPAL INFRASTRUCTURE GRANT: CONSULTANTS						
IX Engineers	Construction Of Mfiki Community Hall In Ward 16	Nill	Nill	Nill	320m^2	320m^2
Ibhotwe Lezizwe	Construction Of Jojozi Community Hall In Ward 15	Nill	Nill	Nill	320m^2	320m^2
Trivion Engineers	Paving Of Old Seymour In Ward 4	Nill	Nill	Nill	1 km	1km
BVI Borders	Construction Of Quthubeni Community Hall In Ward 1	Nill	Nill	Nill	320m^2	320m^2

Imbawula Civils	Paving Of Mount Pleasant Internal Streets In Ward 21	Nill	Nill	Nill	1km	1km
Bonati Construction Works Pty Ltd	Pre-engineering (i) Daweti informal settlement (50HH) (ii) Upgrade of 2,5km 11KV Napier to Somerset Street. (iii) 2,5km 11km MV line of Jackson Street. (iv) Electrification of Jackson Street and (v) Electrification of Bhofolo Tyoks (100HH).	Nill	Nill	Nill	Pre-engineering on the following areas Completed (i) Daweti informal settlement (50HH) (ii) Upgrade of 2,5km 11KV Napier to Somerset Street. (iii) 2,5km 11km MV line of Jackson Street. (iv) Electrification of Jackson Street and (v) Electrification of Bhofolo Tyoks (100HH).	Pre-engineering of the following areas (i) Daweti informal settlement (50HH) (ii) Upgrade of 2,5km 11KV Napier to Somerset Street. (iii) 2,5km 11km MV line of Jackson Street. (iv) Electrification of Jackson Street and (v) Electrification of Bhofolo Tyoks (100HH).

							ion of Bhofofo Tyoks (100HH).	ion of Bhofofo Tyoks (100HH).
MUNICIPAL DISASTER RESPONSE GRANT: CONTSTRUCTION								
Devomix Construction (Pty) Ltd Paving of 7 De Laan Street in Ward 8	Paving of 7 De Laan Street in Ward 8: 1km	Nill	Nill	Nill	Nill	1km	1km	
Liyaxhasa Trader (Pty) Ltd Regravelling of Tshayingwe to Khulile in Ward 1 Road	Regravelling of Tshayingwe to Khulile in Ward 1 Road: 1KM	Nill	Nill	Nill	Nill	1km	1km	
Maxigraph (Pty) Ltd Paving of Hutchison Street in Ward 20	Paving of Hutchison Street in Ward 20: 900M	Nill	Nill	Nill	Nill	900m	900m	

Pegasus Sky Trading Pty Ltd Regravelling of Dimendine Edike in Ward 9	Regravelling of Dimendine Edike in Ward 9: 1km	Nil	Nil	Nil	1km	1km
Tyume blocks CC Regravelling of Saki in Ward 14.	Regravelling of Saki in Ward 14: 1km	Nil	Nil	Nil	1km	1km
Zaborigo Projects (Pty) Ltd Paving of Goodwin Park Streets in Ward 23.	Paving of Goodwin Park Streets in Ward 23.	Nil	Nil	Nil	1km	1km